

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of  
  
CROSSWOODS WATER COMPANY,  
INC.,  
  
Applicant,  
  
For the Sale and Transfer of Assets to  
SHIRONA WATER COPANY, LLC

DOCKET UW-180164

ORDER 01

ORDER GRANTING APPLICATION  
FOR SALE AND TRANSFER OF  
ASSETS; ADOPTING TARIFF

**BACKGROUND**

- 1 On February 20, 2018, Crosswoods Water Company, Inc. (Crosswoods or Company) and Shirona Water Company, LLC (Shirona) (collectively, the Companies), filed with the Washington Utilities and Transportation Commission (Commission) an application for sale and transfer of assets pursuant to RCW 80.12 (Application).
- 2 Crosswoods serves 127 customers near Oak Harbor in Island County (ID#16274J). Shirona intends to acquire the water system assets of Crosswoods for \$50,000. If the Commission approves the sale and transfer of the Crosswoods system to Shirona, Shirona will be subject to any obligations the Commission imposed on Crosswoods.
- 3 The Companies explained several benefits of the sale and transfer of assets. First, Shirona desires to own and operate water systems on an ongoing basis and Crosswoods' current owners no longer desire to own and operate the water system. Second, Shirona will be able to bring economies of scale benefits to the Company in certain areas, such as billing, collecting, and insurance. Finally, Shirona has performed operations and billing for the Company, and its staff is familiar with the Company's operations.
- 4 Crosswoods notified its customers of the sale and transfer of assets in a mailing sent on February 19, 2018. Shirona filed with the Commission the journal entries by which it proposes to record on its books the transfer of water system assets authorized herein. The effective date for accounting purposes will be April 1, 2018.

5 Pursuant to RCW 80.12.020 and WAC 480-143-170, applicants proposing a transaction  
of this sort must “at least demonstrate no harm to the public interest.”<sup>1</sup> The Commission  
also looks to the new Company’s financial and managerial fitness to run the operations.<sup>2</sup>

6 Commission staff (Staff) has reviewed the application and determined that the  
Companies have sufficiently demonstrated there are substantial benefits to the transfer.  
Accordingly, Staff recommends the Commission grant the Companies’ Application.

### DISCUSSION

7 We agree with Staff’s recommendation and approve the Application. Based on Staff’s  
review, it appears the transaction exceeds the “no harm” standard and will be in the  
public interest. The sale will bring economies of scale benefits to the Company, and  
Shirona is already familiar with the Company’s operations.

8 We note that this Order approves only the sale and transfer of assets, and neither  
approves nor disapproves the reasonableness of the purchase price or any fees, charges,  
rates, or accounting allocations related to the transaction. The Commission reserves the  
right to review those fees, rates, or accounting allocations in a future rate proceeding.

### FINDINGS AND CONCLUSIONS

- 9 (1) The Commission is an agency of the State of Washington vested by statute with  
the authority to regulate the rates, rules, regulations, practices, accounts,  
securities, transfers of property and affiliated interests of public service  
companies, including water companies.
- 10 (2) Crosswoods is an investor-owned water company and is a public service company  
subject to Commission jurisdiction.
- 11 (3) Shirona is an investor-owned water company and is a public service company  
subject to Commission jurisdiction,
- 12 (4) Crosswoods notified its customers of the sale and transfer of assets in a mailing  
on February 19, 2018.

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<sup>1</sup> *In Re Application of PacifiCorp & Scottish Power, LLC*, Docket UE-981627, Third  
Supplemental Order on Prehearing Conference at 2-3 (April 2, 1999).

<sup>2</sup> *Id.*

- 13 (5) Shirona will acquire the water system assets of Crosswoods for \$50,000.
- 14 (6) As a result of this sale and transfer of water system assets, Shirona will adopt Crosswoods' tariff rates.
- 15 (7) This matter was brought before the Commission at its regularly scheduled meeting on March 15, 2018.
- 16 (8) The proposed transfer and tariff rate adoption will have an effective date of April 1, 2018. This date coincides with Crosswoods' billing periods. For accounting purposes, the Company's accounting records will be transferred and effective on April 1, 2018.
- 17 (9) The Application meets the requirements of RCW 80.12 and the rules and regulations of the Commission. WAC 480-143.
- 18 (10) After reviewing the application Crosswoods filed in Docket UW-180164 on February 20, 2018, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Assets by Crosswoods to Shirona is consistent with, and demonstrates no harm to, the public interest and should be approved.

**ORDER**

**THE COMMISSION ORDERS:**

- 19 (1) The Commission authorizes the Sale and Transfer of the assets of Crosswoods Water Company, Inc., to Shirona Water Company, LLC consistent with the joint application filed on February 20, 2018, and consistent with RCW 80.12.020. No material change, revision, or amendment to the joint application and agreement shall become effective without the Commission's prior written approval.
- 20 (2) The Commission approves Shirona Water Company, LLC's adoption of the tariffs of Crosswoods Water Company, Inc., to be effective on the date of the transfer, April 1, 2018.
- 21 (3) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.

- 22 (4) The Commission retains jurisdiction over the subject matter and Crosswoods Water Company, Inc., and Shirona Water Company, LLC to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective March 15, 2018.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner