

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of)	DOCKET UW-120855
)	
EVERGREEN EXCHANGE INC.)	ORDER 01
D/B/A LOCHAVEN WATER)	
COMPANY,)	
)	
Applicant,)	
)	ORDER GRANTING APPLICATION
For the Sale and Transfer of Assets to)	FOR SALE AND TRANSFER OF
LOCHAVEN WATER LLC)	ASSETS; ADOPTING TARIFF
.....)	

BACKGROUND

1 On June 8, 2012, Evergreen Exchange, Inc., d/b/a Lochaven Water Company (Evergreen Exchange or the utility) and Lochaven Water LLC, (Lochaven) (collectively, the companies), filed with the Washington Utilities and Transportation Commission (Commission) an application for sale and transfer of assets pursuant to the provisions of RCW 80.12. The filing also contained the following:

- A tariff adoption notice for all existing rates;
- A signed copy of the Instrument of Transfer;
- Financial statements; Income Statement, Balance Sheet, Asset Listing and Depreciation Schedule and Summary of Lochaven Water LLC Securities; and
- A copy of the notice informing customers of the sale and transfer of the water system.¹

2 Lochaven water system serves 84 customers and is located near Lake Stevens in Snohomish County. The utility’s water system is known as Lochaven Water Company (Department of Health ID # 47640 C).

3 The purchasing utility assumes the regulatory obligations of the purchased utility. If the Commission approves the sale and transfer of Evergreen Exchange to Lochaven.

¹ Customers were provided notice of the sale and transfer on July 23, 2010 and June 14, 2012.

Lochaven will be subject to any obligations the Commission imposed on Evergreen Exchange.

FINDINGS AND CONCLUSIONS

- 4 (1) The Washington Utilities and Transportation 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. RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.
- 5 (2) Evergreen Exchange is an investor-owned water company and is a public service company subject to Commission jurisdiction.
- 6 (3) Lochaven is a Limited Liability Corporation and was setup to own and operate the Lochaven Water Company.
- 7 (4) Evergreen Exchange notified its customers of the sale and transfer in a mailing on July 23, 2010, and again on June 14, 2012.
- 8 (5) The companies state several benefits of this sale and transfer of assets, one of which is that Lochaven desires to own and operate the water system on an ongoing basis. Evergreen Exchange's current owner no longer desires to own and operate the water system. The new owner lives and works in the local area and plans to own and operate the water system on a long-term basis. In addition, the owner of Lochaven has performed operations and billing and its staff is familiar with the utility's operations.
- 9 (6) Lochaven will acquire the water system assets of Evergreen Exchange for \$50,000.
- 10 (7) As a result of this sale and transfer of water system assets, Lochaven will adopt Evergreen Exchange's tariff, WN U-1, with no changes in rates, terms or conditions.

- 11 (8) This matter was brought before the Commission at its regularly scheduled meeting on September 27, 2012.
- 12 (9) The proposed transfer and tariff adoption will have an effective date of September 28, 2012. This date coincides with Evergreen Exchange's billing periods. For accounting purposes, the utility's accounting records will be transferred and effective on that date.
- 13 (10) Pursuant to RCW 80.12.020 and WAC 480-143-170, the Commission has determined that applicants in a transaction of this sort must "at least demonstrate no harm to the public interest."² The Commission also looks to the new company's financial and managerial fitness to run the operations.³ The Commission believes the applicants have shown there are substantial benefits to the transfer.
- 14 (11) In this docket, the Commission neither approves nor disapproves the reasonableness of any fees, charges, rates, purchase price, or accounting allocations involved with the transaction. The Commission reserves the right to review those fees, charges, rates, or accounting allocations in a future rate proceeding.
- 15 (12) The application meets the requirements of RCW 80.12 and the rules and regulations of the Commission. WAC 480-143.
- 16 (13) After reviewing the application Evergreen Exchange filed in Docket UW-120855 on June 8, 2012, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Assets by Evergreen Exchange to Lochaven is consistent with, and demonstrates no harm to, the public interest and should be approved.

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

³ *Id.*

ORDER

THE COMMISSION ORDERS:

- 17 (1) The Commission authorizes the Sale and Transfer of the assets of Evergreen Exchange, Inc., d/b/a Lochaven Water Company to Lochaven Water LLC consistent with the joint application in accordance 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.
- 18 (2) The Commission approves Lochaven Water LLC's adoption of the tariffs of Evergreen Exchange, Inc., d/b/a Lochaven Water Company, to be effective with the effective date of the transfer itself: September 28, 2012.
- 19 (3) Lochaven Water LLC must file with the Commission within 90 days after the effective date of this Order, 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 shall be September 28, 2012.
- 20 (4) 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 granting Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 21 (5) The Commission retains jurisdiction over the subject matter and Evergreen Exchange, Inc., d/b/a Lochaven Water Company, and Lochaven Water LLC to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective September 27, 2012.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Director and Secretary