

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

DELTA LONG LAKE ACRE TRACTS
HOMEOWNERS ASSOCIATION,

Applicant,

For the Sale and Transfer of Assets to
WASHINGTON WATER SERVICE
COMPANY

DOCKET UW-180517

ORDER 01

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

BACKGROUND

- 1 On June 8, 2018, Delta Long Lake Acre Tracts Homeowners Association (Delta Long Lake or Company) and Washington Water Service Company (Washington Water) (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 (Application).
- 2 Delta Long Lake serves 17 customers near Port Orchard in Kitsap County. The Company’s system is known as Delta Long Lake (Washington Department of Health ID#10340E). Washington Water intends to acquire the water system assets of Delta Long Lake for \$30,000.
- 3 The Companies explained several benefits of the sale and transfer of assets. First, Washington Water desires to own and operate water systems on an ongoing basis, and Delta Long Lake’s current owners no longer desire to own and operate the water system. Second, Washington Water will be able to bring economies-of-scale benefits to the Company in certain areas, such as billing, collecting, and insurance. Finally, Washington Water has performed operations and billing, and its staff is familiar with the Company’s operations.
- 4 Delta Long Lake notified its customers of the sale and transfer of assets in a mailing sent on June 14, 2018. Washington Water 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 August 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.”¹ The Commission also
looks to the new company’s financial and managerial fitness to run the operations.²

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, we find that the transaction exceeds the “no harm” standard and is in the public
interest. 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

8 (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.

9 (2) Delta Long Lake is not an investor-owned water company and is a public service
company not subject to Commission jurisdiction.

10 (3) Washington Water is an investor-owned water company and is a public service
company subject to Commission jurisdiction.

11 (4) Delta Long Lake notified its customers of the sale and transfer of assets in a
mailing sent on June 14, 2018.

12 (5) Washington Water will acquire the water system assets of Delta Long Lake for
\$30,000.

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

² *Id.*

- 13 (6) As a result of this sale and transfer of water system assets, Washington Water will bring Delta Long Lake under its tariff rates.
- 14 (7) This matter was brought before the Commission at its regularly scheduled meeting on August 9, 2018.
- 15 (8) The proposed transfer and tariff rate will have an effective date of August 1, 2018. For accounting purposes, the Company's accounting records will be transferred and effective on August 1, 2018.
- 16 (9) The application meets the requirements of RCW 80.12 and WAC 480-143.
- 17 (10) After reviewing the Application Delta Long Lake filed in Docket UW-180517 on June 8, 2018, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Assets by Delta Long Lake to Washington Water is consistent with, and demonstrates no harm to, the public interest and should be approved.

ORDER

THE COMMISSION ORDERS:

- 18 (1) The Commission authorizes the Sale and Transfer of the assets of Delta Long Lake Acre Tracts Homeowners Association to Washington Water Service Company consistent with the joint application filed on June 8, 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.
- 19 (2) The Commission approves Washington Water Service Company's adoption of the tariffs of Delta Long Lake Acre Tracts Homeowners Association, to be effective on the date of the transfer, August 1, 2018.
- 20 (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.

- 21 (4) The Commission retains jurisdiction over the subject matter and Delta Long Lake Acre Tracts Homeowners Association, and Washington Water Service Company 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 August 9, 2018.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON, Executive Director and Secretary