

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of)	DOCKET UW-150573
)	
EASTWOOD PARK WATER CO., INC.)	ORDER 01
)	
Applicant,)	ORDER GRANTING APPLICATION
)	FOR SALE AND TRANSFER OF
For the Sale and Transfer of Assets to)	ASSETS; APPROVE ACQUISITION
RAINIER VIEW WATER)	ADJUSTMENT AND ADOPTING
COMPANY, INC.)	TARIFF
.....)	

BACKGROUND

1 On March 2, 2015, Eastwood Park Water Co., Inc., (Eastwood Park) and Rainier View
Water Company, Inc., (Rainier View) (collectively, the Companies), filed with the
Washington Utilities and Transportation Commission (Commission) a Joint Application
for Sale and Transfer of Assets (Application) pursuant to RCW 80.12.

2 Eastwood Park’s serves 86 customers near Spanaway in Pierce County. The utility’s
system is also known as Eastwood Park (ID# 221957).

3 Rainier View, located near Graham, serves approximately 17,500 customers on 26 water
systems in Pierce County and two water systems in Kitsap County.

4 Rainier View and Eastwood Park signed an “Agreement to Sell and Purchase” Water
System Assets on February 13, 2015. Rainier View agrees to purchase substantially all
of Eastwood Park’s assets, but not the company itself. The net historical cost of
Eastwood Park reflected in rate base at end of 2014 was \$52,310. Rainier View agreed to
purchase Eastwood Park water system’s assets for \$75,000. The purchase price exceeds
net historical cost which results in an acquisition difference of \$22,690. Rainier View
proposes, and Commission staff (Staff) supports, a \$22,690 acquisition adjustment, which
will be recovered by Rainier View over the eight-year remaining-life of the purchased
assets.

5 The Companies cite several benefits of the sale and transfer of assets, including Rainier
View’s desire to own and operate water systems on an ongoing basis; Eastwood Park’s
current owners no longer wish to own and operate the water system. Rainier View will
bring economies of scale benefits to the Eastwood Park system in many areas such as

billing, collecting, and insurance. Additionally, the existing water source at Eastwood Park is unreliable, and, because it is a relatively shallow well, susceptible to e-coli contamination. Shortly after the transfer of assets, Rainier View proposes to construct an intertie to connect Eastwood Park customers to its system, and to decommission the existing shallow well. Rainier View will then apply to move the water rights to one of its existing sources, and will completely cap and abandon the existing Eastwood Park well. Thus, the Eastwood Park customers will receive higher quality water and more reliable service. Finally, the Eastwood Park water rights capacity is currently underutilized due to the size of the development; the transfer will allow full capacity use for existing and additional Rainier View customers.

- 6 Staff finds that the sale and transfer of assets is in the public interest. Staff recommends the Commission grant the Application, approve the proposed acquisition adjustment, and approve Rainier View’s adoption of Eastwood Park’s tariff.

DISCUSSION

- 7 We agree with Staff and find that the proposed transfer is in in the public interest. Pursuant to RCW 80.12.020 and WAC 480-143-170, the Commission must determine that applicants in a transaction of this sort “at least demonstrate no harm to the public interest.”¹ We also look to the new company’s financial and managerial fitness to run the operations.² The Commission believes the applicants have successfully demonstrated that the proposed transfer will substantially benefit customers of both Companies. Accordingly, we grant the Application, approve the proposed acquisition adjustment, and approve Rainier View’s adoption of Eastwood Park’s tariff.

FINDINGS AND CONCLUSIONS

- 8 (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.

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.*

- 9 (2) Eastwood Park is an investor-owned water company and public service company subject to Commission jurisdiction.
- 10 (3) Rainier View is an investor-owned water company, a Washington corporation, and a utility holding company. Rainier View is a public service company subject to Commission jurisdiction.
- 11 (4) Rainier View will acquire the water system assets of Eastwood Park for \$75,000.
- 12 (5) Rainier View and Eastwood Park signed an Agreement to Sell and Purchase (Agreement) water system assets on February 13, 2015. Rainier View agrees to purchase substantially all of Eastwood Park's assets, but not the company itself.
- 13 (6) The purchase price exceeds net historical cost, resulting in an acquisition difference of \$22,690. Rainier View proposes, and Staff supports, an acquisition adjustment of the \$22,690 to be recovered by Rainier View over the eight-year remaining-life of the purchased assets.
- 14 (7) Eastwood Park notified its customers of the sale and transfer by mail on March 18, 2015.
- 15 (8) As a result of this sale and transfer of water system assets, Rainier View will adopt Eastwood Park's rates and charges. No later than January 1, 2016, Rainier View will file to shift Eastwood Park customers to the rates and charges applicable to Rainier View's current customers.
- 16 (9) This matter was brought before the Commission at its regularly scheduled meeting on April 30, 2015.
- 17 (10) The proposed transfer and rate adoption will have an effective date of May 1, 2015. This date coincides with Eastwood Park's and Rainier View's billing periods. For accounting purposes, Eastwood Park's accounting records will be transferred and effective on that date.
- 18 (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.

- 19 (13) The Application meets the requirements of RCW 80.12, and the rules and regulations of the Commission.
- 20 (14) After reviewing the Application Eastwood Park filed in Docket UW-150573 on March 2, 2015, and giving due consideration, the Commission finds that it is consistent with, and demonstrates no harm to, the public interest, and should be approved.

ORDER

THE COMMISSION ORDERS:

- 21 (1) The Commission authorizes the Sale and Transfer of the assets of Eastwood Park Water Co., Inc., to Rainier View Water Company, Inc. consistent with the Joint Application for Sale and Transfer of Assets in accordance with RCW 80.12.020. No material change, revision, or amendment to the Joint Application for Sale and Transfer of Assets application and shall become effective without the Commission's prior written approval.
- 22 (2) The Commission approves an acquisition adjustment of the \$22,690. This acquisition adjustment shall be recovered over the remaining average useful life of the purchased Eastwood Park water system assets, which is eight years.
- 23 (3) The Commission approves Rainier View Water Company, Inc.'s adoption of the tariff of Eastwood Park Water Co., Inc., to be effective with the effective date of the transfer which shall be May 1, 2015.
- 24 (4) Rainier View Water Company, Inc., 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 May 1, 2015.
- 25 (5) Prior to closing, Eastwood Park Water Co. will provide a full accounting to the Commission of refunds, which are due to its customers as a result of overcharges identified in Docket UW-140595. Any refunds not paid to customers prior to

closing will become the liability of Rainier View Water Company, Inc. These remaining amounts will be refunded to Eastwood Park Water Co. customers no later than July 1, 2015. A final accounting of all refunds must be provided to the Commission no later than July 15, 2015.

- 26 (6) Rainier View Water Company, Inc., will file, no later than January 1, 2016, to shift Eastwood Park customers to the rates and charges applicable to Rainier View's current customers.
- 27 (7) 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.
- 28 (8) The Commission retains jurisdiction over the subject matter, Eastwood Park Water Co., Inc., and Rainier View Water Company, Inc., to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective April 30, 2015.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner