

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of	DOCKET UW-240596
BURTON WATER COMPANY, INC.	ORDER 01
Applicant,	
For the Sale, Transfer of Assets, and Deregulation to Burton Water Cooperative.	GRANTING APPLICATION FOR SALE AND TRANSFER OF ASSETS; DEREGULATION

BACKGROUND

- 1 On July 27, 2024, Burton Water Company, Inc (Company) and Burton Water Cooperative (Cooperative) filed with the Washington Utilities and Transportation Commission (Commission) an application for sale and transfer of assets pursuant to Revised Code of Washington (RCW) 80.12 (Application), and the subsequent deregulation of the Cooperative created by the customers and not subject to regulation under Washington Administrative Code (WAC) 480-110-255(2)(e).
- 2 The Company serves approximately 415 customers in King County.
- 3 The Company explained that the benefits of the sale and transfer of assets are as follows: (1) This will be a community/member-owned utility providing service on a cost-of-service basis, (2) The Cooperative being under local community control and governance is in the interests of the persons being served and the members/owners who elect their governing board of the utility which sets rate and terms of service, and (3) The Cooperative long-term financing for both the sale and improvements is through USDA and the retention of the current water system operator. The Cooperative has completed its due diligence work and determined a finance plan for this sale transaction.
- 4 The Company notified its customers of the intent to sell the system in the fall of 2021. The customers response to this intent to sell was to create the Cooperative in late 2021 by creating five working committees including those responsible for Governance, Finance, Membership, and Operations coordinated by a Steering Committee. The Cooperative was officially formed in March of 2022. The Cooperative’s Feasibility Board of Directors has hosted 10 community meetings between October 2021 and June 2024, nine of which

were held via ZOOM to enable maximum participation in light of the pandemic. The meeting recordings can be accessed on the Cooperative's website.

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, it appears the transaction exceeds the "no harm" standard and will be 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 won't review any fees, rates, or accounting allocations in a future rate proceeding as this will be deregulated once this sale and transfer of assets is complete.

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) The Company is an investor-owned water company and is a public service company subject to Commission jurisdiction.

10 (3) The Cooperative is a member-owned water utility created by the customers and is not subject to Commission jurisdiction under WAC 480-110-255 (2) (e).

11 (4) The Cooperative will acquire the water system assets of the Company.

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.*

- 12 (5) As a result of this sale and transfer of water system assets, The Cooperative will adopt the Company rates into its tariff rates.
- 13 (6) Burton Water Company, Inc. no longer desires to own or operate a water system, nor provide water service.
- 14 (7) This matter was brought before the Commission at its regularly scheduled meeting on September 26, 2024.
- 15 (8) The transfer and tariff rate adoption will have an effective date of September 26, 2024. For accounting purposes, the Company's accounting records will be considered transferred and effective on August 29, 2024.
- 16 (9) The Application meets the requirements of RCW 80.12 and the rules and regulations of the Commission. *See* WAC 480-143.
- 17 (10) After reviewing the Application, the Company filed in Docket UW-240596 on July 27, 2024, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Assets by the Company to the Cooperative 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 Burton Water Company, Inc to Burton Water Cooperative consistent with the joint application filed on July 27, 2024, 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 Burton Water Cooperative's adoption of the Sale and Transfer of assets of Burton Water Company, Inc, effective on the date of the transfer, September 26, 2024.

- 20 (3) This Order shall affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs. As Burton Water Cooperative is a member-owned entity and not subject to Commission regulation.
- 21 (4) Burton Water Company, Inc., shall no longer own or operate a water system, and shall no longer provides water service, and therefore is no longer subject to regulation by the Commission as of the effective date of the sale and transfer.
- 22 (5) The Commission retains jurisdiction over the subject matter and Burton Water Company, Inc, and Burton Water Cooperative to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective September 26, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFF KILLIP
Executive Director and Secretary