

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

NORTHWEST WATER SERVICES,
LLC,

Applicant,

For the Sale and Transfer of Assets to
CASCADIA WATER, LLC

DOCKET UW-220425

ORDER 01

GRANTING APPLICATION FOR
SALE AND TRANSFER OF ASSETS;
ADOPTING TARIFF

BACKGROUND

- 1 On June 8, 2022, Northwest Water Service, LLC, (Northwest Water or Company) and Cascadia Water, LLC, (Cascadia) (collectively, the Companies), filed with the Washington Utilities and Transportation Commission (Commission) an application for the sale and transfer of assets pursuant to the provisions of Revised Code of Washington (RCW) 80.12 (Application).
- 2 Northwest Water serves 450 customers near Mount Vernon in Skagit County. The Company's systems are known as Bacus Road #1(ID#64327Y), Blanchard Knob Water System (ID#AC712 E), Cedarhearth Water (ID#96889D), Lake Alyson (ID#50691R), Rolf Brunn (ID#08915H), Silver Lake Water (ID#79245N), Skagit River Colony (ID#69244 3), and Tjetland (ID#17475C). If the Commission approves the sale and transfer of the assets of Northwest Water to Cascadia, Cascadia will be subject to any obligations the Commission imposed on Northwest Water.
- 3 The Companies explained several benefits of the sale and transfer of assets. First, Cascadia desires to own and operate water systems on an ongoing basis and Northwest Water's current owners no longer desire to own and operate the water system. Second, Cascadia will be able to bring economies of scale benefits to the Company in certain areas, such as billing, collecting, and insurance. Finally, Cascadia has performed operations and billing, and its staff is familiar with the Company's operations.
- 4 Northwest Water notified its customers of the sale and transfer of assets in a mailing on June 8, 2022. Cascadia 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 May 12, 2022.

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’ recommendation and approve the Application. Based on Staff’s
review, it appears 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) Northwest Water is an investor-owned water company and is a public service
company subject to Commission jurisdiction.

¹*In the matter of the Application of Fragaria Landing Water Co., d/b/a Lowper Inc., d/b/a Lowper Water Co., Marbello Water Co., Inc., and SJM Water Service Inc., Applicant, For the Sale and Transfer of Stock to Iliad Water Servs. Inc., Docket UW-150688, Order 01 at ¶ 15 (July 30, 2015) (citing In Re Application of PacifiCorp & Scottish Power, LLC, Docket UE-981627, Third Supplemental Order on Prehearing Conference at 2-3 (April 2, 1999)). See also WAC 480-143-70: “if, upon the examination of any application and accompanying exhibits, or upon a hearing concerning the same, the commission finds the proposed transaction is not consistent with the public interest, it shall deny the application.”*

² *Id.*

³ RCW 81.16.020.

- 10 (3) Cascadia is an investor-owned water company and is a public service company subject to Commission jurisdiction.
- 11 (4) Northwest Water notified its customers of the sale and transfer of assets in a mailing on June 8, 2022.
- 12 (5) As a result of this sale and transfer of water systems assets, Cascadia will bring Northwest Water under its tariff rates.
- 13 (6) This matter was brought before the Commission at its regularly scheduled meeting on July 14, 2022.
- 14 (7) The proposed transfer and tariff rate adoption will have an effective date of May 12, 2022. For accounting purposes, the Company's accounting records will be transferred and effective on May 12, 2022.
- 15 (8) The application meets the requirements of RCW 80.12 and the rules and regulations of the Commission. WAC 480-143.
- 16 (9) After reviewing the Application Northwest Water filed in Docket UW-220425 on June 8, 2022, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Assets by Northwest Water to Cascadia is consistent with, and demonstrates no harm to, the public interest and should be approved.

ORDER

THE COMMISSION ORDERS:

- 17 (1) The Commission authorizes the Sale and Transfer of the assets of Northwest Water Services, LLC, to Cascadia Water, LLC, consistent with the joint application filed on June 8, 2022, 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.
- 18 (2) The Commission approves Cascadia Water, LLC's adoption of the tariffs of Northwest Water Services, LLC, to be effective on the date of the transfer, May 12, 2022.

- 19 (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. No shall this Order be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 20 (4) The Commission retains jurisdiction over the subject matter and Northwest Water Services, LLC, and Cascadia 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 Lacey, Washington, and effective July 14, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL
Executive Director and Secretary