

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

AQUARIUS UTILITIES, LLC,

Applicant,

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

DOCKET UW-220469

ORDER 01

GRANTING APPLICATION FOR
SALE AND TRANSFER OF ASSETS;
ADOPTING TARIFF

BACKGROUND

- 1 On June 28, 2022, Aquarius Utilities, LLC, (Aquarius or Company) and Cascadia Water, LLC, (Cascadia) (collectively, the Companies) 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).
- 2 Aquarius serves 962 customers in Callum, Kitsap, and Mason Counties. The Company's systems are known as Agate West Water System (ID# 00515F), Diamond Point Water System (ID# 192104), Island Lake Water System (ID# 36150W), and Lynch Cove Water System (ID# 49100U).
- 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 Aquarius'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. Cascadia performed a review outlined in the Application, submitting that there is "no harm" to Aquarius customers and "no harm" to Cascadia customers or Cascadia's parent company, Northwest Natural Gas Company. Cascadia has performed operations and billing, and its Staff is familiar with the Company's operations.
- 4 Aquarius notified its customers of the sale and transfer of assets in a mailing on June 24, 2022. Cascadia represents that the transaction does not include an acquisition adjustment and will not include costs of acquisition in future rate cases. The effective date for accounting purposes will be August 1, 2022.

5 Pursuant to RCW 80.12.020 and Washington Administrative Code (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
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) Aquarius is an investor-owned water company and is a public service company
subject to Commission jurisdiction.
- 10 (3) Cascadia is an investor-owned water company and is a public service company
subject to Commission jurisdiction.
- 11 (4) Aquarius notified its customers of the sale and transfer of assets in a mailing on
June 24, 2022.

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) Cascadia will acquire the water system assets of Aquarius.
- 13 (6) As a result of this sale and transfer of water systems assets, Cascadia will adopt Aquarius rates into its tariff rates.
- 14 (7) This matter was brought before the Commission at its regularly scheduled meeting on July 28, 2022.
- 15 (8) The proposed transfer and tariff rate adoption will have an effective date of August 1, 2022. For accounting purposes, the Company's accounting records will be transferred and effective on August 1, 2022.
- 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 Aquarius filed in Docket UW-220469 on June 28, 2022, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Assets by Aquarius to Cascadia 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 Aquarius Utilities, LLC, to Cascadia Water, LLC, consistent with the joint application filed on June 28, 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.
- 19 (2) The Commission approves Cascadia Water's, LLC, adoption of the tariffs of Aquarius Utilities, LLC, to be effective on the date of the transfer, August 1, 2022.
- 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 Aquarius Utilities, 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 28, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL
Executive Director and Secretary