

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

STROH'S WATER COMPANY, INC.,

Applicant,

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

DOCKET UW-220614

ORDER 01

GRANTING APPLICATION FOR
SALE AND TRANSFER OF ASSETS;
ADOPTING TARIFF

BACKGROUND

- 1 On August 5, 2022, Stroh's Water Company, Inc., (Stroh's 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 Revised Code of Washington (RCW) 80.12 (Application).
- 2 Stroh's serves 800 customers in Pierce County, Department of Health system ID#846703. Washington Water serves approximately 36,500 customers on multiple systems in western Washington.
- 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 Stroh'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. Washington Water performed a review outlined in the Application, submitting that there is "no harm" to Stroh's customers and "no harm" to Washington Water customers. Washington Water has performed operations and billing, and its Staff is familiar with the Company's operations.
- 4 Stroh's notified its customers of the sale and transfer of assets in a mailing on August 31, 2022. Washington Water 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 4, 2022.
- 5 The Application was heard at the Commission's regularly scheduled meeting on September 15, 2022, and the Commission issued an order granting the Application.

6 On October 31, 2022, Commission staff (Staff) filed a Petition for Rescission of Order 01
(Petition), requesting that the Commission rescind Order 01 and set the matter to be heard
again on December 22, 2022. In its Petition, Staff states that a customer complained to
the Commission that the customer notice sent on August 31, 2022, failed to provide the
30-day notice required by WAC 480-143-210. The Company agreed to halt the sale and
transfer of assets so that it could provide compliant notice to its customers.

7 On November 7, 2022, Stroh's sent a notice to customers that the Application would be
heard at the open meeting on December 22, 2022.

8 On December 8, 2022, the Commission rescinded Order 01 granting the Application that
had been entered on September 15, 2022.

9 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

10 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

11 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

12 (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,

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.*

securities, transfers of property, and affiliated interests of public service companies, including water companies.

- 13 (2) Stroh's is an investor-owned water company and is a public service company subject to Commission jurisdiction.
- 14 (3) Washington Water is an investor-owned water company and is a public service company subject to Commission jurisdiction.
- 15 (4) Stroh's notified its customers of the sale and transfer of assets in a mailing on August 15, 2022.
- 16 (5) Washington Water will acquire the water system assets of Stroh's.
- 17 (6) As a result of this sale and transfer of water systems assets, Washington Water will adopt Stroh's rates into its tariff rates.
- 18 (7) This matter was brought before the Commission at its regularly scheduled meeting on December 22, 2022.
- 19 (8) The transfer and tariff rate adoption will have an effective date of August 1, 2022. For accounting purposes, the Company's accounting records will be considered transferred and effective on August 4, 2022.
- 20 (9) The Application meets the requirements of RCW 80.12 and the rules and regulations of the Commission. *See WAC 480-143.*
- 21 (10) After reviewing the Application Stroh's filed in Docket UW-220614 on August 5, 2022, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Assets by Stroh's to Washington Water is consistent with, and demonstrates no harm to, the public interest and should be approved.

ORDER

THE COMMISSION ORDERS:

- 22 (1) The Commission authorizes the Sale and Transfer of the assets of Stroh's Water Company, Inc., to Washington Water Service Company, consistent with the joint application filed on August 5, 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.

- 23 (2) The Commission approves Washington Water Water's, LLC, adoption of the tariffs of Stroh's Water Company, Inc., effective on the date of the transfer, August 4, 2022.
- 24 (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.
- 25 (4) The Commission retains jurisdiction over the subject matter and Stroh's Water Company, Inc., and Washington Water Service Company, to effectuate the provisions of this Order.
- 26 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 December 22, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL
Executive Director and Secretary