

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of	)	DOCKET NO. UW-030419
	)	
Harbor Hills Water Company, LLC	)	ORDER NO. 01
	)	
Applicant,	)	ORDER GRANTING
	)	APPLICATION FOR SALE AND
For the Sale and Transfer of Assets	)	TRANSFER OF ASSETS AND
to Harbor Hills Water System, LLC	)	TARIFF ADOPTION
.....	)	

**BACKGROUND**

- 1 On March 28, 2003, Harbor Hills Water Company, LLC (Harbor Hills Water Company or Company) and Harbor Hills Water System, LLC, filed an application for sale and transfer of assets pursuant to the provisions of Chapter 80.12 RCW.
  
- 2 Harbor Hills Water Company is located on Whidbey Island and serves approximately 200 customers in Island County. The system is also known as the Holmes Harbor Hills Water Company.

**FINDINGS AND CONCLUSIONS**

- 3 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, rules, regulations, practices, accounts, securities, and transfers of public service companies, including water companies. *RCW 80.01.040; Chapter 80.04 RCW; Chapter 80.12 RCW and Chapter 80.28 RCW.*
  
- 4 (2) Harbor Hills Water Company is an investor-owned water company and is a public service company subject to the jurisdiction of the Commission under the provisions of Chapter 80.12 RCW.

- 5 (3) This matter was brought before the Commission at its regularly scheduled meeting on April 30, 2003.
- 6 (4) The companies' stated the benefits of this acquisition of water system assets include local ownership. The sale to Harbor Hills Water System, LLC will shift ownership to a local member of the community. In addition the current staff of Harbor Hills Water Company will continue to operate and maintain the water system. The present owners of Harbor Hills Water no longer desire to own and operate the water system. Harbor Hills Water Company notified its customers of the sale and transfer in a mailing on March 20, 2003.
- 7 (5) Staff calculates the rate base for the water system to be approximately \$167,000. Harbor Hills Water System, LLC will acquire the water system assets of Harbor Hills Water Company for \$300,000 plus the assumption of approximately \$194,000 in debt. Staff has advised Harbor Hills Water System, LLC that absent a showing of commensurate benefit, the Commission has not included acquisition adjustments in rate base nor in a company's recovered costs when setting rates.
- 8 (6) Staff has recommended authorization of the sale and transfer of assets from Harbor Hills Water Company to Harbor Hills Water System, LLC.
- 9 (7) As a result of this sale and transfer of water system assets, Harbor Hills Water System LLC will maintain Harbor Hills Water Company's water rates currently in effect and will adopt the tariff of Harbor Hills Water Company.

- 10 (8) The proposed transfer and tariff adoption will have an effective date of May 1, 2003. This date is to coincide with Company's billing periods and allows a mutually agreed closing date. For accounting purposes the bookkeeping records should be transferred and effective on that date.
- 11 (9) In this docket, the Commission neither approves nor disapproves the reasonableness of any fees, charges, rates, purchase price, or accounting allocations involved with the proposed arrangement and reserves the right to review those fees, charges, rates, or accounting allocations in a future rate proceeding.
- 12 (10) The application meets the requirements of Chapter 80.12 RCW and the rules and regulations of the Commission adopted pursuant thereto. *Chapter 480-143 WAC.*
- 13 (11) After review of the application filed in Docket UW-030419 by Harbor Hills Water Company on March 28, 2003, and giving due consideration, the Commission finds that Application of the sale and transfer of water system assets by Harbor Hills Water Company, to Harbor Hills Water System, LLC is consistent with the public interest and should be authorized.

## ORDER

### THE COMMISSION ORDERS:

- 14 (1) The Commission hereby authorizes the Sale and Transfer consistent with the joint application, in accordance 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.

- 15 (2) The tariff adoption filed in conjunction with the application, allowing Harbor Hills Water System, LLC to continue applying pre-transfer rates without change, is approved to become effective with the effect of the transfer itself on May 1, 2003. Harbor Hills Water System, LLC must file with the Commission within 60 days after the effective date of this order its initial tariff that is consistent with its adoption of Harbor Hills Water Company's tariff.
- 16 (3) Harbor Hills Water System, LLC must file with the Commission within 60 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. For accounting purposes the effective date of the transfer shall be May 1, 2003.
- 17 (4) This Order shall in no way affect the authority of this Commission over rates, services, accounts, valuations, estimates, or determination of costs, or any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs, or any valuation of property claimed or asserted.
- 18 (4) The Commission retains jurisdiction over the subject matter and Harbor Hills Water Company, LLC to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective this 30th day of April, 2003.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner