

Service Date: August 26, 2021

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

PELICAN POINT WATER COMPANY,

Applicant,

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

DOCKET UW-210564

ORDER 01

GRANTING APPLICATION FOR
SALE AND TRANSFER OF ASSETS;
ADOPTING TARIFF; APPROVING
AFFILIATED TRANSACTIONS

BACKGROUND

- 1 On July 16, 2021, Pelican Point Water Company (Pelican Point or Company) and Cascadia Water, LLC, (Cascadia) (jointly, Companies) filed with the Washington Utilities and Transportation Commission (Commission) an application for sale and transfer of assets pursuant to the provisions of RCW 80.12 (Application).
- 2 Cascadia is purchasing the assets of Pelican Point. Pelican Point serves 500 customers near Moses Lake in Grant County. The Company's system is known as Pelican Point (ID#66800L).
- 3 Cascadia describes in the Application the benefits of the sale and transfer of assets. First, Cascadia desires to own and operate water systems on an ongoing basis and Pelican Point'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 as outlined in the Application, submitting that there is "no harm" to Pelican Point customers and "no harm" to Cascadia's parent company, Northwest Natural Gas Company. Finally, Cascadia has performed operations and billing, and its Staff is familiar with the Company's operations.
- 4 Pelican Point notified its customers of the sale and transfer of assets in a mailing on July 20, 2021. 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 September 1, 2021.

5 Cascadia has also filed requesting Commission approval of contracts for services by
affiliated interest parties that will be providing operation services. Gem State
Infrastructure, LLC, will provide operations and maintenance services.

6 Commission staff (Staff) 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 Pursuant to RCW 80.12.020 and WAC 480-143-170, a public service company proposing
to sell facilities that are necessary or useful in the performance of its duties to the public
must secure an order from the Commission authorizing the transaction. The public
service company must "at least demonstrate no harm to the public interest."¹ The
Commission also considers the purchasing company's financial and managerial fitness to
run the operations.²

8 We agree with Staff's recommendation and approve the Application. The Companies
have demonstrated that the proposed transaction will not harm the public interest.
Cascadia provides sufficient detail in its Application regarding the Company's experience
and the benefits of the transaction.

9 We also approve the Companies proposal to contract with Gem State Infrastructure, LLC.
Public service companies must establish that affiliated interest agreements are reasonable
and consistent with the public interest.³ After reviewing the Companies' joint filing, we
have sufficient assurance that the contracts with Gem State Infrastructure, LLC, meet this
standard.

¹ *In the matter of the Application of Fragaria Landing Water Co., Lowper Inc., dba 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 Suppl. Order on Prehearing Conference at 2-3 (Apr. 2, 1999)). See also WAC 480-143-170 ("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 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

- 11 (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.
- 12 (2) Pelican Point is an investor-owned water company and is a public service
company subject to Commission jurisdiction.
- 13 (3) Cascadia is an investor-owned water company and is a public service company
subject to Commission jurisdiction.
- 14 (4) Pelican Point notified its customers of the sale and transfer of assets in a mailing
on July 20, 2021.
- 15 (5) Cascadia will acquire the water system assets of Pelican Point.
- 16 (6) As a result of this sale and transfer of water systems assets, Cascadia will adopt
Pelican Point rates into its tariff rates.
- 17 (7) This matter was brought before the Commission at its regularly scheduled
meeting on August 26, 2021.
- 18 (8) The proposed transfer and tariff rate adoption will have an effective date of
September 1, 2021. For accounting purposes, the Company's accounting records
will be transferred and effective on September 1, 2021.
- 19 (9) The Application meets the requirements of RCW 80.12 and the rules and
regulations of the Commission. See also WAC 480-143.
- 20 (10) After reviewing the Application Pelican Point filed in Docket UW-210564 on
July 16, 2021, and giving due consideration, the Commission finds that the
Application of the Sale and Transfer of Assets by Pelican Point to Cascadia is

consistent with, and demonstrates no harm to, the public interest and should be approved.

- 21 (11) The request for approval of restructuring will have no practical impact on customers or operations 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 Pelican Point Water Company to Cascadia Water, LLC, consistent with the joint Application filed on July 16, 2021, 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 Cascadia Water, LLC's adoption of the tariff of Pelican Point Water Company, to be effective on the date of the transfer, September 1, 2021.
- 24 (3) The Commission approves the affiliated transactions of Cascadia Water, LLC's business operations as set forth in paragraph 9 of this Order.
- 25 (4) 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.
- 26 (5) The Commission retains jurisdiction over the subject matter and Pelican Point Water Company, and Cascadia Water, LLC, to effectuate the provisions of this Order.

**DOCKET UW-210564
ORDER 01**

PAGE 5

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 August 26, 2021.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON
Executive Director and Secretary

