

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of  COMPANY SEVENTY NINE d/b/a RED MOUNTAIN WATER ASSOCIATION,  Applicant,  For the Sale and Transfer of Assets to RED MOUNTAIN WATER ASSOCIATION, LLC	DOCKET UW-230659  ORDER 01  GRANTING APPLICATION FOR SALE AND TRANSFER OF ASSETS; ADOPTING TARIFF
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**BACKGROUND**

- 1 On August 9, 2023, Company Seventy Nine d/b/a Red Mountain Water Association (Company Seventy Nine or Company) and Red Mountain Water Association, LLC (Red Mountain or, together with Company Seventy Nine, 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 The Company serves approximately 86 customers in Benton County, Department of Health system ID#060917.
- 3 The Company explained several benefits of the sale and transfer of assets. First, Red Mountain desires to own and operate water systems on an ongoing basis and Company Seventy Nine's current owners no longer desire to own and operate the water system. Second, Red Mountain has expanded financial resources, in-house engineering, and water quality staff to provide all aspects of water system repair and operations. Red Mountain performed a review as outlined in the Application, submitting that there is "no harm" to Company Seventy Nine customers and "no harm" to Red Mountain customers. Red Mountain submits that its staff have experience in water company operations and billing, and its Staff is familiar with the Company's operations.
- 4 The Company notified its customers of the sale and transfer of assets in a mailing on June 30, 2023. Red Mountain 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 October 1, 2023.

5 Commission staff (Staff) has reviewed the Application and determined that the  
Companies have sufficiently demonstrated there are substantial benefits to the  
transfer and that, at very least, there is no harm to the public interest.  
Accordingly, Staff recommends the Commission grant the Companies’  
Application.

### DISCUSSION

6 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.” The Commission also looks to the new Company’s financial  
and managerial fitness to run the operations.<sup>1</sup>

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) Company Seventy Nine is an investor-owned water company and is a public  
service company subject to Commission jurisdiction.
- 10 (3) Red Mountain is an investor-owned water company and is a public  
service company subject to Commission jurisdiction.
- 11 (4) The Company notified its customers of the sale and transfer of assets in a  
mailing on June 30, 2023.

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<sup>1</sup> *In Re Application of PacifiCorp & Scottish Power, LLC*, Docket UE-981627, Third Supplemental Order on Prehearing Conference at 2-3 (April 2, 1999).

- 12 (5) Red Mountain will acquire the water system assets of Company Seventy Nine.
- 13 (6) As a result of this sale and transfer of water systems assets, Red Mountain will adopt Company Seventy Nine rates into its tariff rates.
- 14 (7) This matter was brought before the Commission at its regularly scheduled meeting on September 28, 2023.
- 15 (8) The transfer and tariff rate adoption will have an effective date of October 1, 2023. For accounting purposes, the Company's accounting records will be considered transferred and effective on October 1, 2023.
- 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 Company Seventy Nine filed in Docket UW-230659 on August 9, 2023, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Assets by Company Seventy Nine to Red Mountain 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 Company Seventy Nine d/b/a Red Mountain Water Association to Red Mountain Water Association, LLC, consistent with the Application filed on August 9, 2023, 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 Red Mountain Water Association, LLC's adoption of the tariffs of Company Seventy Nine, effective on the date of the transfer, October 1, 2023.
- 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, Company Seventy Nine d/b/a Red Mountain Water Association, and Red Mountain Water Association, LLC, to effectuate the provisions of this Order.
- 22 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 September 28, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

KATHY HUNTER  
Acting Executive Director and Secretary