

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

In the Matter of the Application of	)	DOCKET UW-050515
	)	
GAMBLE BAY WATER, INC.,	)	ORDER NO. 01
	)	
Applicant,	)	
	)	ORDER GRANTING
For the Sale and Transfer of Assets	)	APPLICATION FOR SALE AND
to Washington Water Service	)	TRANSFER OF ASSETS AND
Company.	)	TARIFF ADOPTION
.....	)	

**BACKGROUND**

- 1 On March 31, 2005, Gamble Bay Water, Inc., (Gamble Bay Water or Company) and Washington Water Service Company, filed an application for sale and transfer of assets pursuant to the provisions of Chapter 80.12 RCW.
  
- 2 The water systems owned by Gamble Bay Water and that are part of this application include Bucklin | Vincent Water System ID #66936L, Foss Road Water System ID #63918X, Johanson Water System ID #36782F, Northwood Water System ID #62100E, and Phelps Road Water System ID #63210W, and are located mainly in the Bremerton, Poulsbo areas and serve approximately 185 customers.

**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) Gamble Bay Water is an investor-owned water company and is a public service company subject to the jurisdiction of the Commission.
- 5 (3) Washington Water Service Company is an investor-owned water company and a company formed to act as a utility holding company.
- 6 (4) This matter was brought before the Commission at its regularly scheduled meeting on April 27, 2005.
- 7 (5) The companies stated the benefits of this acquisition of water system assets include local ownership. The sale to Washington Water Service Company will shift ownership to a local business. The current owners of Gamble Bay Water no longer desire to own and operate the water systems. Gamble Bay Water notified its customers of the sale and transfer in a mailing on March 25, 2005.
- 8 (6) Staff has not calculated the current rate base for the water systems. Washington Water Service Company will acquire the water system assets of Gamble Bay Water for zero (\$1.00) and assumption of loans totaling \$334,464.88.
- 9 (7) Staff has advised Washington Water Service Company that absent a showing of commensurate benefits, acquisition adjustments are not included in rate base for inclusion in rates. Staff recommended authorization of the sale and transfer of assets from Gamble Bay Water to Washington Water Service Company.

- 10 (8) As a result of this sale and transfer of water system assets, Washington  
Water Service Company will maintain Gamble Bay Water's water rates  
currently in effect and will adopt the tariff of Gamble Bay Water.
- 11 (9) The proposed transfer and tariff adoption will have an effective date of  
May 1, 2005. This date is to coincide with Company's billing periods and  
allows a mutually agreed closing date. For accounting purposes the  
accounting records should be transferred and effective on that date.
- 12 (10) 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.
- 13 (11) 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.*
- 14 (12) After review of the application filed in Docket UW-050515 by Gamble Bay  
Water on March 31, 2005, and giving due consideration, the Commission  
finds that Application of the Sale and Transfer of water system assets by  
Gamble Bay Water to Washington Water Service Company is consistent  
with the public interest and should be authorized.

## ORDER

### THE COMMISSION ORDERS:

- 15 (1) The Commission 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.

- 16 (2) The tariff adoption filed in conjunction with the application, allowing Washington Water Service Company to continue applying pre-transfer rates without change, is approved to become effective with the effect of the transfer itself on May 1, 2005. Washington Water Service Company must file with the Commission within sixty (60) days after the effective date of this Order its initial tariff that is consistent with its adoption of Gamble Bay Water, Inc.'s tariff.
- 17 (3) Washington Water Service Company must file with the Commission within sixty (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. The effective date for accounting purposes shall be May 1, 2005.
- 18 (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.
- 19 (5) The Commission retains jurisdiction over the subject matter and Gamble Bay Water, Inc., to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective this 27<sup>th</sup> day of April, 2005.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner