

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

In the Matter of the Application of	)	DOCKET UW-071855
	)	
SYLVIA LAKE WATER SUPPLY, INC.	)	ORDER 01
	)	
Applicant,	)	
	)	ORDER GRANTING APPLICATION
For the Sale and Transfer of Assets to Washington Water Service Company	)	FOR SALE AND TRANSFER OF ASSETS AND TARIFF ADOPTION
.....	)	

**BACKGROUND**

- 1     On September 12, 2007, Sylvania Lake Water Supply, Inc. (Sylvania Lake Water or the utility) and Washington Water Service Company (Washington Water Service) (collectively, the 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.
- 2     Sylvania Lake Water’s service area is located near Gig Harbor in Pierce County. Sylvania Lake Water has 135 customers. The utility’s system known as Sylvania Lake Water Utilities (ID# 86710T).
- 3     The purchasing utility assumes the regulatory obligations of the purchased utility. If the Commission approves the sale and transfer of Sylvania Lake Water to Washington Water Service, Washington Water Service will be subject to any obligations the Commission imposed on Sylvania Lake Water.

**FINDINGS AND CONCLUSIONS**

- 4     (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, transfers of public service companies, and affiliated interests, including water companies. *RCW 80.01.040, RCW 80.04, RCW 80.12, RCW 80.16 and RCW 80.28.*
- 5     (2)    Sylvania Lake Water is an investor-owned water company and is a public service company subject to the jurisdiction of the Commission.

- 6 (3) Washington Water Service is a Washington corporation and a utility holding company. Washington Water Service is a public service company subject to the jurisdiction of the Commission.
- 7 (4) Sylvia Lake Water notified its customers of the sale and transfer in a mailing on September 12, 2007. This matter was brought before the Commission at its regularly scheduled meeting on October 10, 2007.
- 8 (5) The companies state several benefits of this sale and transfer of assets, one of which is that Washington Water Service desires to own and operate water systems on an ongoing basis. Sylvia Lake Water's current owners no longer desire to own and operate the water system. Washington Water Service is the largest investor-owned water company in the state, and it will be able to bring economies of scale benefits to the utility in certain areas, such as billing, collecting, and insurance. In addition, Washington Water Service has performed operations and billing and its staff is familiar with the utility's operations.
- 9 (6) Pursuant to RCW 80.12.020 and WAC 480-143-170, the Commission has ruled that applicants in a transaction of this sort must "at least demonstrate no harm to the public interest."<sup>1</sup> The Commission also looks to the new company's financial and managerial fitness to run the operations.<sup>2</sup> The Commission believes the applicants have shown there are substantial benefits to the transfer.
- 10 (7) Washington Water Service will acquire the water system assets of Sylvia Lake Water for \$158,500.
- 11 (8) As a result of this sale and transfer of water system assets, Washington Water Service will adopt Sylvia Lake Water's tariff.
- 12 (9) The proposed transfer and tariff adoption will have an effective date of October 15, 2007. This date coincides with Sylvia Lake Water's billing periods. For accounting purposes, the utility's accounting records will be transferred and effective on that date.
- 13 (10) In this docket, the Commission neither approves nor disapproves the reasonableness of any fees, charges, rates, purchase price, or accounting

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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).

<sup>2</sup> *Id.*

allocations involved with the transaction. The Commission reserves the right to review those fees, charges, rates, or accounting allocations in a future rate proceeding.

- 14 (11) The application meets the requirements of RCW 80.12 and the rules and regulations of the Commission adopted pursuant thereto. *WAC 480-143.*
- 15 (12) After reviewing the application Sylvania Lake Water filed in Docket UW-071855 on September 12, 2007, and giving due consideration, the Commission finds that Application of the Sale and Transfer of water system assets by Sylvania Lake Water to Washington Water Service is consistent with, and demonstrates no harm to, the public interest and should be approved.

**ORDER**

THE COMMISSION ORDERS:

- 16 (1) The Commission authorizes the Sale and Transfer of the assets of Sylvania Lake Water Supply, Inc., to Washington Water Service Company 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.
- 17 (2) The Commission approves Washington Water Service Company's adoption of the tariffs of Sylvania Lake Water Supply, Inc., to be effective with the effective date of the transfer itself: October 15, 2007.
- 18 (3) Washington Water Service Company must file with the Commission within 90 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 October 15, 2007.
- 19 (4) This Order does not establish a precedent, and does not affect the authority of this Commission over rates, services, accounts, valuations, estimates, or determination of costs, or other matters, nor shall the provisions in this Order be construed as acquiescence in any estimate or determination of costs, or any valuation of property claimed or asserted.

- 20 (5) The Commission retains jurisdiction over the subject matter and Sylvia Lake Water Supply, Inc., and Washington Water Service Company to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective October 24, 2007.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**CAROLE J. WASHBURN, Executive Secretary**