

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

In the Matter of Sale and Transfer of	)	DOCKET UW-072273
Assets from	)	
	)	ORDER 01
HARBOR HILLS WATER SYSTEM,	)	
INC.,	)	
	)	
Applicant,	)	
	)	
to	)	
	)	ORDER REMOVING COMPANY
FREELAND WATER & SEWER	)	FROM REGULATION AND
DISTRICT	)	CANCELING TARIFF
.....	)	

**BACKGROUND**

- 1     On June 27, 2007, Freeland Water & Sewer District (the District) purchased the assets and took over the operation and ownership of Harbor Hills Water System, Inc., (Harbor Hills Water or the utility). On July 20, 2007, Harbor Hills Water and the District filed a notice for the transfer of ownership of the water system assets owned by Harbor Hills Water to the District pursuant to RCW 80.12. Freeland Water & Sewer District is a special district and not subject to Commission regulation. Harbor Hills Water seeks to remove itself from regulation and to cancel its tariff.
- 2     The water system provides water service to approximately 360 residential customers near Freeland, in Island County. The water system is known as Harbor Hills Water Utilities (Department of Health ID# 33860V).
- 3     As a result of a staff investigation, the Washington Utilities and Transportation Commission (Commission) finds Harbor Hills Water no longer provides regulated water service. The Commission may remove a water company from regulation under RCW 80.04.010. A water company cannot be removed from regulation without the Commission’s approval. Removing Harbor Hills Water from regulation is consistent with the public interest, because the water system is now operated and owned by Freeland Water & Sewer District, which is not subject to Commission jurisdiction.

**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 the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including water companies. *RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.*
- 5 (2) Harbor Hills Water is an investor-owned water company and a public service company subject to Commission jurisdiction.
- 6 (3) The transfer of assets of Harbor Hills Water System, Inc., to Freeland Water & Sewer District is exempt from Commission regulation under RCW 80.12.020 and RCW 36.96.010 and is not subject to Commission jurisdiction.
- 7 (4) This matter came before the Commission at its regularly scheduled meeting on December 12, 2007.
- 8 (5) After reviewing the information gathered in the investigation, and giving due consideration, the Commission finds it in the public interest to grant Harbor Hills Water System, Inc.'s request to remove itself from regulation and to cancel the company's tariff.

**ORDER**

**THE COMMISSION ORDERS:**

- 9 (1) Harbor Hills Water System, Inc., is no longer subject to Commission jurisdiction under RCW 80.04.110.
- 10 (2) Harbor Hills Water System, Inc., is removed from regulation by this Commission and its current tariff WN U-1 is canceled as of the effective date of this Order.

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

DATED at Olympia, Washington, and effective December 12, 2007.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Executive Secretary