

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

In the Matter of the Application of)	DOCKET UW-111573
)	
SOLMAR WATER SYSTEM, INC.,)	ORDER 01
)	
Applicant,)	
)	
For the Sale and Transfer of Stock)	ORDER GRANTING APPLICATION
)	FOR SALE AND TRANSFER OF
)	STOCK; ADOPTING TARIFF
.....)	

BACKGROUND

1 On August 16, 2011, Solmar Water System, Inc. (Solmar or Company), filed with the Washington Utilities and Transportation Commission (Commission) an application (with exhibits) for sale and transfer of stock pursuant to the provisions of RCW 80.12. The filing also contained the following:

- A new tariff, adopting all existing rates;
- A signed copy of the Instrument of Transfer;
- Financial statements; Income Statement, Balance Sheet, Asset Listing and Depreciation Schedule and Summary of Solmar Water System Securities; and
- A copy of the notice informing customers of the sale and transfer of the Company.¹

2 Solmar's service area is located near Sequim in Clallam County. Solmar serves 302 customers. The Company's system is known as Solmar Water System (Department of Health ID # 81315).

3 If approved by the Commission, shares from Jimmie and Aloma Blaylock are sold and transferred to Katie O'Claire and Tracie Devose for \$275,000. The new shareholders will maintain the Solmar's water rates currently in effect and will adopt the tariff of Solmar Water Systems, Inc. The new shareholders will assume all regulatory obligations

¹ Customers were provided notice of the sale and transfer on August 31, 2011.

of the purchased Company and remain subject to any obligations the Commission has imposed on Solmar.

- 4 Both the Company and the new shareholders cite several benefits from the sale and transfer of the Company:
- The new shareholders live and work in the local area and plan to own and operate the water systems on a long-term basis.
 - One of the new shareholders is a licensed civil engineer and will provide her expertise to the day to day operations of the water system.
 - The opening of a new office in the Carlsborg area to better serve customers.
- 5 Commission staff has completed its review of the utility's supporting documents, books and records. Additionally, staff has met with both new shareholders and discussed the water system, water company and their interest in owning and operating both. Staff believes the new shareholders have the financial background for business operations and more specifically water system operations that will provide them the ability to manage Solmar and be responsible for public water service. Solmar has demonstrated that the proposed sale and transfer is in the public interest.
- 6 The proposed sale and transfer and tariff adoption have an effective date of September 29, 2011. This date coincides with Solmar's billing periods. For accounting purposes, the Company's accounting records will be transferred and effective on that date.

FINDINGS AND CONCLUSIONS

- 7 (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.*
- 8 (2) Solmar is an investor-owned water company and is a public service company subject to Commission jurisdiction.
- 9 (3) Upon approval by the Commission of the sale and transfer of water system stock, the new shareholders adopt Solmar's existing tariff.

- 10 (4) This matter was brought before the Commission at its regularly scheduled meeting on September 28, 2011.
- 11 (5) Pursuant to RCW 80.12.020 and WAC 480-143-170, the Commission has determined that applicants in a transaction of this sort must “at least demonstrate no harm to the public interest.”² The Commission also looks to the new company’s financial and managerial fitness to run the operations.³ The Commission believes the applicants have shown there are benefits to the transfer.
- 12 (6) In this docket, the Commission neither approves nor disapproves the reasonableness of any fees, charges, rates, purchase price, or accounting allocations involved with the transaction. The Commission reserves the right to review those fees, charges, rates, or accounting allocations in a future rate proceeding.
- 13 (7) The application meets the requirements of RCW 80.12 and the rules and regulations of the Commission. *WAC 480-143*.
- 14 (8) After reviewing the application filed by the Company in Docket UW-111573 on August 16, 2011, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of stock by Solmar to the new shareholders is consistent with, and demonstrates no harm to, the public interest and should be approved.

ORDER

THE COMMISSION ORDERS:

- 15 (1) The Commission authorizes the Sale and Transfer of the stock of Solmar Water System, Inc., to the new shareholders 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.

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

³ *Id.*

- 16 (2) The Commission approves new shareholder's adoption of the tariffs of Solmar Water System, Inc., effective the same date as the sale and transfer itself; September 29, 2011.
- 17 (3) The new shareholders must file with the Commission within ninety (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 stock authorized herein. The effective date for accounting purposes shall be September 29, 2011.
- 18 (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 granting Petition be construed as an agreement to 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 Solmar Water System, Inc., and the purchasers to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective September 28, 2011.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner