

- 4 Basin is operating under a Bilateral Compliance Agreement, issued by WDOH on April 23, 2008, which requires Basin to submit a small water system management program, employ a professional engineer to evaluate drilling a new well, drill a new well and submit construction reports. Basin has not completed the Bilateral Compliance Agreement.
- 5 If the Commission approves the sale and transfer, GCU would assume Basin's regulatory obligations, and GCU would adopt Basin's current tariff.
- 6 The companies state several benefits of this sale and transfer of property and stock. GCU desires to own and operate the water system on a long-term basis, whereas Basin's current owner no longer desires to own and operate the water system. GCU has retained the services of Evergreen Valley Utilities, a Satellite Management Agency (SMA #149), to operate the water system and bill customers. Evergreen's staff is familiar with Basin's water system and operations.
- 7 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," and the Commission also considers the new company's financial and managerial fitness to operate the water system. Staff has reviewed the application, GCU's financial information, GCU's water system managerial experience and GCU's operations plan. Staff concludes that the applicants have demonstrated that the transaction would not harm the public interest and that GCU has demonstrated adequate financial and managerial fitness to operate the water system. Staff recommended that the Commission approve the sale and transfer.

FINDINGS AND CONCLUSIONS

- 8 (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.

- 9 (2) Basin is an investor-owned water company and is a public service company subject to Commission jurisdiction.
- 10 (3) GCU is a Washington corporation and was formed to purchase and maintain ownership of Basin Water Sources, Inc.
- 11 (4) On October 16, 2012, Basin mailed a notice of the sale and transfer to its customers.
- 12 (5) The companies state several benefits of this sale and transfer of property and stock. GCU desires to own and operate the water system on a long-term basis, whereas Basin's current owner no longer desires to own and operate the water system. GCU has retained the services of Evergreen Valley Utilities, a Satellite Management Agency (SMA #149), to operate the water system and bill customers. Evergreen's staff is familiar with Basin's water system and operations.
- 13 (6) GCU will acquire Basin's water system property and stock for \$80,000.
- 14 (7) As a result of this sale and transfer of water system property and stock, GCU will adopt Basin's tariff, WN U-1, with no changes in rates, terms or conditions.
- 15 (8) This matter was brought before the Commission at its regularly scheduled meeting on December 27, 2012.
- 16 (9) The proposed transfer and tariff adoption will have an effective date of January 1, 2013. This date coincides with Basin's billing periods. For accounting purposes, the Basin's accounting records will be transferred and effective on November 1, 2012.
- 17 (10) 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," and the Commission also considers the new company's financial and managerial fitness to operate the water system. Staff has reviewed the application, GCU's financial information, GCU's water system managerial experience and GCU's operations plan, and recommended the Commission approve the sale and transfer. The Commission believes the

applicants have shown there are substantial benefits to the transfer, and that GCU has demonstrated financial and managerial fitness to operate the water system.

- 18 (11) 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.
- 19 (12) The application meets the requirements of RCW 80.12 and the rules and regulations of the Commission. WAC 480-143.
- 20 (13) After reviewing Basin's application filed in Docket UW-121842 on November 19, 2012, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Property and Stock from Basin to GCU is consistent with, and demonstrates no harm to, the public interest and should be approved.

ORDER

THE COMMISSION ORDERS:

- 21 (1) The Commission authorizes the sale and transfer of the property and stock of Basin Water Sources, Inc., to GCU, Inc., 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.
- 22 (2) The Commission approves GCU, Inc.'s adoption of Basin Water Sources, Inc.'s tariff, to be effective with the effective date of the transfer itself: January 1, 2013.
- 23 (3) GCU, Inc., 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 property and stock authorized herein. The effective date for accounting purposes shall be November 1, 2012.
- 24 (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 the application be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.

- 25 (5) The Commission retains jurisdiction over the subject matter and Basin Water Sources, Inc., and GCU, Inc., 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 December 27, 2012.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Director and Secretary