

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Joint Application	)	DOCKET UW-141301
of	)	
	)	ORDER 02
CRISTALINA L.L.C. and	)	
WASHINGTON WATER SERVICE	)	
COMPANY,	)	
	)	
For an Order Approving Transfer of	)	
Assets and Removal of Cristalina	)	
L.L.C. from Regulation	)	
.....	)	
WASHINGTON UTILITIES AND	)	DOCKET UW-090516
TRANSPORTATION	)	
COMMISSION,	)	ORDER 03
Complainant,	)	
v.	)	ORDER REMOVING CRISTALINA,
CRISTALINA L.L.C.,	)	L.L.C. FROM REGULATION;
	)	GRANTING WASHINGTON WATER
Respondent.	)	SERVICE COMPANY’S REQUEST
	)	FOR PARTIAL EXEMPTION; AND
	)	TRANSFERRING REPORTING
	)	RESPONSIBILITY
.....		

**BACKGROUND**

- 1 On April 8, 2009, Cristalina, L.L.C. (Cristalina or Company) filed a request with the Washington Utilities and Transportation Commission (Commission) to bill and collect a surcharge of \$32 per month from each of the Company’s customers. The requested surcharge amount corresponded with the Company’s repayment obligations for a State Revolving Fund (SRF) loan for infrastructure improvements. The Commission granted the Company’s request subject to a series of conditions outlined in Order 01 in Docket UW-090516 entered on May 28, 2009, which included a requirement that Cristalina file quarterly reports with the Commission.
- 2 On May 21, 2014, the Commission issued a complaint in Docket UW-132013 against Cristalina for failure to comply with Order 01 in Docket UW-090516. The Complaint alleges that the Company failed to file quarterly reports for the second and fourth quarter of 2013, as required.

- 3 On May 21, 2014, in Docket UW-140820, the Commission issued a penalty assessment against Maria K. Lindberg in her individual capacity as owner and manager of Cristalina for failure to comply with Order 01 in Docket UW-090516. The penalty alleges that Ms. Lindberg is responsible for failing to file quarterly reports for the second and fourth quarter of 2013.
- 4 On June 17, 2014, Cristalina, L.L.C. (Cristalina or Company) and Washington Water Service Company (WWSC) (collectively, the Companies) filed with the Washington Utilities and Transportation Commission (Commission) a joint application for the sale and transfer of assets from Cristalina to WWSC according to the terms of an Asset Acquisition Agreement dated June 9, 2014. Cristalina further requested that the Commission remove the Company from regulation upon completion of the sale and transfer.
- 5 On September 23, 2014, the Commission issued Order 01/02 in these dockets<sup>1</sup> approving the Asset Acquisition Agreement between Cristalina and WWSC as modified; approving an acquisition adjustment for WWSC to capitalize for rate base all State Revolving Fund Loan payments owed by Cristalina to be made by WWSC; authorizing WWSC to continue to collect the surcharge from former Cristalina customers under the terms specified by order in Docket UW-090516; dismissing the complaint against Cristalina in Docket UW-132013; mitigating the penalty assessment against Ms. Lindberg in Docket UW-140820 in its entirety subject to the condition, among others, that Ms. Lindberg pay \$12,700 to WWSC within three years from the date of Order 01/02; and requiring WWSC to book the entirety of the \$12,700 Ms. Lindberg must pay as contribution in aid of construction to reduce the amount of the capitalized State Revolving Fund Loan payments owed by Cristalina and to be made by WWSC.<sup>2</sup>
- 6 Following the Commission's approval, the sale and transfer was completed on October 24, 2014. That same day, WWSC filed with the Commission to adopt pages 20 and 24 from Cristalina's tariff. All transactions necessary to complete the sale and transfer, to transfer responsibility for collection of surcharge funds, and to transfer

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<sup>1</sup> Order 01/02 also consolidated the five dockets at issue, denied Staff's five-part motion, and required WWSC to being providing water service to Cristalina customers under WWSC's tariff.

<sup>2</sup> Mitigation of the penalty is subject to additional conditions, including: 1) WWS and Ms. Lindberg must file a certification, under oath, with the Commission by October 1 each year for the next three years stating the amount Ms. Lindberg has paid and that she is current on her payment obligations; and 2) If Ms. Lindberg does not remain current on her payment obligation to WWSC or does not pay the entirety of the \$12,700 by October 1, 2017, the entire \$14,600 penalty will be immediately due and payable.

responsibility for repayment of the PWB loan serviced by the surcharge authorized in docket UW-090516 are complete.

- 7 On September 15, 2014, in anticipation of the Commission's approval of the sale and transfer, WWSC filed a petition for a partial exemption from WAC 480-110-455(4), which requires companies to hold surcharge funds in a separate account to benefit customers. WWSC requests permission to hold surcharge funds separate in the company's accounting through a general ledger account rather than establishing a completely separate account.
- 8 Staff supports WWSC's request for partial exemption from WAC 480-110-455(4). Staff has confirmed, and is satisfied, that a separate general ledger account has been established in the company's books. WWSC is financially stable and has a demonstrated ability to manage water system funds. Customers also benefit from lower administrative costs to manage the surcharge funds. Staff recommends that WWSC should be required to file the quarterly reports required by Order 01 in Docket UW-090516 no later than 60 days following the end of each quarter.
- 9 Following the sale and transfer of assets to WWSC, Cristalina no longer provides, and does not own any assets to provide, water service. Because Cristalina is no longer a water company, the public interest no longer requires its regulation. Staff therefore recommends the Commission remove Cristalina from regulation and cancel the Company's current tariff, WN U-1.

### **DISCUSSION**

- 10 We agree with Staff's recommendation and grant WWSC's request for partial exemption from WAC 480-110-455(4). WWSC is an experienced and financially stable water utility. WWSC has satisfactorily demonstrated that the surcharge funds collected from former Cristalina customers are being tracked in a separate general ledger account. This will allow WWSC to satisfy the reporting requirements of Order 01 in Docket UW-090516 and keep administrative costs down, which benefits ratepayers. We also agree with Staff's recommendation to remove Cristalina from regulation and cancel the Company's current tariff. Because Cristalina no longer provides water service, regulation in the public interest is no longer required.

### FINDINGS AND CONCLUSIONS

- 11 (1) The Commission is an agency of the State of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including water companies and has jurisdiction over the subject matter of, and parties to, this proceeding.
- 12 (2) Because WWSC has satisfactorily demonstrated that a separate general account ledger has been created to document the collection of surcharge funds, WWSC's request for partial exemption from WAC 480-110-455(4) should be granted.
- 13 (3) Responsibility for reporting on the surcharge collections, as required by WAC 480-110-455, should be transferred to WWSC.
- 14 (4) Because Cristalina no longer provides water service, it should be removed from Commission regulation, and its current tariff, WN U-1, should be cancelled.

### ORDER

#### THE COMMISSION ORDERS that

- 15 (1) Washington Water Service Company's request for partial exemption from WAC 480-110-455(4) is granted.
- 16 (2) The reporting requirements related to surcharge collection under WAC 480-110-455 are transferred to Washington Water Service Company. Washington Water Service Company is required to file surcharge accounting reports no later than 60 days following the end of each quarter, as required by Order 01 in Docket UW-090516.
- 17 (3) Cristalina, L.L.C. is removed from Commission regulation, and its current tariff, WN U-1, is cancelled.
- 18 (4) The Commission retains jurisdiction to enforce the terms of this Order.

Dated at Olympia, Washington, February 12, 2015.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**DAVID W. DANNER, Chairman**

**PHILIP B. JONES, Commissioner**

**ANN E. RENDAHL, Commissioner**

**NOTICE TO PARTIES:** This is a final order of the Commission. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-07-850, or a petition for rehearing pursuant to RCW 80.04.200 and WAC 480-07-870.