

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

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|---------------------------------------|---|------------------------|
| In the Matter of Sale and Transfer of |) | DOCKET UW-061864 |
| Assets from |) | |
| |) | ORDER 01 |
| KAYAK ESTATES WATER, LLC, |) | |
| |) | |
| Applicant, |) | |
| |) | |
| to |) | |
| |) | ORDER REMOVING COMPANY |
| SNOHOMISH COUNTY PUD NO. 1 |) | FROM REGULATION AND |
| |) | CANCELING TARIFF |
| |) | |

BACKGROUND

- 1 On October 10, 2006, Snohomish County PUD No. 1 (the PUD) purchased the assets and took over the operation and ownership of Kayak Estates Water, LLC (Kayak Estates Water or the utility). On October 24, 2006, Kayak Estates Water and the PUD filed a notice of the transfer of ownership of the water system assets owned by Kayak Estates Water to the PUD pursuant to RCW 80.12. Snohomish County PUD No. 1 is a special district and not subject to Commission regulation. Additionally, Kayak Estates Water seeks to remove itself from regulation and to cancel its tariff.

- 2 The water system provides water service to approximately 350 residential customers near Stanwood, in Snohomish County. The water system is known as Kayak Estates Water Utilities (Department of Health ID# 231115).

- 3 As a result of a staff investigation, the Washington Utilities and Transportation Commission (Commission) finds Kayak Estates 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 Kayak Estates Water from regulation is consistent with the public interest because the water system is now operated and owned by Snohomish County PUD No. 1, 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) Kayak Estates Water is an investor-owned water company and a public service company subject to Commission jurisdiction.
- 6 (3) The transfer of assets of Kayak Estates Water, LLC to Snohomish County PUD No. 1 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 Kayak Estates Water's request for removal from regulation and to cancel the company's tariff.

ORDER

THE COMMISSION ORDERS:

- 9 (1) Kayak Estates Water, LLC, is no longer subject to Commission jurisdiction under RCW 80.04.110.
- 10 (2) Kayak Estates Water, LLC 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