

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

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| In the Matter of the Application of   | ) | DOCKET UW-141307   |
|   | ) |  |
| WASHINGTON WATER SUPPLY,<br>INC.,   | ) | ORDER 01   |
|   | ) |  |
| Applicant,  | ) |  |
|   | ) |  |
| For the Sale and Transfer of Assets to<br>WHIDBEY WEST WATER<br>ASSOCIATION | ) | ORDER GRANTING APPLICATION<br>FOR SALE AND TRANSFER OF<br>ASSETS |
| .....   | ) |  |

**BACKGROUND**

- 1     On June 18, 2014, Washington Water Supply, Inc. (Washington Water Supply or Utility), and Whidbey West Water Association (collectively, Companies), filed with the Washington Utilities and Transportation Commission (Commission) an application for the sale and transfer of assets pursuant to the provisions of RCW 80.12.
- 2     As a result of a Staff investigation, the Washington Utilities and Transportation Commission (Commission) finds Washington Water Supply no longer owns the Whidbey West Water System. Staff provided technical assistance to Washington Water Supply and, on June 18, 2014, the utility filed the transfer application.
- 3     On September 1, 2012, Washington Water Supply transferred to Whidbey West Water Association the water system known as Whidbey West Water System (Department Of Health ID #363146). The Whidbey West Water System’s service area is located near Oak Harbor in Island County. Whidbey West Water System serves 175 residential customers.
- 4     Whidbey West Water Association is an association not regulated by this Commission under WAC 480-110-255(2). Washington Water Supply remains subject to Commission regulation if the transfer is approved to Whidbey West Water Association.

### FINDINGS AND CONCLUSIONS

- 5 (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.
- 6 (2) Washington Water Supply is an investor-owned water company and is a public service company subject to Commission jurisdiction.
- 7 (3) Whidbey West Water Association is an association formed and owned by the customers of the Whidbey West Water system and not subject to Commission jurisdiction.
- 8 (4) Customers of Whidbey West Water System were notified of the sale and transfer in a billing on July 1, 2012.
- 9 (5) The Companies state several benefits of this sale and transfer of assets, one of which is that Whidbey West Water Association desires to continue to own and operate water systems on an ongoing basis. In addition, members of the Whidbey West Water Association are the customers and owners of the water system.
- 10 (6) Whidbey West Water Association will acquire the water system assets of Whidbey West Water System from Washington Water Supply at no cost.
- 11 (7) The transfer of assets of the Whidbey West water system to Whidbey West Water Association is exempt from Commission regulation under RCW 80.12.020 and is not subject to Commission jurisdiction.
- 12 (8) This matter was brought before the Commission at its regularly scheduled meeting on July 24, 2014.
- 13 (9) The proposed transfer will have an effective date of September 1, 2012. This date coincides with Washington Water Supply's billing periods. For accounting

purposes, the Utility's accounting records are transferred and effective on September 1, 2012.

- 14 (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."<sup>1</sup> The Commission also looks to the new Company's financial and managerial fitness to run the operations.<sup>2</sup> The Commission believes the applicants have shown there are substantial benefits to the transfer.
- 15 (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.
- 16 (12) The application meets the requirements of RCW 80.12 and the rules and regulations of the Commission. WAC 480-143.
- 17 (13) After reviewing the application Washington Water Supply filed in Docket UW-141307 on June 18, 2014, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Assets by Washington Water Supply of the Whidbey West Water System to Whidbey West Water Association is consistent with, and demonstrates no harm to, the public interest and should be approved.

## ORDER

### THE COMMISSION ORDERS:

- 18 (1) The Commission authorizes the Sale and Transfer of the assets of Whidbey West Water System from Washington Water Supply, Inc., to Whidbey West Water Association consistent with the joint application in accordance with RCW 80.12.020. No material change, revision, or amendment to the joint

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<sup>1</sup> *In Re Application of PacifiCorp & Scottish Power, LLC*, Docket UE-981627, Third Supplemental Order on Prehearing Conference at 2-3 (April 2, 1999).

<sup>2</sup> *Id.*

application and agreement shall become effective without the Commission's prior written approval.

- 19 (2) The Commission approves Whidbey West Water Association's transfer from Washington Water Supply, Inc., to be effective with the effective date of the transfer itself: September 1, 2012.
- 20 (3) Washington Water Supply, Inc., must file with the Commission within 90 days after the effective date of this Order, tariff revisions as needed and the journal entries by which it proposes to record on its books the transfer of water system assets authorized herein. The effective date for accounting purposes shall be September 1, 2012.
- 21 (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.
- 22 (5) The Commission retains jurisdiction over the subject matter and Washington Water Supply, 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 July 24, 2014.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**STEVEN V. KING, Executive Director and Secretary**