

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

CONSOLIDATED UTILITIES, INC.,  
FORMERLY LAKE ALYSON WATER,  
INC.,

Applicant,

For the Sale and Transfer of Assets to  
NORTHWEST WATER SERVICES,  
LLC

DOCKET UW-170637

ORDER 01

ORDER GRANTING APPLICATION  
FOR SALE AND TRANSFER OF  
ASSETS; ADOPTING TARIFF

**BACKGROUND**

- 1* On May 31, 2017, Consolidated Utilities, Inc., formerly Lake Alyson Water, Inc. (Consolidated Utilities or the utility) and Northwest Water Services, LLC (Northwest Water) (collectively, the companies), filed with the Washington Utilities and Transportation Commission (Commission) an application for sale and transfer of assets pursuant to the provisions of RCW 80.12.
- 2* Consolidated Utilities' service area is located near Sedro Wooley in Skagit County. Consolidated Utilities has 22 customers. The utility's system is known as Bacus Road #1 (ID# 64327).
- 3* The current owners are dissolving their corporation and partnership and are leaving the water service business. Northwest Water recently purchased two other water systems from Consolidated Utilities and now desires to purchase the Bacus Road #1 and continue to grow their business.
- 4* The purchasing utility assumes the regulatory obligations of the purchased utility. If the Commission approves the sale and transfer of assets of Consolidated Utilities to Northwest Water, Northwest Water will be subject to any obligations the Commission imposed on Consolidated Utilities.

**FINDINGS AND CONCLUSIONS**

- 5 (1) The 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.
- 6 (2) Consolidated Utilities is an investor-owned water company and is a public service company subject to Commission jurisdiction.
- 7 (3) Northwest Water is an investor-owned water company and is a public service company subject to Commission jurisdiction.
- 8 (4) Consolidated Utilities notified its customers of the sale and transfer in a mailing on May 26, 2017.
- 9 (5) The companies state several benefits of this sale and transfer of assets, one of which is that Northwest Water desires to own and operate water systems on an ongoing basis. Consolidated Utilities' current owners no longer desire to own and operate the water system. Northwest Water will be able to bring benefits of economies of scale to the utility in certain areas, such as billing, collecting, and insurance. In addition, Northwest Water will use the same operations and billing staff who's familiar with the Bacus Road #1 utility operations.
- 10 (6) Northwest Water will acquire the water system assets of Consolidated Utilities at no cost.
- 11 (7) As a result of this sale and transfer of water system assets, Northwest Water will continue to bill the same rates and charges as Consolidated Utilities.
- 12 (8) This matter was brought before the Commission at its regularly scheduled meeting on June 29, 2017.
- 13 (9) The proposed transfer of assets and ownership will have an effective date of July 1, 2017. This date coincides with Northwest Water's billing periods. For accounting purposes, the utility's accounting records will be transferred and effective on that date.

- 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 Consolidated Utilities filed in Docket UW-170637 on May 31, 2017, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Assets by Consolidated Utilities to Northwest Water 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 Consolidated Utilities, Inc., formerly Lake Alyson Water, Inc., to Northwest Water Services, LLC 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.
- 19 (2) The Commission approves Northwest Water Services, LLC’s adoption of the rates and charges of Consolidated Utilities, Inc., formerly Lake Alyson Water, Inc., to be effective with the effective date of the transfer itself: July 1, 2017.

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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.*

- 20 (3) Northwest Water Services, LLC 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 assets authorized herein. The effective date for accounting purposes shall be July 1, 2017.
- 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 Consolidated Utilities, Inc., formerly Lake Alyson Water, Inc., and Northwest Water Services, LLC 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 June 29, 2017.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary