

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

In the Matter of the Application of)	DOCKET UW-050937
)	
Trident Utilities, LLC)	ORDER NO. 01
)	
Applicant,)	ORDER GRANTING
)	APPLICATION FOR SALE AND
For the Sale and Transfer of Assets)	TRANSFER OF ASSETS AND
to H & R Waterworks, Inc.)	TARIFF ADOPTION
.....)	

BACKGROUND

- 1 On June 20, 2005, Trident Utilities, LLC (Trident) and H & R Waterworks, Inc., (H & R) filed an application for sale and transfer of assets of Trident's nine water systems pursuant to the provisions of Chapter 80.12 RCW.

- 2 Trident's office is located in Rochester and serves approximately 80 customers in Thurston and Mason Counties.

- 3 The Commission has received a letter from H & R Waterworks, Inc., that states that the company will perform repairs and upgrades to the Trident water systems in this application to bring them into compliance with Department of Health standards for quantity and quality of water. The source of funds will be internally generated funds and owner equity. Recovery of these funds will be through general rates.

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 rates, rules, regulations, practices, accounts, securities, and transfers of

public service companies, including water companies. *RCW 80.01.040; Chapter 80.04 RCW; Chapter 80.12 RCW and Chapter 80.28 RCW.*

- 5 (2) Trident is an investor-owned water company and is a public service company subject to the jurisdiction of the Commission.
- 6 (3) H & R is a Washington corporation formed to act as a utility holding company and is a public service company subject to the jurisdiction of the Commission.
- 7 (4) This matter was brought before the Commission at its regularly scheduled meeting on June 29, 2005.
- 8 (5) The sale to H & R shifts ownership to a local business organization and consolidates business interest. The current owners of the Trident water systems no longer desire to own and operate the water systems. Trident notified its customers of the sale and transfer in a mailing on May 31, 2005. H & R followed up with a notice and letter of introduction.
- 9 (6) The purchase price for the water company assets will be \$6,000 payable at closing. H & R calculates the current rate base of the Trident water systems as of June 1, 2005, to be approximately \$6,000.
- 10 (7) Staff has advised H & R that absent a showing of commensurate benefits, acquisition adjustments are not included in rate base for inclusion in rates. Staff recommends authorization of the sale and transfer of assets from Trident to H & R.

- 11 (8) As a result of this sale and transfer of water system assets, H & R will maintain Trident's water rates and charges currently in effect and will adopt the Trident's tariff as it applies to the following water systems:

<u>Water System</u>	<u>County</u>	<u>DOH ID#</u>
Meadowood	Thurston	63131T
Guava A	Thurston	029980
Guava B	Thurston	029998
Sterling Estates West	Thurston	AA062K
Sterling Estates East	Thurston	AA061K
Deschutes Village	Thurston	19035Y
Thunberg (Whitney)	Thurston	05614
Empire	Thurston	00926R
Prairiewood	Mason	008022

- 12 (9) The proposed transfer and tariff adoption will have an effective date of June 29, 2005. This date is to coincide with current billing period and allows a mutually agreed closing date. For accounting purposes the accounting records should be transferred and effective on July 1, 2005.

- 13 (10) In this Docket, the Commission neither approves nor disapproves the reasonableness of any fees, charges, rates, purchase price, or accounting allocations involved with the proposed arrangement and reserves the right to review those fees, charges, rates, or accounting allocations in a future rate proceeding.

- 14 (11) The application meets the requirements of Chapter 80.12 RCW and the rules and regulations of the Commission adopted pursuant thereto. *Chapter 480-143 WAC.*

- 15 (12) After review of the application filed in Docket UW-050937 by Trident on June 20, 2005, and giving due consideration, the Commission finds that Application of the Sale and Transfer of the Trident water system assets by Trident to H & R is consistent with the public interest and should be authorized.

ORDER

THE COMMISSION ORDERS:

- 16 (1) The Commission authorizes the Sale and Transfer 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.
- 17 (2) The tariff adoption filed in conjunction with the application, allowing H & R Waterworks, Inc., to continue applying pre-transfer rates without change, is approved to become effective with the effect of the transfer itself on June 29, 2005. H & R Waterworks, Inc., must file with the Commission within sixty days after the effective date of this Order to incorporate the adopted tariff in its own tariff consistent with its adoption of Trident Utilities, LLC's tariff.
- 18 (3) H & R Waterworks, Inc., must file with the Commission within sixty days after the effective date of this Order, the journal entries by which it proposes to record on its books the transfer of water company assets authorized herein. The effective date for accounting purposes shall be July 1, 2005.

- 19 (4) H & R Waterworks, Inc., will perform repairs and upgrades to the above listed water systems to bring them into compliance with Department of Health standards for quantity and quality of water. The source of funds for these projects will be internally generated funds and owner equity. Recovery of these funds will be through general rates.
- 20 (5) This Order shall in no way affect the authority of this Commission over rates, services, accounts, valuations, estimates, or determination of costs, or any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs, or any valuation of property claimed or asserted.
- 21 (6) The Commission retains jurisdiction over the subject matter and Trident Utilities, 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 this 29th day of June, 20005.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary