

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of)	DOCKET UW-131046
)	
SOREN PEDERSEN WATER)	ORDER 01
COMPANY,)	
)	
Applicant,)	
)	ORDER GRANTING APPLICATION
For the Sale and Transfer of Assets to)	FOR SALE AND TRANSFER OF
PEDERSEN FAMILY LLC)	ASSETS; ADOPTING TARIFF
.....)	

BACKGROUND

- 1 On May 30, 2013, Soren Pedersen Water Company (Soren Pedersen Water or utility) and Pedersen Family LLC (Pedersen Family) (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 On February 1, 2010, Soren Pedersen Water was transferred to Pedersen Family LLC after the owner passed away. Pedersen Family LLC was unaware that it was required to notify the Commission of this transfer of ownership. Since that time, two additional water systems were added and water system operations continued as before.
- 3 Staff first became aware of the change in ownership during our review of the company’s 2013 Annual Report. Staff provided technical assistance and, on May 30, 2013, the utility filed the transfer application.
- 4 Soren Pedersen Water’s service areas are located near Sequim in Clallam County. Soren Pedersen Water serves 220 customers on the following water systems; Dungeness Bay Plat (ID# 20300 E), Jamestown on Wilcox Lane (ID# 06344 V), Pedersen Family Group B (ID# AC321) and Skyridge Golf Course Club House (ID# AA575).
- 5 The purchasing utility assumes the regulatory obligations of the purchased utility. If the Commission approves the sale and transfer of Soren Pedersen Water to Pedersen Family, Pedersen Family will be subject to any obligations the Commission imposed on Soren Pedersen Water.

FINDINGS AND CONCLUSIONS

- 6 (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.
- 7 (2) Soren Pedersen Water is an investor-owned water company and is a public service company subject to Commission jurisdiction.
- 8 (3) Pedersen Family is a Limited Liability Company and a utility holding company. Pedersen Family is owned and operated by the same principals that have operated Soren Pederson Water in the past.
- 9 (4) Soren Pedersen Water notified its customers of the sale and transfer in a billing on February 1, 2010.
- 10 (5) The companies state several benefits of this sale and transfer of assets, one of which is that Pedersen Family desires to continue to own and operate water systems on an ongoing basis. In addition, members of the Pedersen Family LLC have performed operations and billing services for Soren Pederson Water and its Staff is familiar with Soren Pederson Water's operations.
- 11 (6) Pedersen Family will acquire the water system assets of Soren Pedersen Water at no cost.
- 12 (7) As a result of this sale and transfer of water system assets, Pedersen Family will adopt Soren Pedersen Water's tariff.
- 13 (8) This matter was brought before the Commission at its regularly scheduled meeting on September 12, 2013.
- 14 (9) The proposed transfer and tariff adoption will have an effective date of October 1, 2013. This date coincides with Soren Pedersen Water's billing periods. For

accounting purposes, the utility's accounting records are transferred and effective on October 1, 2013.

- 15 (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."¹ The Commission also looks to the new company's financial and managerial fitness to run the operations.² The Commission believes the applicants have shown there are substantial benefits to the transfer.
- 16 (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.
- 17 (12) The application meets the requirements of RCW 80.12 and the rules and regulations of the Commission. WAC 480-143.
- 18 (13) After reviewing the application Soren Pedersen Water filed in Docket UW-131046 on May 30, 2013, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Assets by Soren Pedersen Water to Pedersen Family is consistent with, and demonstrates no harm to, the public interest and should be approved.

ORDER

THE COMMISSION ORDERS:

- 19 (1) The Commission authorizes the Sale and Transfer of the assets of Soren Pedersen Water Company to Pedersen Family LLC consistent with the joint application in accordance with RCW 80.12.020. No material change, revision, or amendment to

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

² *Id.*

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

- 20 (2) The Commission approves Pedersen Family LLC's adoption of the tariffs of Soren Pedersen Water Company, to be effective with the effective date of the transfer itself: October 1, 2013.
- 21 (3) Pedersen Family 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 October 1, 2013.
- 22 (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.
- 23 (5) The Commission retains jurisdiction over the subject matter and Soren Pedersen Water Company, and Pedersen Family 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 September 12, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary