

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 384, UP 391

In the Matters of

The Joint Application for Approval of the Sale of SUNRIVER WATER, LLC to NW NATURAL WATER OF OREGON, LLC, Pursuant to ORS 757.480 and OAR 860-036-2120. (UP 384)

and

The Application for Approval of the Assignment of Assets by SUNRIVER WATER, LLC to SUNRIVER RESORT LIMITED PARTNERSHIP, Pursuant to ORS 757.480 and OAR 860-036-2120. (UP 391)

ORDER

DISPOSITION: STIPULATION ADOPTED; TRANSACTIONS APPROVED

I. SUMMARY

In this order, we adopt the stipulation of the parties and the conditions set forth therein and authorize the proposed sale and assignment transactions between Sunriver Water, LLC (SRW), NW Natural Water of Oregon, LLC (Oregon Water) and Sunriver Resort Limited Partnership (Sunriver Resort). We also approve the sale of SRW to Oregon Water and the assignment of assets from SRW to Sunriver Resort.

II. BACKGROUND AND PROCEDURAL HISTORY

SRW is a privately-owned water utility, rate regulated by the Commission and located in Sunriver, Oregon. SRW is owned by Sunriver Resort and provides water service to approximately 4,722 customers in the Sunriver area.¹ Oregon Water is a second tier subsidiary of Northwest Natural Holding Company, the sole owner of both Northwest Natural Gas Company and NW Natural Water Company, LLC, (NWN Water), Oregon Water's parent company.

¹ Sunriver Resort also owns Sunriver Environmental, LLC (SRE), a wastewater utility, which is also being sold to Oregon Water. However, the Commission does not have jurisdiction over the sale of interests in SRE and that portion of the transaction is not the subject of the Joint Application.

On October 23, 2018, SRW and Oregon Water filed a Joint Application for Commission approval of the sale of SRW to Oregon Water, docketed as UP 384. The SRW sale is structured as a Membership Interest Purchase Agreement (MIPA), in which Oregon Water will purchase all of Sunriver Resort's membership interests in SRW. After the transaction is completed, SRW would become a wholly-owned subsidiary of Oregon Water.

On October 29, 2018, the Oregon Citizens' Utility Board (CUB) filed a notice of intervention and on November 19, 2018, the Sunriver Owners Association (SROA) filed a petition to intervene.² A prehearing conference was held on December 17, 2018, at which time SROA was made a party to the proceeding and a procedural schedule was adopted.

Although Sunriver Resort proposes to sell its interests in SRW to Oregon Water, it wishes to retain certain assets currently owned by SRW: structures for Well #4 and Well #12 and the associated water rights, equipment and real estate on which the wells are located, and a portion of fiber optic cable and conduit used to provide telecommunications services to the resort.

Because those assets are necessary or useful to SRW in the provision of water service and are under the Commission's jurisdiction, on January 16, 2019, SRW and Sunriver Resort filed an application seeking approval from the Commission to transfer those assets from SRW to its parent, Sunriver Resort, docketed as UP 391. At the request of the parties, by ruling of January 17, 2019, dockets UP 384 and UP 391 were consolidated and a revised procedural schedule was adopted.

Under the procedural schedule, a public comment hearing was held in Sunriver, Oregon on February 7, 2019, and on February 21, 2019, SROA, CUB and the Commission staff (Staff) filed response testimony. On March 19, 2019, at the request of the parties, the administrative law judge suspended these proceedings. On March 29, 2019, the parties filed a joint stipulation resolving all issues in these proceeding along with supporting joint testimony.

III. DISCUSSION

A. Applicable Law

The joint application for the sale of SRW to Oregon Water in docket UP 384 is subject to the provisions of Oregon Revised Statute (ORS) 757.480(5) and Oregon Administrative

² Although SRW and Oregon Water did not oppose SROA's intervention, they raised concerns about the scope of these proceedings and SROA's assertions regarding certain rights of first refusal (ROFR) with respect to the transaction. As part of the stipulated settlement, SROA waives any right it may have had and releases SRW, Oregon Water, and Sunriver Resort from any claim it might have made in that regard. The stipulation thus extinguishes any ROFR relating to the ownership interest or assets of SRW that are subject to the transactions.

Rule (OAR) 860-036-2120. These sections provide that a water utility may not enter into any transaction greater than \$10,000 affecting ownership rights in property necessary or useful in the provision of utility service without first obtaining the Commission's approval.

The provisions of ORS 757.480 and OAR 860-036-2120 apply to the proposed assignment of the designated well structure and telecommunications assets to Sunriver Resort, which is defined as an affiliated interest under ORS 757.015.

OAR 860-036-2120(3) requires a Commission determination after investigation of the proposed transactions that the contracts are fair and reasonable and not contrary to the public interest, in order to obtain approval.

B. Terms of the Stipulation

1. *Stable Costs and Rates*

The parties agree that Conditions 6, 7, 16, 17, and 18 in the stipulation are designed to ensure SRW's customers' rates do not increase as a result of the transactions.

Condition 6 provides that SRW will not file a general rate case prior to one year after the closing date of the transactions, and further provides that SRW will not file to increase any of its rates, charges, or fees prior to its first general rate case filing following the transfer of ownership. This will ensure that SRW's customers have approximately two years of stable rates and receive the benefits of potential reductions in operating costs resulting from the sale and that those benefits will be captured in the next rate case.³

Condition 7 provides that neither SRW nor Oregon Water and its affiliates will seek to recover the adjustment or costs of acquisition or goodwill in the payment price. Condition 17 requires SRW to track and exclude transaction costs from customer rates, thus holding customers harmless.⁴

Conditions 16 and 18 are directed at prospectively controlling costs in SRW's next rate case. Condition 16 commits SRW not to advocate for a higher cost of capital than would have prevailed absent the transaction. Condition 18 caps the costs for administrative services that SRW can include in customer rates post-transaction at approximately \$25,000 more than approved in the prior rate case, unless it can demonstrate that the benefits to customers exceed the incremental costs.⁵

2. *Corporate Separation and Accounting Practices*

The parties resolved separation and accounting issues by agreeing on Conditions 1, 2, 10, and 11 through 15 in the stipulation. The parties agree that these conditions facilitate

³ Oregon Water-SRW-Staff-CUB-SROA/100, Palfreyman, O'Shea, Yamada, Gehrke, and Palcic/5-6.

⁴ *Id.* at 6.

⁵ *Id.* at 6-7.

transparency and oversight and promote proper corporate separation, thus helping to ensure effective Commission regulation and oversight.

Condition 1 ensures that SRW will not be owned by any entity other than Oregon Water, clearly separating its holdings from other Northwest Natural operations and enabling transparency of intercompany transactions and the prevention of cross-subsidization. For similar reasons, Condition 10 requires SRW and its parent companies to remain separate legal entities.⁶

Conditions 13 and 14 address debt-creation issues. Condition 13 provides that SRW will not issue, secure, or guarantee any of its affiliates' debt without prior Commission approval. Condition 14 precludes SRW from making any short-term loans to any affiliate except as allowed under the applicable statutes and Commission rules related to affiliated interests.⁷

Conditions 2, 11, 12, and 15 relate to issues associated with SRW's books of account and other documents, data, and records that pertain to the transfer of properties or transactions between SRW and its affiliates. Condition 11 provides that SRW will maintain separate financial statements on a stand-alone basis, though SRW's financials may be included in the consolidated financial statements of its parent for financial reporting purposes. Condition 12 provides that SRW's books and records shall be available in accordance with the applicable uniform system of accounts, or, as appropriate, generally accepted accounting principles; SRW will utilize a different system of accounts than does its gas affiliate. Condition 15 requires SRW to maintain its assets and liabilities, and related books and records in a way that will easily identify its individual assets and liabilities as separate and distinct from those of its parent and affiliates.⁸

3. *Additional Safeguards for Commission Oversight*

Conditions 3, 4, 5, 8, and 9 address the parties' agreement to provide additional safeguards for the benefit of customers.

Condition 3 requires SRW to notify the Commission if substantive changes are made to the MIPA, including any material changes in price. The condition further requires that any substantive changes to the MIPA terms that alter the intent or extent of the MIPA from those approved by the Commission, must be submitted to the Commission for approval in an application for a supplemental order (or other appropriate form) in these proceedings.

Condition 4 requires SRW to provide notice to the Commission within ten days of the closing of the transactions. Condition 5 provides that the Commission reserves the right to review for reasonableness all financial aspects of the transactions in any rate proceeding.

⁶ *Id.* at 8.

⁷ *Id.* at 8-9.

⁸ *Id.* at 9-10.

Condition 8 provides that the Commission's approval of the transactions does not constitute a prudence finding with respect to SRW investments not yet included in rates. Condition 9 requires SRW to file affiliated interest applications within ninety days of the closing of the transactions for any transactions involving affiliates.⁹

4. *Asset Transfer Protections*

The parties agreed that customers should receive some net benefit from the transfer of property to Sunriver Resort and that customers should be protected from any potential harm due to the transfer of water rights. Accordingly, the parties agreed to Conditions 19, 20, 21, 22, and 23.

Condition 19 will require SRW to demonstrate in its next rate case that it has removed all of the transferred assets from the revenue requirement calculation to ensure that customers are held harmless. Condition 20 references certain fiber strands being transferred to Sunriver Resort. Oregon Water will be replacing the strands with a stand-alone network, but the start-up costs for the network will not be included in any subsequent rate case. Because the stand alone system will be far superior to the aging cable it replaces, customers will receive a net benefit from the asset transfer.¹⁰

Condition 21 is intended by the parties to compensate customers for the value of Well #4 being transferred to Sunriver Resort. The parties agree that the net value of the well is \$64,350 and that \$40,837 of its value will be allocated to customers by providing a one-time bill credit for customers on the domestic rate schedule based on 2018 usage; the remaining \$23,513 to be allocated to SRW. While no longer used or useful to SRW's customers, the parties agree that customers will still receive fair compensation for the value of the property.¹¹

Similarly, Condition 22 is intended by the parties to compensate customers for the value of Well #12. The parties agree that the net value of the well is \$95,716 and that \$29,451 of its value will be allocated to customers by providing a one-time bill credit for customers on the domestic rate schedule. The stipulation also provides a mechanism for credits totaling \$58,902 to be issued to customers on the Golf Course rate schedule. The remaining \$7,363 will be allocated to SRW.¹²

Condition 23 relates to the transfer from SRW to Sunriver Resort of Water Right Certificates 85484 and 85485, which currently authorize the pumping of water from Well #12 to irrigate the Crosswater Golf Course, owned by Sunriver Resort (water rights). Staff and SROA expressed concerns about the need for SRW to retain the water rights to convert to mitigation credits at some future time to avoid the need to complete a mitigation project or obtain addition credits to develop additional water supply to serve

⁹ *Id.* at 10-12.

¹⁰ *Id.* at 12-13.

¹¹ *Id.* at 14.

¹² *Id.* at 14-15.

SRW's current customers. The joint applicants disagreed, providing information to demonstrate that the water supply was adequate to meet future needs.

In order to resolve the issue and address Staff and SROA's concerns, the parties agreed that, during the ten-year period following the closing of the transaction, if SRW is required to complete a mitigation project or obtain additional mitigation credits, SRW will not include any expense in its revenue requirement associated with such project or credits. This condition further recognizes that SRW may invest in a storage facility, which the parties agree will not be considered a mitigation project or related to mitigation credits.¹³

C. Commission Resolution

We have reviewed the terms of the stipulation and supporting joint testimony of the parties. We find that the terms of the stipulation are reasonable and that the stipulation was freely entered into by the parties. We further find that the proposed conditions imposed on the transactions described in the stipulation will protect the interests of customers and result in fair, just, and reasonable rates and further the public interest, convenience, and necessity.

IV. ORDER

IT IS ORDERED that:

1. The Stipulation between Sunriver Water, LLC, NW Natural Water of Oregon, LLC, Sunriver Resort Limited Partnership, Staff of Public Utility Commission of Oregon, Oregon Citizens' Utility Board, and the Sunriver Owners Association, attached as Appendix A, is adopted.
2. The Joint Application for Approval of the Sale of Sunriver Water, LLC to NW Natural Water of Oregon, LLC is approved, subject to the conditions set forth in the Stipulation.
3. The Application for Approval of the Assignment of Assets from Sunriver Water, LLC to Sunriver Resort Limited Partnership is approved, subject to the conditions set forth in the Stipulation.

¹³ *Id.* at 16-17.

- 4. Sunriver Water, LLC, NW Natural Water of Oregon, LLC, and Sunriver Resort Limited Partnership shall notify the Commission of the closing of the sale and assignment of assets transactions within thirty days after occurrences thereof, and shall certify by affidavit that the conditions of the Stipulation relevant to these closings have been satisfied.

Made, entered, and effective Apr 24 2019.

Megan W Decker

Megan W. Decker
Chair

S Bloom

Stephen M. Bloom
Commissioner

Letha Tawney

Letha Tawney
Commissioner



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 384, UP 391 (CONSOLIDATED)

In the Matters of

The Joint Application for Approval of the Sale of
SUNRIVER WATER, LLC, to NW NATURAL WATER
OF OREGON, LLC, Pursuant to ORS 757.480 and
OAR 860-036-2120 (UP 384),

and

The Application for Approval of the Assignment of
Assets by SUNRIVER WATER, LLC to SUNRIVER
RESORT LIMITED PARTNERSHIP, Pursuant to ORS
757.480 and OAR 860-036-2120 (UP 391).

STIPULATION

I. INTRODUCTION

1 The purpose of this Stipulation is to resolve all issues among all parties to these
2 consolidated proceedings, specifically NW Natural Water of Oregon, LLC (“Oregon Water”),
3 Sunriver Water, LLC (“SRW”), Staff of the Public Utility Commission of Oregon (“Staff”),
4 Oregon Citizens’ Utility Board (“CUB”), and the Sunriver Owners Association (“SROA”);
5 collectively, the parties are referred to herein as the “Stipulating Parties.” The Stipulating
6 Parties are the only parties to these consolidated proceedings, and they expect this Stipulation
7 to resolve all the issues raised in these consolidated proceedings with no exceptions.

II. BACKGROUND

8 On October 23, 2018, Oregon Water and SRW filed a Joint Application with the Public
9 Utility Commission of Oregon (the “Commission”), requesting approval of the sale of SRW by
10 Sunriver Resort Limited Partnership (“SRLP”) to Oregon Water, as set forth in the Membership
11 Interest Purchase Agreement (“MIPA”) between SRLP, as Seller, and Oregon Water, as
12 Purchaser, dated October 12, 2018 (Confidential Exhibit A to the Joint Application). The
13 Commission assigned Docket No. UP 384 (“UP 384”) to consider the Joint Application. CUB

1 filed its notice of intervention on October 29, 2018. SROA filed a petition to intervene on
2 November 19, 2018. On December 17, 2018, the Commission held a prehearing conference
3 at which it granted the petition to intervene by SROA. On December 17, 2018 (corrected
4 December 20, 2018), the Chief Administrative Law Judge (the “Chief ALJ”) issued a
5 Prehearing Conference Memorandum setting forth the procedural schedule agreed to by the
6 Stipulating Parties, including the dates for the filing of testimony and briefs, the date of a
7 settlement conference, and the tentative date of the Commission decision (June 24, 2019).

8 On January 16, 2019, SRW filed an Application with the Commission requesting
9 approval of the assignment of certain assets of SRW to SRLP, which the Commission
10 assigned Docket No. UP 391 (“UP 391”). On the same date, SRW filed a motion to
11 consolidate UP 384 and UP 391. On January 17, 2019, the Chief ALJ issued a Ruling granting
12 the motion to consolidate UP 384 and UP 391 (the “Consolidated Proceedings”), and
13 designating UP 384 as the lead docket.

14 The transaction for which Oregon Water and SRW request Commission approval in
15 the Joint Application filed in UP 384 and the transaction for which SRW requests Commission
16 approval in the Application filed in UP 391 collectively are referred to herein as the
17 “Transactions.”

18 On January 17, 2019, Oregon Water and SRW filed the Direct Testimony of Justin
19 Palfreyman and the Direct Testimony of Thomas O’Shea, respectively.

20 The Commission held a Public Comment Hearing on the Consolidated Proceedings
21 on February 7, 2019, in Sunriver, Oregon.

22 On February 21, 2019, Staff, CUB and SROA, respectively, filed the Responsive
23 Testimony (and exhibits) of Stephanie Yamada, the Response Testimony of William Gehrke,
24 and the Responsive Testimony of Hugh Palcic.

1 The Stipulating Parties held a settlement conference on February 28, 2019, a
2 workshop on March 8, 2019, and a settlement conference on March 12, 2019. As a result of
3 those discussions, the Stipulating Parties reached a comprehensive settlement on all issues
4 in the Consolidated Proceedings and memorialize the comprehensive settlement in this
5 Stipulation.

III. TERMS OF AGREEMENT

6 The Stipulating Parties agree that this Stipulation resolves all issues among all parties
7 to these Consolidated Proceedings, as set forth below.

8 1. The Stipulating Parties agree that, upon Commission approval and the closing
9 of the Transactions, Oregon Water and SRW, as applicable, shall be subject to the following
10 conditions:

11 Condition 1. SRW will not, at any point in time, be owned by Northwest Natural Gas
12 Company (“NWN Gas”) or any subsidiary of NWN Gas.

13 Condition 2. SRW shall provide the Commission access to all books of account as
14 well as all documents, data, and records that pertain to the transfer of
15 properties or to transactions between SRW and Oregon Water or any
16 other affiliate.
17

18 Condition 3. SRW shall notify the Commission if substantive changes are made to
19 the MIPA, including any material changes in price. Any substantive
20 changes to the MIPA terms that alter the intent or extent of the MIPA
21 from those approved herein shall be submitted for Commission
22 approval in an application for a supplemental order (or other
23 appropriate form) in the Consolidated Proceedings.

24 Condition 4. SRW will provide notice to the Commission within ten (10) days of the
25 closing of the Transactions.

1 Condition 5. The Commission reserves the right to review for reasonableness all
2 financial aspects of the Transactions in any rate proceeding.

3 Condition 6. SRW will not file a general rate case prior to one (1) year after the
4 closing date of the Transactions. SRW will not file to increase any of
5 its rates, charges, or fees prior to its first general rate case filing
6 following the transfer of ownership.

7 Condition 7. SRW and Oregon Water, including all of the entities owned either
8 directly or indirectly by Northwest Natural Holding Company (“NW
9 Holdings”), will not seek rate recovery of an acquisition adjustment (or
10 goodwill) for the price paid for Oregon Water’s acquisition of SRW.

11 Condition 8. Commission approval of the Transactions does not constitute a
12 prudence finding with respect to SRW investments not yet included in
13 rates.

14 Condition 9. SRW will file affiliated interest applications pursuant to ORS 757.495
15 and OAR 860-036-2210 within ninety (90) days of the closing of the
16 Transactions for any transactions involving affiliates.

17 Condition 10. Following the closing of the Transactions, SRW and its parent(s) shall
18 remain separate legal entities.

19 Condition 11. SRW will maintain separate financial statements on a stand-alone basis,
20 though SRW’s financials may be included in the consolidated financial
21 statements of its parent for financial reporting purposes.

22 Condition 12. SRW’s books and records shall be available in accordance with the
23 applicable uniform system of accounts, or, as appropriate, generally
24 accepted accounting principles, noting that SRW will utilize a different
25 system of accounts than does its gas affiliate, NWN Gas.

1 Condition 13. SRW shall not issue, secure, or guarantee the debt of Oregon Water,
2 Northwest Natural Water Company, LLC, NWN Gas, NW Holdings, or
3 any other affiliate of SRW as defined in ORS 757.015 without prior
4 approval of the Commission.

5 Condition 14. SRW shall not make any short-term loans to any affiliate, except as
6 allowed pursuant to the Commission's affiliated interest statutes and
7 rules.

8 Condition 15. SRW shall maintain its assets and liabilities, and books and records
9 relating thereto, in such a manner that ascertaining or identifying its
10 individual assets and liabilities as separate and distinct from those of
11 its parent and affiliates will not entail significant costs or difficulty.

12 Condition 16. Oregon Water commits that SRW will not advocate for a higher cost of
13 capital than would have prevailed for SRW absent Oregon Water
14 ownership for two (2) years following Commission approval of the
15 Transactions.

16 Condition 17. SRW will track and exclude costs related to the preparation and
17 performance of the Transactions from customer rates.

18 Condition 18. In the first rate case following Commission approval of the
19 Transactions, SRW will not include in rates administrative costs of
20 shared services and functions currently provided by SRLP under a
21 shared services agreement approved in Docket No. UI 378 that are
22 higher than \$280,000, for the same or similar services, unless it can
23 demonstrate that the benefits to customers are greater than or equal to
24 the portion of costs exceeding that amount.

1 Condition 19. In its next general rate proceeding, SRW will demonstrate that all
2 assets transferred to SRLP as described in the UP 391 Application
3 have been removed from customer rates.

4 Condition 20. SRW will not include the start-up costs of the contemplated stand-alone
5 Information Technology network (referenced in Mr. Palfreyman's Direct
6 Testimony) in rates in any subsequent rate case following Commission
7 approval of the Transactions.

8 Condition 21. The Stipulating Parties agree that the net value of Well #4 is \$64,350.
9 Based on the historical utilization of Well #4 by SRW, the Stipulating
10 Parties agree that domestic customers will be allocated \$40,837 as a
11 one-time bill credit. The remaining \$23,513 is allocated to SRW. The
12 Stipulating Parties agree that SRW will calculate the one-time bill credit
13 by apportioning the \$40,837 to domestic rate schedules on the basis of
14 volumes using calendar year 2018 volumes. SRW then will issue the
15 one-time bill credit to each customer on an equal amount per customer
16 basis within each rate schedule. SRW will issue the one-time bill credit
17 within sixty (60) days of the closing of the Transactions.

18 Condition 22. The Stipulating Parties agree that the net value of Well #12 is \$95,716.
19 Based on the historical utilization of Well #12 by SRW, the Stipulating
20 Parties agree that domestic customers will be allocated \$29,451 as a
21 one-time bill credit, and that customers on the Golf Course rate
22 schedule will be allocated \$58,902 as a one-time credit. The remaining
23 \$7,363 is allocated to SRW.

24 The Stipulating Parties agree that SRW will calculate the bill
25 credit for domestic customers by apportioning the \$29,451 to domestic

1 rate schedules on the basis of volumes using calendar year 2018
2 volumes. SRW then will issue the one-time bill credit to each customer
3 on an equal amount per customer basis within each rate schedule.
4 SRW will issue the one-time bill credit within sixty (60) days of the
5 closing of the Transactions.

6 The Stipulating Parties agree that SRW will calculate the bill
7 credit for the two customers on the Golf Course Rate Schedule (SRLP
8 and Caldera Springs Owners Association (CSOA)) by apportioning the
9 \$58,902 to those customers on the basis of volumes used by each
10 customer in calendar year 2018. The amount due to CSOA will be
11 made as a one-time bill credit. Because SRLP will no longer be a Golf
12 Course Irrigation customer following closing of the Transactions, SRW
13 will pay the amount due to SRLP by check. SRW will issue the one-
14 time bill credit and check within sixty (60) days of the closing of the
15 Transactions.

16 Condition 23. If, during the ten (10)-year period following the closing of the
17 Transactions, SRW is required to complete a mitigation project or to
18 obtain additional mitigation credits (beyond the 2.1 acre-feet of
19 permanent mitigation credits that SRW has already acquired) to serve
20 utility customers in its current service territory (plus the 614-acre
21 Caldera Springs annexation) in order to use water permitted by Permit
22 G-17882 or any other permit or right, SRW will bear the cost of that
23 mitigation project or those mitigation credits up to the equivalent of 90
24 credits. "Bearing the cost" means that SRW will not include in its
25 revenue requirement any expense (including depreciation) associated

1 with such a mitigation project or mitigation credits, and SRW will not
2 include its investment in any such mitigation project or mitigation credits
3 in rate base. For the avoidance of doubt, SRW's investment in or
4 acquisition of any storage facility will not be considered a mitigation
5 project or related to mitigation credits for the purpose of this paragraph;
6 provided that the investment in or acquisition of such storage facility
7 does not require SRW to complete a mitigation project or obtain
8 mitigation credits (beyond the 2.1 acre-feet of permanent mitigation
9 credits that SRW has already acquired) pursuant to OAR chapter 690,
10 divisions 505 or 521, respectively.

11 2. Right of First Refusal. SROA asserted that it may possess a Right of First
12 Refusal, Right of First Offer, or other right to purchase the ownership interests or assets of
13 SRW (collectively, "ROFR"). SRW, SRLP and Oregon Water dispute that any such ROFR
14 exists. SROA and Staff have conducted discovery relating to this issue. For the purpose of
15 resolving these Consolidated Proceedings on the terms and conditions set forth in this
16 Stipulation, which SROA believes are in the best interest of it and its members, SROA
17 agrees to forever waive any right it may have or have had under any ROFR, to release and
18 discharge SRW, SRLP and Oregon Water from any claim SROA has made or could have
19 made under any ROFR, and to terminate and extinguish any ROFR. This paragraph is
20 intended to benefit SRW, SRLP and Oregon Water and may be enforced by SRW, Oregon
21 Water and SRLP as a third-party beneficiary to this Stipulation. All Stipulating Parties concur
22 with the foregoing resolution of the ROFR issue on the basis and belief that it results in no
23 harm to SRW or its customers, including SROA.

1 3. The Stipulating Parties recommend and request that the Commission approve
2 the provisions described herein as appropriate and reasonable resolutions of the identified
3 issues in the Consolidated Proceedings.

4 4. The Stipulating Parties agree that the Transactions and this Stipulation meet
5 the “no harm” standard in ORS 757.480, as interpreted by the Commission.

6 5. This Stipulation will be offered into the record as evidence pursuant to OAR
7 860-001-0350(7). The Stipulating Parties agree to support this Stipulation throughout this
8 proceeding and any appeal, provide witnesses to sponsor this Stipulation at hearing, and
9 recommend that the Commission issue an order adopting this Stipulation without
10 modification. The Stipulating Parties also agree to cooperate in drafting and submitting joint
11 testimony and/or a brief in support of this Stipulation in accordance with OAR 860-001-
12 0350(7).

13 6. If this Stipulation is challenged, the Stipulating Parties agree that they will
14 continue to support the Commission’s adoption of the terms of this Stipulation.

15 7. The Stipulating Parties have negotiated this Stipulation as an integrated
16 document. If the Commission rejects all or any material portion of this Stipulation or imposes
17 additional material conditions in approving this Stipulation, any of the Stipulating Parties are
18 entitled to withdraw from this Stipulation or exercise any other rights provided in OAR 860-
19 001-0350(9). To withdraw from this Stipulation, a Stipulating Party must provide written
20 notice to the Commission and the other Stipulating Parties within five (5) days of service of
21 the final order rejecting, modifying or conditioning this Stipulation.

22 8. By entering into this Stipulation, no Stipulating Party approves, admits, or
23 consents to the facts, principles, methods, or theories employed by any other Stipulating
24 Party in arriving at the terms of this Stipulation, other than those specifically identified in the
25 body of this Stipulation. No Stipulating Party shall be deemed to have agreed that any

1 provision of this Stipulation is appropriate for resolving issues in any other proceeding,
2 except as specifically identified in this Stipulation.

3 9. This Stipulation is not enforceable by any Stipulating Party unless and until
4 adopted by the Commission in a final order. Each signatory to this Stipulation avers that
5 they are signing this Stipulation in good faith and that they intend to abide by the terms of
6 this Stipulation unless and until this Stipulation is rejected or adopted only in part by the
7 Commission. The Stipulating Parties agree that the Commission has exclusive jurisdiction
8 to enforce or modify this Stipulation. If the Commission rejects or modifies this Stipulation,
9 the Stipulating Parties reserve the right to seek reconsideration or rehearing of the
10 Commission order under ORS 756.561 and OAR 860-001-0720 or to appeal the
11 Commission order under ORS 756.610.

12 10. This Stipulation may be executed in counterparts and each signed counterpart
13 shall constitute an original document.

14

15 (REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

1 This Stipulation is entered into by each Stipulating Party on the date entered below
2 such Stipulating Party's signature.

3

4 DATED this 29th day of March, 2019.

NW NATURAL WATER OF OREGON,
LLC

By: *Lisa Rechner*
Date: 3/29/19

STAFF OF PUBLIC UTILITY
COMMISSION OF OREGON

By: _____
Date: _____

SUNRIVER WATER, LLC

By: _____
Date: _____

OREGON CITIZENS' UTILITY BOARD

By: _____
Date: _____

SUNRIVER OWNERS ASSOCIATION

By: _____
Date: _____

5

1 This Stipulation is entered into by each Stipulating Party on the date entered below
2 such Stipulating Party's signature.

3

4 DATED this 29th day of March, 2019.

NW NATURAL WATER OF OREGON,
LLC

STAFF OF PUBLIC UTILITY
COMMISSION OF OREGON

By: _____

By:  _____

Date: _____

Date: 3/29/2019 _____

SUNRIVER WATER, LLC

OREGON CITIZENS' UTILITY BOARD

By: _____

By: _____

Date: _____

Date: _____

SUNRIVER OWNERS ASSOCIATION

By: _____

Date: _____

5

1 This Stipulation is entered into by each Stipulating Party on the date entered below
2 such Stipulating Party's signature.

3

4 DATED this 29th day of March, 2019.

NW NATURAL WATER OF OREGON,
LLC

STAFF OF PUBLIC UTILITY
COMMISSION OF OREGON

By: _____

By: _____

Date: _____

Date: _____

SUNRIVER WATER, LLC

OREGON CITIZENS' UTILITY BOARD

BY: SUNRIVER RESORTS LIMITED
PARTNERSHIP, ITS MEMBER

By: _____

BY: LOWE SUNRIVER, INC.,
ITS GENERAL PARTNER

Date: _____

BY: 
CHRISTOPHER CURRIE,
SENIOR VICE PRESIDENT

DATE: 3/28/19

SUNRIVER OWNERS ASSOCIATION

By: _____

Date: _____

5

1 This Stipulation is entered into by each Stipulating Party on the date entered below
2 such Stipulating Party's signature.

3

4 DATED this 29th day of March, 2019.

NW NATURAL WATER OF OREGON,
LLC

STAFF OF PUBLIC UTILITY
COMMISSION OF OREGON

By: _____

By: _____

Date: _____

Date: _____

SUNRIVER WATER, LLC

OREGON CITIZENS' UTILITY BOARD

By: _____

By: W. M. Cook

Date: _____

Date: 3-28-19

SUNRIVER OWNERS ASSOCIATION

By: _____

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5

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SUNRIVER OWNERS ASSOCIATION

By:  _____

Date: 3/28/19 _____

5