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

8 In re the Application of

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10 Fragaria Landing Water Company,
11 Iliad Water Services Inc.,
12 Lowper, Incorporated d/b/a Lowper Water
13 Company,
14 Marbello Water Co., Inc., and
15 SJM Water Service, Inc.

16
17 For Approval of Certain Transfers of Control
18 and Merger

DOCKET NO.

APPLICATION

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20 This Application is filed by Fragaria Landing Water Company ("Fragaria"), Iliad Water
21 Services Inc. ("Iliad"), Lowper, Incorporated d/b/a Lowper Water Company ("Lowper"), Marbello
22 Water Co., Inc. ("Marbello") and SJM Water Service, Inc. ("SJM"), together the "Companies." This
23 Application is filed pursuant to the Commission's rules contained in Chapter 480-143 WAC. This
24 Application seeks approval of the Washington Utilities and Transportation Commission

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26 APPLICATION - 1

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1 ("Commission") to ultimately merge Fragaria, SJM, Marbello, Lower into and become part of
2 Iliad.

3 Fragaria serves customers located in the Fragaria Landing Water System and the Hunt I & II
4 Water Systems all of which are located in Kitsap County. Iliad serves customers located in the
5 Alder Lake Water System, the Cascade Crest Estates Water System and the Western Stavis II & III
6 Water Systems which are respectively located in Pierce, Snohomish and Kitsap Counties. Lower
7 serves customers located in the Lower Water System in Clallam County. Marbello serves
8 customers located in the Marbello Water System in Snohomish County. SJM serves customers
9 located in the Cherry Creek Water System located in Snohomish County. Each of the owners of the
10 Companies, other than Iliad, desire to exit the water business or are under common ownership with
11 Iliad. It is believed that by combining the Companies some efficiencies can be obtained to the
12 benefit of all customers that are served by the Companies.
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16 The transaction is a two step transaction. The first step is to transfer the shares of Fragaria,
17 Lower, Marbello and SJM to Iliad. Consideration for the transfer is the relief from the obligations
18 and duties to continue to operate the respective water systems. Copies of the transfer documents
19 (bill of sale) are attached as Exhibit 1. The actual shares will be cancelled and new shares reissued
20 on the books of such company. The use of a bill of sale is to produce a document to memorialize
21 the transfer.
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24 The second step will be to merge Fragaria, Lower, Marbello and SJM into Iliad. This will
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1 be done pursuant to the Plan of Merger and the filing of Articles of Merger with the Secretary of
2 State.¹ The Plan of Merger is attached as Exhibit 2. The Articles of Merger are attached as Exhibit
3 3.

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5 The customers will continue to be served at their current rates and the applicable rate
6 schedules for each system will be incorporated into Iliad's tariff. At an appropriate point in time,
7 service may be combined under one tariff rate. However, in order to ensure that the transaction is
8 seamless for customers, the current tariff rate schedules will be maintained until there is a general
9 rate case filed by Iliad. At that time, the Commission can determine whether it wants a unified
10 tariff rate or to maintain the applicable tariff sheets for each water system.
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13 The customers have been notified of this transaction. Copies of the various customer notices
14 are attached as Exhibit 4.
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17 The Companies respectfully request that the Commission approve this Application.
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20 [Intentionally left blank]
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25 ¹ After the shares are transferred, Derek Dorland will become sole director and President of each company.

1 Pursuant to the requirements of WAC 480-143-130, the undersigned, as attorney for the
2 Companies, certifies that the information included in this Application is true and correct to the best
3 of the signer's information and belief under penalty of perjury as set forth in RCW 9A.72.085.
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8 RICHARD A. FINNIGAN, WSB #6443