

Burton Water Company  
P.O. Box 1938  
Vashon, WA 98070

Burton Water Cooperative  
20211 Vashon Hwy SW #29  
Vashon, WA 98070

**UW-240596**  
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Jeff Killip, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE, Lacey, WA 98503  
Submitted via <https://efiling.utc.wa.gov/Form>

**JOINT APPLICATION TO TRANSFER ASSETS OF BURTON WATER COMPANY TO BURTON WATER  
COOPERATIVE AND DEREGULATION**

Dear Mr. Killip,

Please accept this letter as an application for the transfer of the assets of the Burton Water Company to the Burton Water Cooperative and subsequent deregulation on closing. The current owners of the Burton Water Company ("Company") wish to retire from the utility business and have agreed to sell the water system to its customers that have created the Burton Water Cooperative ("Coop"). The Company will be transferring all of the Water System assets of the Company to the Cooperative on closing. The Cooperative is a member-owned water utility created by the customers and is therefore not subject to regulation by the WUTC under WAC 480-110-255 (2) (e).

**BURTON WATER COOPERATIVE - WHO WE ARE**

The Burton Water Cooperative is a Washington non-profit organized under Chapter 24.06 RCW. It will be governed by a five-member board directly elected by the members composed of property owners who also are current customers served by the Burton Water Company. During our feasibility phase over 50 members of the community have participated in one of four standing committees (Governance, Membership, Finance, and Operations) and over 100 members of the community have contributed funds for due diligence and other feasibility costs. A multi-faceted communication program has been implemented to involve and inform community members in the process. The Cooperative has now concluded that the purchase is feasible, have assembled commitments for the resources to complete the purchase, and have received member approval to proceed (with 81% of all members responding with 97% voted to approve the plan) via formal ballot process to move forward with the purchase and financing plan.

## **STATUS OF PURCHASE**

At this time, we have completed our due diligence work and determined a financing plan for the transaction. We have a permanent financing commitment from the USDA and a short-term construction loan commitment from Heritage Bank. We have just concluded the process of obtaining member approval for the purchase, amendments of the Articles of Incorporation and bylaws, and the overall financing plan. Closing will occur when the conditions under our loan commitments have been met, which include approval from the WUTC. We anticipate this to be within 30-60 days.

## **SUPPORTING MATERIAL**

Because the bylaws suitable for a feasibility phase are very different from those appropriate for actually operating a water utility, we have prepared a revised set of bylaws to replace those currently in effect. Relatedly we are making some amendments to our Articles of Incorporation to be consistent with the revised bylaws. Both of these have been approved by the Cooperative members.

## **NOTICE TO CURRENT CUSTOMERS**

Beginning in the Fall of 2021, after notice from the current owners of their intent to sell the system, outreach to the customer base of the Burton Water Company has been a consistent, high priority. This outreach effort has included education about forming a cooperative, the state of the existing water system, and various methods of financing the purchase.

The first step was the creation in late 2021 of five working committees including Governance, Finance, Membership, and Operations coordinated by a Steering Committee. The Burton Water Cooperative was subsequently formed in March of 2022 to lead the effort. A key initial communication tool was the creation of a website ([www.burtonwater.org](http://www.burtonwater.org)) which serves as a repository of documents, recordings of meetings, and updates available to anyone interested in the development of the cooperative. Sections include Frequently Asked Questions, the process for joining the cooperative, information about the Feasibility Board of Directors and Standing Committees as well as proposed rates, financing, and system improvement plans. We created a forum in which community members could discuss various related concerns as well as an option to request information (emails to [info@burtonwater.org](mailto:info@burtonwater.org)) used to respond to numerous individual questions.

The Feasibility Board of Directors has hosted 10 Community Meetings between October, 2021 and June, 2024, 9 of which were on ZOOM to enable maximum participation and in light of the pandemic. The recordings of these meetings can be accessed on the website.

In addition, the Board produced a 'White Paper' explaining the mechanics of purchasing the water company and forming a cooperative which was sent to all Burton Water Company customers. This was followed by a straw poll in July, 2023, to determine the community's interest in purchasing the Burton Water Company and forming the Cooperative, along with choices about financing strategies. Over 75% of the Burton Water Company customers voted overwhelmingly to purchase the water company and form the cooperative. Both the White Paper and the Straw Poll results can be found on the website.

An active Communications/Membership Committee sent 9 newsletters out to all Burton Water Company customers between March, 2022 and March, 2024. All of these can be viewed on the website as well as articles about the Cooperative in the local newspaper.

Public notice of the Cooperative's plans and intention to apply for a USDA rural development loan (August 10, 2023) and an explanatory community meeting (January 9, 2024) were published in the local weekly newspaper, the Vashon Beachcomber.

The Burton Water Company has also included information about the potential sale of the company and formation of the Cooperative in their annual Consumer Confidence Reports which goes to all water customers.

### **TRANSFER IS IN THE PUBLIC INTEREST**

The benefits of the acquisition of the Company assets and sale of the Water System include:

- Community owned utility providing service on a cost-of-service basis
- Local community control and governance. As a member owned and locally governed utility there is an identity of interests of the persons being served and the members/owners who elect their governing board of the utility which set rates and terms of service
- Long term financing for both the purchase and improvements from the USDA
- Retention of current water system operator

**SUMMARY**

As requested in your email dated July 1, 2024 to Evan Simmons, one of the two owners of the Company, included with this application is:

Purchase and Sale Agreement (price redacted).

The bylaws of the Cooperative as recently approved by the membership. Please see Article II, Section 2, part A and B in regard to 100% membership.

In addition, we attach:

Secretary of State Certificate dated March 1, 2022

Articles of Incorporation as originally filed on March 1, 2022

Amendments to the Articles of Incorporation These revised Articles have been filed with the Washington Secretary of State.

We respectfully request that the WUTC approve the transfer of assets, subsequent deregulation of the Company at closing and that the Cooperative is exempt from WUTC regulation.

The applicants below declare under penalty of perjury under the law of Washington that the foregoing is true and correct.

Signed on the 27th day of July 2024 at Vashon, King County, Washington

Burton Water Company (Seller)  
Evan Simmons, President:

Burton Water Cooperative (Buyer)  
William Shadbolt, President

