

H&R WATERWORKS, INC.

PO BOX 1

East Olympia, WA 98540

(360) 357-3277

November 15, 2005

Carole J. Washburn

Secretary

Washington Utilities and Transportation Commission

P.O. Box 47250

Olympia, WA 98504-7250

RE: Trident Utilities LLC. – Remove Regulation and Cancel Tariff

Dear Secretary:

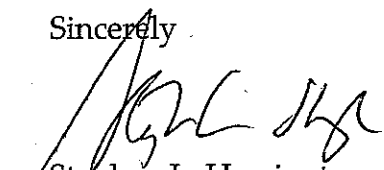
Enclosed you will find the petition of the above-referenced request to be removed from regulation and request to cancel current tariff.

1. Application for removal from regulation and cancel tariff,
2. Copy of Instrument of Transfer,
3. Customer notice of sale and transfer of water system,
4. Name and address of new owner, which is a water utility formed under Washington law and made owner of our water system by sale.

Since these water systems were the only water systems owned by Trident Utilities, LLC and they do not intend to own any other water systems in the future, H&R Waterworks, Inc. is asking on behalf of Trident Utilities, LLC to have the Trident Utilities LLC removed from Commission regulation and to have its currently effective tariff cancelled.

If you have any question, please call me at 360-357-3277.

Sincerely



Stephen L. Harrington

Enclosures as noted

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

In the Matter of the Application for)	
the Removal from Regulation and)	
Canceling Tariff)	DOCKET _____
)	
)	
Trident Utilities, LLC)	APPLICATION FOR
)	REMOVAL FROM
)	REGULATION AND
)	CANCEL TARIFF
.....)	

BACKGROUND

1 Application is hereby made to the WUTC for an Order authorizing the removal from regulation and cancel tariff under the provisions of chapter 80.12 RCW and chapter 480-143 WAC.

INTRODUCTION

2 Trident Utilities, LLC. is a Washington corporation formed to act as a utility service company. Trident Utilities, LLC, located in Rochester, owned several water systems serving over 115 customers. The water systems previously transferred consist of wells, pumps, transmission mains, reservoirs, hydrants, distribution mains, meters, and appurtenances to serve the customers of the Trident Utilities, LLC.

3 The water systems, since transfer have been brought up to standard and are currently operating under a green operating permit issued by the Washington State Department of Health and have no outstanding orders or letters directing action.

4 As a result of the prior sale and transfer of water system assets approved in docket number UW-050937, H&R Waterworks, Inc. did maintain Trident Utilities, LLC water rates in effect until new water rates were set in docket number UW-051062.

EXHIBITS

5 Pursuant to WAC 480-143-120 and WAC 480-143-130, please find attached the
following exhibits:

6 Exhibit 1 – Instrument of Transfer.

7 Exhibit 2 – Not Filed because there was none available from Trident Utilities,
LLC.

8 Exhibit 3 – H&R Waterworks, Inc.
Income Statement, Balance Sheet, Asset Listing, Depreciation Schedule, and
Summary of outstanding securities.

9 Exhibit 4 – Adoption of Tariff Notice. Please refer to docket filing number UW-
051062.

10 Exhibit 5 Not Applicable

METHOD OF FINANCE

11 The purchase price for the water system assets was \$6,000.00, cash.

DEREGULATION IS IN THE PUBLIC INTEREST

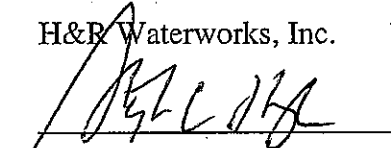
12 The benefit to the former customers of Trident Utilities, LLC through this
deregulation is that because the former owners of Trident Utilities, LLC, no
longer desired to own and operate public water systems, customer service was
severely diminished. Customers were notified of the sale and transfer.

13 As a result of the prior sale and transfer of assets, the subsequent filing and
Commission approval of rates to establish parity of water rates, H&R
Waterworks, Inc. has demonstrated that deregulation is in the public interest.

PRAYER

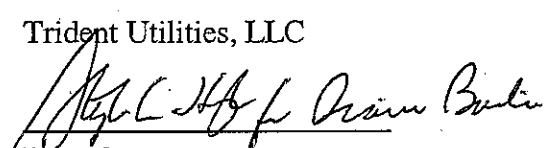
Based on the foregoing, the Applicants request approval of their application respectfully submitted this 15th day of November 2005.

H&R Waterworks, Inc.



President

Trident Utilities, LLC

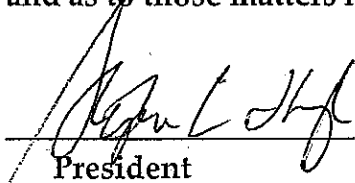


President

FORM OF VERIFICATION FOR APPLICATION

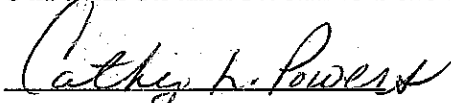
STATE OF WASHINGTON
County of Thurston

Stephen L. Harrington being first duly sworn, deposes and says that he is President of H&R Waterworks, Inc., the applicant in the proceeding entitled above, that he has read the foregoing application and knows the contents thereof; that the same is true of his own knowledge, except as to matter which are therein stated on information or belief, and as to those matters he believes them to be true.



President

Subscribed and sworn to before me the 15th day of November, 2005



Cathy L. Powers

Notary Public in and for the State of Washington, residing
At Thurston Co.

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:

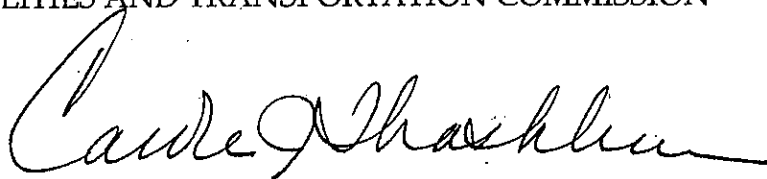
- 16 (1) The Commission authorizes the Sale and Transfer consistent with the joint application in accordance with RCW 80.12.020. No material change, revision, or amendment to the joint application and agreement shall become effective without the Commission's prior written approval.
- 17 (2) The tariff 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

COMPARATIVE BALANCE SHEET

For the Calendar Years 2003 & 2004

Line No. (L)	Account No. (a)	Account Name (b)	2003 Previous Year (c)	2004 Current Year (d)
ASSETS:				
1	101	Utility Plant	\$ 478,888	\$ 494,742
2	104	Utility Plant Purchased or Sold		
3	108	Less: Accumulated Depreciation	(215,710)	(226,318)
4	110	Accumulated Amortization		
5	114	Utility Plant Acquisition Adjustment	(2,059)	(1,988)
6		Net Utility Plant (Add L1 thru L5)	\$ 261,119	\$ 266,437
7	124	Utility Investments		
8	127	Special funds (Surcharges, Facility Charges)		
9	131	Cash	807	6,458
10	141	Customer Accounts Receivable	6,344	4,612
11	151	Plant Materials and Supplies		
12	162	Prepayments	2,912	1,560
13	186	Other Deferred Debits	1	1
14		Other Assets (Specify) <u>Other Receivables</u>	4,200	
15		Total Assets (Add L6 thru L14)	\$ 275,382	\$ 279,067
EQUITY CAPITAL AND LIABILITIES:				
16	201-204	Capital Stock Issued	\$ 10,000	\$ 10,000
17	211	Other Paid in Capital	127,505	91,724
18	214-215	Retained Earnings	115,733	105,391
19	218	Proprietary Capital		
20		Total Equity Capital (Add L16 thru L19)	\$ 253,237	\$ 207,115
21	224	Long-Term Debt		
		Interest Rate 5.25%		
22	231	Accounts Payable	17,378	14,536
23	232	Notes Payable	2,005	20,466
24	235	Customer Deposits		
25	236	Accrued Taxes	1,996	
26	253	Other Deferred Credits		
27	265	Miscellaneous Operating Reserves		
28	271	Contributions In Aid Of Construction (CIAC)	2,314	95,552
29	272	Less: Accumulated Amortization Of CIAC	(1,547)	(59,182)
30		Other Liabilities (Specify) <u>Other Payables</u>		580
31		Total Liabilities (Add L21 thru L30)	\$ 22,145	\$ 71,952
32		Total Equity Capital and Liabilities (Add L20 & L31)	\$ 275,382	\$ 279,067

INCOME STATEMENT

For the Calendar Year 2004

Line No. (L)	Account No. (a)	Account Name (b)	Water (c)	Other (d)	Total Company (e)
REVENUES					
1	400	Operating Revenue Accounts	\$ 155,803	\$	\$ 155,803
2	471	Miscellaneous Revenue Accounts	<u> </u>	<u> </u>	<u> </u>
3	474	Other Revenue Accounts	<u> </u>	<u> </u>	<u> </u>
4		Utility Operating Revenue (Add L1 thru L3) \$	<u>155,803</u>	<u>0 0</u>	<u>155,803</u>
EXPENSES					
5	401	Operating Expense Accounts	116,856	<u> </u>	116,856
6	403	Depreciation Expense	<u>10,608</u>	<u> </u>	<u>10,608</u>
7	406	Amortization Expense	<u>(249)</u>	<u> </u>	<u>(249)</u>
8	408	Other Tax & License	<u>14,067</u>	<u> </u>	<u>14,067</u>
9	409	Federal Income Taxes	<u> </u>	<u> </u>	<u> </u>
10		Utility Operating Expense (Add L5 thru L9) \$	<u>141,282</u>	<u>0 0</u>	<u>141,282</u>
11		Utility Operating Income (Loss) (L4 minus L10) \$	<u>14,521</u>	<u>0 0</u>	<u>14,521</u>
OTHER INCOME AND DEDUCTIONS					
Other Income:					
12	414	Gain (Loss) From Disposition Of Plant	<u> </u>	<u> </u>	<u> </u>
13	415-416	Jobbing and Contract Work	<u> </u>	<u> </u>	<u> </u>
14	419	Interest & Dividend Income	<u> </u>	<u> </u>	<u> </u>
15	421	Nonutility Income	<u> </u>	<u> </u>	<u> </u>
16		Total Other Income (Add L12 thru L15) \$	<u>0</u>	<u>0 0</u>	<u>0</u>
Other Deductions:					
17	426	Miscellaneous Nonutility Expenses	<u> </u>	<u> </u>	<u> </u>
18	427	Interest Expense	<u>863</u>	<u> </u>	<u>863</u>
19	433	Extraordinary Income/Deduction	<u> </u>	<u> </u>	<u> </u>
20		Total Other Deductions (Add L17 thru L19) \$	<u>863</u>	<u>0 0</u>	<u>863</u>
21		Net Income (Loss) (Add L11 plus L16 minus L20) \$	<u>13,658</u>	<u>0 0</u>	<u>13,658</u>

WATER UTILITY PLANT (101)

Line No. (L)	Account No. (a)	Account Name (b)	Balance Begin Year (c)	Additions (d)	Retirements (e)	Balance End Year (f)
1	301	Organization	\$ 0	\$	\$	\$ 0
2	302	Franchises	0			0
3	303	Land and Water Rights	10,700			10,700
4	304	Structures and Improvements	46,629			46,629
5	305	Collecting & Impounding Reservoirs	0			0
6	306	Lake, River and other intakes	0			0
7	307	Wells and Springs	21,082			21,082
8	309	Supply Mains	6,727			6,727
9	310	Power Generation Equipment	0			0
10	311	Pumping Equipment	60,506	2,389		62,895
11	320	Water Treatment Equipment	611	12,613		13,224
12	330	Distribution Reservoirs & Tanks	118,313			118,313
13	331	Transmission & Distribution Mains	127,643			127,643
14	333	Service Connections	0			0
15	334	Meters and Meter Installation	21,434	852		22,286
16	335	Hydrants	14,017			14,017
17	339	Other Plant & Misc. Equipment	42,460			42,460
18	340	Office Furniture and Equipment	5,081			5,081
19	341	Transportation Equipment	0			0
20	343	Tools, Shop and Garage Equipment	3,685			3,685
21	345	Power Operated Equipment	0			0
22	346	Communication Equipment	0			0
23	348	Other Tangible Plant	0			0
24		Water System Plan	0			0
25	101	Utility Plant Total (Add L1 thru L24)	\$ 478,888	\$ 15,854	\$ 0	\$ 494,742

SOURCES OF CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)

Report below all plant, equipment, and monies (connection charge) received during the year for capital plant.

	Description of Charge's (a)	Number of Connections (b)	Cost or Charge per Connection (c)	CIAC Amount Received (d)
26				
27				
28				
29				
30				
31				
32				
33	Total (Add L26 thru L32)	0	\$ 0	\$ 0