



**H & R WATERWORKS, INC.**

OFFICES: 3242 CAPITOL BLVD. SE SUITE B TUMWATER, WA 98501

MAIL: PO BOX 542 EAST OLYMPIA WA 98540

(360) 357-3277 (360) 357-3758 FAX

January 18, 2006

Carole J. Washburn  
Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

RE: Transitions Water Service, 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 this water system was the only water system owned by Transitions Water Service, LLC and they do not intend to own any other water systems in the future, H&R Waterworks, Inc. is asking on behalf of Transitions Water Service, LLC to have Transitions Water Service, 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 _____
	)	
	)	
Transitions Water Service, 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     Transitions Water Service, LLC is a Washington corporation formed to act as a utility service company. Transitions Water Service, LLC, located in Tumwater, serves about 200 customers in Spanaway. The water system previously transferred consist of wells, pumps, transmission mains, reservoirs, hydrants, distribution mains, meters, and appurtenances to serve the customers of the Transitions Water Service, LLC

3     The water system is currently operating under a green operating permit issued by the Washington State Department of Health and has no outstanding orders or letters directing action.

4     As a result of this transfer of water system assets approved in docket number UW-042119, H&R Waterworks, Inc. did maintain Transitions Water Service, 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 –Transitions Water Service, LLC Income Statement, Balance Sheet,  
Asset Listing, Depreciation Schedule and Summary of outstanding securities.

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 This transfer was part of a consolidation and therefore no sale of assets  
occurred.

**DEREGULATION IS IN THE PUBLIC INTEREST**

12 The benefits of this transfer of assets through this deregulation include  
expanded financial resources, additional staffing and service equipment and  
water quality staff to provide all aspects of water system repair and operations.  
The former owner of Transitions Water Service, LLC no longer desires to own  
and operate this public water system independent of other similar companies  
who seek deregulation, also now owned by the same individual. 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.

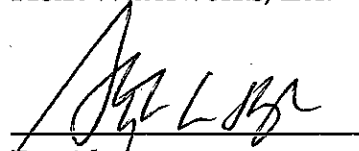
**PRAYER**

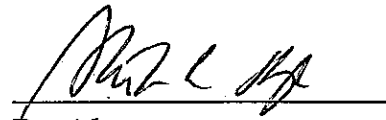
14

Based on the foregoing, the Applicants request approval of their application respectfully submitted this 18<sup>th</sup> day of January 2006.

H&R Waterworks, Inc.

Transitions Water Service, LLC.

  
\_\_\_\_\_  
President


  
\_\_\_\_\_  
President

FORM OF VERIFICATION FOR APPLICATION

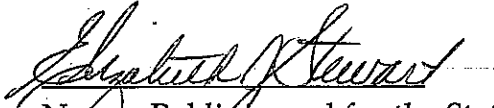
STATE OF WASHINGTON

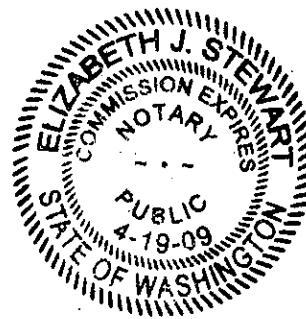
County of Thurston

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 19<sup>th</sup> day of January, 2006

  
\_\_\_\_\_  
Notary Public in and for the State of Washington, residing  
At Olympia WA.



UNITED STATES OF AMERICA

The State of



Washington

Secretary of State

CERTIFICATE OF MERGER

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal, hereby certify that documents meeting statutory requirements have been filed and processed with the Secretary of State merging the listed "Merging Entities" into:

H & R WATERWORKS INCORPORATED

WA Profit Corporation

UBI: 601-019-703

Filing Date: March 28, 2005

Merging Entities:

601-756-024

MEADOWS WATER SYSTEM, LLC



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

A handwritten signature in cursive script that reads "Sam Reed".

Sam Reed, Secretary of State

UNITED STATES OF AMERICA

The State of



Washington

Secretary of State

CERTIFICATE OF MERGER

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal, hereby certify that documents meeting statutory requirements have been filed and processed with the Secretary of State merging the listed "Merging Entities" into:

MEADOWS WATER SYSTEM, LLC

WA Limited Liability Company

UBI: 601-756-024

Filing Date: March 28, 2005

Merging Entities:

601-756-870

602-344-894

601-786-440

602-031-820

TALL TIMBER WATER SYSTEMS LLC

TRANSITIONS WATER SERVICE LLC

UTILITY MANAGEMENT SERVICES, LLC

THE WATER COMPANY OF WASHINGTON LLC



Given under my hand and the Seal of the State  
of Washington at Olympia, the State Capital

Sam Reed, Secretary of State

Transitions Water Service LLC  
 COMPARATIVE BALANCE SHEET  
 TRANSFER OF PROPERTY  
 As of September 30, 2004

Account No. (a)	Account Name (b)	PRIOR TO TRANSFER (c)	AFTER TRANSFER (d)
ASSETS:			
1	101-105 Utility Plant	\$ 1,631.28	\$
2	108 Less: Accumulated Depreciation		
3	110 Accumulated Amortization		
4	114 Utility Plant Acquisition Adjustment		
5	Net Utility Plant	\$ 1,631.28	\$
6	124 Utility Investments		
7	127 Special funds (Surcharges, Facility Charges)		
8	131 Cash	2,184.52	
9	141 Customer Accounts Receivable	1,564.73	
10	151 Plant Materials and Supplies		
11	162 Prepayments	432.00	
12	186 Other Deferred Debits		
13	Other Assets (Specify)		
14	Total Assets	\$ 5,812.53	\$
EQUITY CAPITAL AND LIABILITIES:			
15	201-204 Capital Stock Issued	\$	\$
16	211 Other Paid In Capital		
17	214-215 Retained Earnings		
18	218 Proprietary Capital	3,707.10	
19	Total Equity Capital	\$ 3,707.10	\$
20	224 Long-Term Debt		
21	231 Accounts Payable	1,618.43	
22	232 Notes Payable		
23	235 Customer Deposits		
24	236 Accrued Taxes		
25	253 Other Deferred Credits		
26	265 Miscellaneous Operating Reserves		
27	271 Contributions In Aid Of Construction (CIAC)	500.00	
28	272 Less: Accumulated Amortization Of CIAC	(13.00)	
29	Other Liabilities (Specify)		
30	Total Liabilities	\$ 2,105.43	\$
31	Total Equity Capital and Liabilities	\$ 5,812.53	\$



Transitions Water Service LLC  
INCOME STATEMENT  
TRANSFER OF PROPERTY  
For the Period January - September 2004

Account No.	Account Name	Water	Other	Total Company
(a)	(b)	(c)	(d)	(e)
REVENUES				
1	400	Operating Revenue Accounts	\$ 18,937.06	\$ 18,937.06
2	471	Miscellaneous Revenue Accounts		0.00
3	474	Other Revenue Accounts	665.00	665.00
4		Utility Operating Revenue	\$ 19,602.06	\$ 19,602.06
EXPENSES				
5	401	Operating Expense Accounts	14,180.40	14,180.40
6	403	Depreciation Expense		0.00
7	406	Amortization Expense		0.00
8	408	Other Tax & License	1,203.05	1,203.05
9	409	Income Taxes		0.00
10		Utility Operating Expense	\$ 15,383.45	\$ 15,383.45
11		Utility Operating Income (Loss)	\$ 4,218.61	\$ 4,218.61
OTHER INCOME AND DEDUCTIONS				
Other Income:				
12	414	Gain (Loss) From Disposition Of Plant		0.00
13	415-416	Jobbing and Contract Work		0.00
14	419	Interest & Dividend Income	0.27	0.27
15	421	Nonutility Income		0.00
16		Total Other Income	\$ 0.27	0.27
Other Deductions:				
17	426	Miscellaneous Nonutility Expenses		0.00
18	427	Interest Expense	(24.78)	(24.78)
19	433	Extraordinary Income/Deduction		0.00
20		Total Other Deductions	\$ (24.78)	(24.78)
21		Net Income (Loss)	\$ 4,194.10	\$ 4,194.10

**Transitions Water Service LLC**  
**WATER UTILITY PLANT (101-105)**  
**TRANSFER OF PROPERTY**  
**As of September 30, 2004**

Account		Balance			Balance
No.	Account Name	PRIOR TO	Additions	Retirements	AFTER
(a)	(b)	(c)	(d)	(e)	(f)
1	301 Organization	\$	\$	\$	\$ 0.00
2	302 Franchises				0.00
3	303 Land and Water Rights				0.00
4	304 Structures and Improvements				0.00
5	305 Tanks and Reservoirs				0.00
6	306 Lake, River and other intakes				0.00
7	307 Wells and Springs				0.00
8	309 Supply Mains				0.00
9	310 Power Generation Equipment				0.00
10	311 Pumping Equipment				0.00
11	320 Water Treatment Equipment				0.00
12	330 Reservoirs and Standpipes				0.00
13	331 Transmission / Distribution Mains				0.00
14	333 Services				0.00
15	334 Meters and Meter Installation	1,631.28			1,631.28
16	335 Hydrants				0.00
17	339 Other Plant and Misc Equipment				0.00
18	340 Office Furniture and Equipment				0.00
19	341 Transportation Equipment				0.00
20	343 Tools and Equipment				0.00
21	345 Power Operated Equipment				0.00
22	348 Other Tangible Plant				0.00
	Water System Plan				0.00
23	101 Utility Plant Total	\$ 1,631.28	\$ 0.00	\$ 0.00	\$ 1,631.28

Transitions Water Service LLC  
 ACCUMULATED DEPRECIATION OF NON-CONTRIBUTED PLANT  
 TRANSFER OF PROPERTY  
 As of September 30, 2004

Account No. (a)	Account Name (b)	Company Service Life (c)	Accumulated Balance PRIOR TO Transfer (d)	Additions (e)	Retirements (f)	Yearly Depreciation (g)	Accumulated Balance AFTER Transfer (h)
1	301 Organization	xxx	\$	\$	\$	\$ xxx	\$ 0.00
2	302 Franchises	xxx				xxx	0.00
3	303 Land and Water Rights	xxx				xxx	0.00
4	304 Structures and Improvements	xxx				xxx	0.00
5	305 Tanks and Reservoirs	xxx				xxx	0.00
6	306 Lake, River and other intakes	xxx				xxx	0.00
7	307 Wells and Springs	xxx				xxx	0.00
8	309 Supply Mains	xxx				xxx	0.00
9	310 Power Generation Equipment	xxx				xxx	0.00
10	311 Pumping Equipment	xxx				xxx	0.00
11	320 Water Treatment Equipment	xxx				xxx	0.00
12	330 Reservoirs and Standpipes	xxx				xxx	0.00
13	331 Transmission / Distribution Mains	xxx				xxx	0.00
14	333 Services	xxx				xxx	0.00
15	334 Meters and Meter Installation	xxx				xxx	0.00
16	335 Hydrants	xxx				xxx	0.00
17	339 Other Plant and Misc Equipment	xxx				xxx	0.00
18	340 Office Furniture and Equipment	xxx				xxx	0.00
19	341 Transportation Equipment	xxx				xxx	0.00
20	343 Tools and Equipment	xxx				xxx	0.00
21	345 Power Operated Equipment	xxx				xxx	0.00
22	348 Other Tangible Plant Water System Plan	xxx				xxx	0.00
23	101 Utility Plant Total		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

**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)
<b>ASSETS:</b>				
1	101	Utility Plant	\$ 478,888	\$ 494,742
2	104	Utility Plant Purchased or Sold	<u>                    </u>	<u>                    </u>
3	108	Less: Accumulated Depreciation	<u>(215,710)</u>	<u>(226,318)</u>
4	110	Accumulated Amortization	<u>                    </u>	<u>                    </u>
5	114	Utility Plant Acquisition Adjustment	<u>(2,059)</u>	<u>(1,988)</u>
6		Net Utility Plant (Add L1 thru L5)	\$ 261,119	\$ 266,437
7	124	Utility Investments	<u>                    </u>	<u>                    </u>
8	127	Special funds (Surcharges, Facility Charges)	<u>                    </u>	<u>                    </u>
9	131	Cash	807	6,458
10	141	Customer Accounts Receivable	6,344	4,612
11	151	Plant Materials and Supplies	<u>                    </u>	<u>                    </u>
12	162	Prepayments	2,912	1,560
13	186	Other Deferred Debits	1	1
14		Other Assets (Specify) <u>Other Receivables</u>	4,200	<u>                    </u>
15		Total Assets (Add L6 thru L14)	\$ 275,382	\$ 279,067
<b>EQUITY CAPITAL AND LIABILITIES:</b>				
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	<u>                    </u>	<u>                    </u>
20		Total Equity Capital (Add L16 thru L19)	\$ 253,237	\$ 207,115
21	224	Long-Term Debt	17,378	14,536
		Interest Rate 5.25%	<u>                    </u>	<u>                    </u>
22	231	Accounts Payable	2,005	20,466
23	232	Notes Payable	<u>                    </u>	<u>                    </u>
24	235	Customer Deposits	<u>                    </u>	<u>                    </u>
25	236	Accrued Taxes	1,996	<u>                    </u>
26	253	Other Deferred Credits	<u>                    </u>	<u>                    </u>
27	265	Miscellaneous Operating Reserves	<u>                    </u>	<u>                    </u>
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>	<u>                    </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)
<b>REVENUES</b>					
1	400	Operating Revenue Accounts	\$ 155,803	\$	\$ 155,803
2	471	Miscellaneous Revenue Accounts			0
3	474	Other Revenue Accounts			0
4		Utility Operating Revenue (Add L1 thru L3) \$	155,803	\$ 0 0	155,803
<b>EXPENSES</b>					
5	401	Operating Expense Accounts	116,856		116,856
6	403	Depreciation Expense	10,608		10,608
7	406	Amortization Expense	(249)		(249)
8	408	Other Tax & License	14,067		14,067
9	409	Federal Income Taxes			0
10		Utility Operating Expense (Add L5 thru L9) \$	141,282	\$ 0 0	141,282
11		Utility Operating Income (Loss) (L4 minus L10) \$	14,521	\$ 0 0	14,521
<b>OTHER INCOME AND DEDUCTIONS</b>					
Other Income:					
12	414	Gain (Loss) From Disposition Of Plant			0
13	415-416	Jobbing and Contract Work			0
14	419	Interest & Dividend Income			0
15	421	Nonutility Income			0
16		Total Other Income (Add L12 thru L15) \$	0	\$ 0 0	0
Other Deductions:					
17	426	Miscellaneous Nonutility Expenses			0
18	427	Interest Expense	863		863
19	433	Extraordinary Income/Deduction			0
20		Total Other Deductions (Add L17 thru L19) \$	863	\$ 0 0	863
21		Net Income (Loss) (Add L11 plus L16 minus L20) \$	13,658	\$ 0 0	13,658

**WATER UTILITY PLANT (101)**

Line No.	Account No.	Account Name	Balance Begin Year	Additions	Retirements	Balance End Year
(L)	(a)	(b)	(c)	(d)	(e)	(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	Number of Connections	Cost or Charge per Connection	CIAC Amount Received
	(a)	(b)	(c)	(d)
26	_____	_____	_____	_____
27	_____	_____	_____	_____
28	_____	_____	_____	_____
29	_____	_____	_____	_____
30	_____	_____	_____	_____
31	_____	_____	_____	_____
32	_____	_____	_____	_____
33	Total (Add L26 thru L32)	0	\$ 0	\$ 0

**TRANSITIONS WATER SYSTEM, LLC  
3242 Capitol Blvd S, Suite B  
Tumwater, WA 98501  
(360) 357-3277**

November 29, 2004

**IMPORTANT NOTICE**

The Water Company of Washington LLC, has requested permission from the Washington Utilities and Transportation Commission (WUTC) for the transfer of ownership and operation of the Transitions Water System, LLC water company.

This transfer of ownership is being completed to allow The Water Company of Washington LLC to consolidate what had been seven separate regulated companies and one unregulated company into one, more manageable company. The Water Company of Washington was formed three years ago to allow us to own and operate several water companies and systems. This sale and transfer should be transparent to you our valued customer. We will continue to use the same phone number, office staff, field staff, and extension array of water specialty equipment to serve you and other customers. The proposed effective date of this transfer, if approved, would be January 1, 2005.

The Transitions Water System LLC will no longer own or operate a regulated water system and has asked permission to be deregulated.

Your **current water rates, charges, and services will not change** because of this water system sale and transfer. Any future changes will be the responsibility of The Water Company of Washington LLC.

If you have any questions about how this merger/sale may affect you, please call:

The Water Company of Washington LLC  
PO Box 1  
East Olympia, WA 98540  
360-357-3277 or toll free 1- (888) 357-3276

If you have questions about the transfer process and deregulation of the former company you may contact the WUTC at the following address:

Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250  
1-800-562-6150 or [comments@wutc.wa.gov](mailto:comments@wutc.wa.gov)

Only written comments or comments presented at an open meeting to the WUTC may become part of the record.