9-27-06

# P.O. Box 2818 Pasco, WA 99302

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

RE: Harrison Ray Water Company - Transfer To Harrison Water Company/Kiona, LLC

Dear Secretary:

Enclosed you will find the joint application of the above-referenced sale and transfer application to include:

- 1. Application for transfer (with exhibits),
- 2. New Tariff Adopting existing rates and prices,
- 3. Statement re Instrument of Transfer,
- 4. Income Statement, Balance Sheet, Asset Listing, and Depreciation Schedule for the old and new companies,
- 5. Copy of customer notice telling them of the transfer of the water system.

If you have any questions, please call me at 509-545-1908.

Sincerely,

Manager – Harrison Water Company/Kiona, LLC Vice President – Harrison Ray Water Company, Inc.

Enclosures as noted

# BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

n the Matter of the Application for )		
the Sale and Transfer of Assets )		
From ) DOCKET		
Harrison Ray Water Company, Inc. )		
Го )		
Harrison Water Company/Kiona, ) APPLICATION FC	OR SALE	
LLC. ) AND TRANSFER (	OF _	C
) ASSETS AND TAR	RIFF -	ι. (
) ADOPTION	- S. H	
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Application is hereby made to the WUTC for an Order authorizing the transfer of property under the provisions of chapter 80.12 RCW and chapter 480-143 WAC.

#### INTRODUCTION

**BACKGROUND** 

Harrison Ray Water Company, Inc. is a Washington corporation formed to act as a utility service company. Harrison Ray Water Company, Inc. has operated two water systems, one in Burbank, Washington and one in Kiona, Washington. Harrison Water Company/Kiona, LLC was formed to obtain and operate the Kiona water system. Harrison Ray Water Company, Inc. will continue to own and operate the Burbank system. The water system to be transferred consists of wells, pumps, transmission mains, reservoirs, hydrants, distribution mains, meters, and appurtenances to serve the customers of Harrison Water Company/Kiona, LLC.

- The Kiona 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.
- As a result of this transfer of water system assets, Harrison Water Company/Kiona, LLC will maintain Harrison Ray Water Company, Inc. 's

#### SALE AND TRANSFER APPLICATION

PAGE 2

water rates currently in effect and will be adopting the tariff of Harrison Ray Water Company, Inc.

#### **EXHIBITS**

- Pursuant to WAC 480-143-120 and WAC 480-143-130, please find attached the following exhibits:
- 5 Exhibit 1 Instrument of Transfer.
- Exhibit 2 Water Company 1 Harrison Ray Water Company, Inc.

  Income Statement, Balance Sheet, Asset Listing, and Depreciation Schedules, as of December 31, 2005 combined company disregarding the separation of the two companies.
- Exhibit 3 Water Company 2 Harrison Water Company/Kiona, LLC Income Statement, Balance Sheet, Asset Listing, and Depreciation Schedule, as of December 31, 2005 separate schedule of the assets transferring to the new company, and the separate Kiona income and expenses for 2005.
- 8 Exhibit 4 Adoption of Tariff Notice.
- 9 Exhibit 5 Customer notice of sale and transfer of water system.

#### **METHOD OF FINANCE**

The purchase price for the water system assets is not applicable – see exhibit 1.

#### TRANSFER IS IN THE PUBLIC INTEREST

The management and staff of Harrison Ray Water Company, Inc. will continue to service both of these companies. They are prepared to provide all aspects of water system repair and operations for both companies. Thus, the management and operations will be unchanged, to the benefit of the public. Customers were notified of the transfer along with their most recent billings. The proposed tariff adoption bears an effective date of October 1, 2006; however the original

#### SALE AND TRANSFER APPLICATION

PAGE 3

tariff of Harrison Water Company/Kiona, LLC will be identical to the current tariff of Harrison Ray Water Company, Inc.

12 13

- This date is to coincide with company billing periods and allows a mutually agreed closing date. For accounting purposes the bookkeeping records should be considered transferred and effective on that date.
- As a result of the sale and transfer of assets, the water rates and service charges will not change. Harrison Water Company/Kiona, LLC will adopt the full tariff of Harrison Ray Water Company, Inc., without change of any rate or charge contained therein as occasioned by this transfer.

#### **PRAYER**

Based on the foregoing, the Applicants request approval of their application respectfully submitted this 26th day of June 2006.

Harrison Ray Water Company, Inc.

Harrison Water Company/Kiona, LLC

Vice President

Manager

#### FORM OF VERIFICATION FOR APPLICATION

STATE OF WASHINGTON County of Benton

being first duly sworn, deposes and says that he/she is the Manager of Harrison Water Company/Kiona, LLC, the applicant in the proceeding entitled above, that he/she has read the foregoing application and knows the contents thereof; that the same is true of his/her own knowledge, except as to matter which are therein stated on information or belief, and as to those matters he/she believes them to be true.

Manager

Subscribed and sworn to before me the 25<sup>TH</sup> day of JUNE 2006

Notary Public in and for the State of Washington, residing

at Kichland, WA

Harrison Ray Water Company, Inc. Harrison Water Company/Kiona, LLC

#### Statement re instrument of transfer

1

There is no instrument of transfer. Following is a description of the terms of the transfer.

Harrison Ray Water Company, Inc. was owned equally by two shareholders, Edworth Ray and W.T. Harrison.

Upon application to establish a tariff and be regulated, the Washington Utilities and Transportation Commission mandated that the Burbank Water System and the Kiona Water System be operated jointly because of the common ownership by W.T. Harrison of 50% of the Burbank Water System and 100% of the Kiona Water System.

Harrison Ray Water Company, Inc has operated two water systems, one in Burbank, Washington, and another, 20 miles away in Kiona, Washington. The funds to develop the Burbank system were provided equally by the two shareholders, and the ownership of the Burbank system and assets is correctly deemed to be Harrison Ray Water Company, Inc. The funds to develop the Kiona system were provided solely by shareholder W.T. Harrison. It has always been recognized by the parties that the Kiona assets and system were owned by W.T. Harrison; however, the parties operated both systems on a combined basis under Harrison Ray Water Company, Inc.

After Mr. Harrison's death in 2003, Mr. Harrison's heirs have sought to separate operation of the Kiona assets and system, belonging to their family alone, from the Burbank assets and system. All parties have agreed that the assets and systems should be separated. No price or terms were established, because no purchase and sale will take place. The assets and systems will simply be separated; no compensation will be paid.

No written documents have been prepared to formalize this transaction, however, by signing the accompanying application, the officers of each entity confirm the accuracy of this narrative.

Upon approval of this application, a quit claim deed showing release of interest by Harrison Ray Water Company will be provided.

EXHIBIT )

# HRWC - Harrison Bypass Trust Combined (HARRISON Ray WATER Balance Sheet As of December 31, 2005 Com Pany

	Burbank	Kiona	COMBINED
ASSETS			
Current Assets			
Checking/Savings			
Petty Cash	100.00		100.00
Columbia Trust Checking	7,302.02	2,235.35	9,537.37
Columbia Trust MMDA	23,271.71		23,271.71
Total Checking/Savings	30,673.73	2,235.35	32,909.08
Accounts Receivable	-		
Accounts Receivable	35,302.53	22,066.33	57,368.86
Total Other Current Assets	35,302.53	22,066.33	57,368.86
Total Current Assets	65,976.26	24,301.68	90,277.94
Fixed Assets			
Land	1,450.00	90,400.00	91,850.00
Structures & Improvements	49,707.50		49,707.50
Wells	540,791.52	159,600.00	700,391.52
Supply Mains	96,779.53		96,779.53
Pumping Equipment	55,597.09	25,191.00	80,788.09
Tool, Shop & Grg Equip	2,249.42		2,249.42
Software	2,854.00		2,854.00
Office Equipment	1,005.58	3,860.00	4,865.58
Accumulated Depreciation	-393,173.00	-33,568.00	-426,741.00
Automobiles	21,804.95	· · · · · · · · · · · · · · · · · · ·	21,804.95
Total Fixed Assets	379,066.59	245,483.00	624,549.59
Total Fixed Assets	379,066.59	245,483.00	624,549.59
TOTAL ASSETS	445,042.85	269,784.68	714,827.53
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Other Current Liabilities			
Accounts Payable	9,000.00	1,495.33	10,495.33
Payroll Liabilities	1,414.91	1,703.76	3,118.67
Total Other Current Liabilities	10,414.91	3,199.09	13,614.00
Total Current Liabilities	10,414.91	3,199.09	13,614.00
Total Liabilities	10,414.91	3,199.09	13,614.00
Equity			
Common Stock	37,071.10		37,071.10
Additional Paid-In Capital	583,304.94	13,000.00	596,304.94
Retained Earnings	-142,723.83	266,743.41	124,019.58
Net Income	-43,024.27	-13,157.82	-56,182.09
Total Equity	434,627.94	266,585.59	701,213.53
TOTAL LIABILITIES & EQUITY	445,042.85	269,784.68	714,827.53

# HRWC - Harrison Bypass Trust Combined (HARRISON RAY Profit Loss WATER COMPANY)

January through December 2005

	Burbank	Kiona	COMBINE
încome			
Water Revenue	119,164.79	108,937.09	228,101.8
Interest Income	66.13	2.96	69.0
Miscellaneous Income	343.93		343.9
Expense Reimbursement Income	12,476.53	8,231.50	20,708.0
Total Income	132,051.38	117,171.55	249,222.9
Expense			
Burbank Expenses			
Salaries			
Salaries Exp - Officer	25,414.50	17,740.43	43,154.9
Salaries - Other	28,210.00	29,662.96	57,872.9
Total Salaries	53,624.50	47,403.39	101,027.8
Taxes - Payroll	9,049.24	11,545.39	20,594.6
Employee Benefits	3,747.06		3,747.0
Auto Expense	5,447.08	5,923.17	11,370.2
Bank/Late Fees	358.39	81.85	440.
Educational Expense	50.00	50.00	100.
Insurance	1,897.03	2,881.18	4,778.
Meals & Entertainment	46.32	35.66	81.9
Postage	1,197.51	1,053.69	2,251.
Office Supplies	1,061.64	699.04	1,760.
Subscriptions	147.47	147.48	294.
Bad Debts	3,806.18	137.69	3,943.
Depreciation Expense	43,260.68	15,892.00	59,152.
Misc Licenses & Taxes	1,504.93	647.00	2,151.
Materials & Supplies	3,893.46	13,746.14	17,639.
Professional Services			
Accounting	1,936.25	838.75	2,775.
Professional Services - Other	19,336.37	5,840.09	25,176.
Total Professional Services	21,272.62	6,678.84	27,951.
Power	7,735.05	13,703.58	21,438.
Property Taxes	1,642.40	185.33	1,827.
Repairs & Maintenance	6,206.31	2,198.22	8,404.
Taxes - Business/State	7,273.76	5,262.34	12,536.
Telephone	605.31	605.34	1,210.
Water Testing	995.89	336.00	1,331.
WUTC Regulatory Fees	203.14	210.46	413.
Miscellaneous Expense	49.68	50.26	99.
Equipment Rental	0.00	174.37	174.
Tools	0.00	680.95	680.
Total Expense	175,075.65	130,329.37	305,405.0

03-28-0	5 08:5	9 LEMASTER+DANIELS TRI CITIES ID=509 735 0730	P.0
8:44 AM Page 1	Tax Period	2002222 0002222 00023222222222222222222	
	Tax Method	SAL SAL SAL SAL SAL SAL SAL SAL SAL SAL	
03/28/2006	Tax Net Book Value	000 000 000 000 000 000 000 1,24,33 1,24,34 1,24,34 1,24,34 1,24,34 1,24,34 1,24,34 1,24,34 1,24,34 1,24,34 1,24,34 1,24,34 1,24,34 1,44,63 1,44,46 1,	
	Tax End Depr	2, 445,00 116,524,00 35,786,00 12,545,00 12,545,00 12,545,00 13,717,84 13,136,00 14,136,00 14,13	
50/1	Tax Current Depreciation	0.00 0.00 0.00 0.00 0.00 0.00 0.00 1.2.12 1.2.14 1.2.11 1.	
1/01/05 - 12/31/05	Tax Prior Depreciation	42,445.00 116,624.00 35,786.00 35,786.00 13,645.01 2,250.01 2,436.03 2,436.03 1,436.03 1,436.03 1,22.10 1,22.10 1,23.00 1,36.03 1,36.	
1/01/0	Fax Bonus Ami	90000000000000000000000000000000000000	
NY K Asset Detail	Sec 179 Exp Current = c	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.0	
MPANY Tak Ass	Cost	42,445.00 116,624.00 35,786.00 35,786.00 35,786.00 35,786.00 3,786.00 3,786.00 3,786.00 3,530.00 4,193.79 1,161.15 1,161	
rer col	Date In Service	11/13/75 11/	
73336430 HARRISON-RAY WATER COMPANY 91-1069201 FYE: 12/31/2005	Property Gescription	WATER SYSTEM-BURBANK LAND WATER SYSTEM-BURBANK WATER SYSTEM BROINERSING FEES WELL BELCH TRAILER FUMP FANEL SO DEDICETTRICK METER BOXES NITSATE TESTER - BURBANK 40 HP PUMP BOOSTER - BURBANK ACTER PUMP - BURBANK 9 METER BOXES NITSATE TESTER - BURBANK 9 METER BOXES NITSATE TESTER - BURBANK 9 METER BOXES NITSATE TESTER - BURBANK 9 METER BOXES WELLS WELLS WELLS WELLS WELLS WELLS WELL CANAMACHINE (50%) CASELLE HANDHELD SOFTWARE BURBANK WELL (MPRCYEME)  A MACHINE (50%) CASELLE HANDHELD SOFTWARE BURBANK WELL (MPRCYEME)  A  REAL MACHINE (50%) CASELLE HANDHELD SOFTWARE BURBANK WELL (MPRCYEME)  A  N  N  N  N  N  N  N  N  N  N  N  N	
73336430 HARF 91-1069201 FYE: 12/31/2005	Asset Group:		

12/31/05			2005	Fed	eral [	)epre	2005 Federal Depreciation Schedule	Sche	anpa			: 		Page 1
Client 3717				W.T.	HARRI	SON BY	W.T. HARRISON BYPASS TRUST A	UST A						20-6234486
.No. Description	Date Acquired	Date Sold	Cost/ Basis	Bus.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr	Prior Dec. Bal. Depr.	Salvage /Basis Reductn. –	Depr.	Prior Dept.	Method	Method Life Rate	Current Depr.
Schedule C - HARRISON WATER COMPANY/KIONA, LLC	Y/KIONA, LLC													
Buildings	12/31/04		15,863	ı						15,863		150DB MQ	20 .07430	1,179
Total Buildings			15,863		0	0	0	0	0	15,863	0			1,179
Land 7 LAND - KIONA	3/30/03		90,400	1	]					90,400				0
Total Land			90,400	ı	0	0	0	0	0	90,400	0			0
Machinery and Equipment														
1 WATER BILLING SOFTWAR 50%	12/03/04		2,229							2,229	93	S/L MQ	3 .33330 5 .38000	) 743
	12/17/04		117							729	36	200DB MQ		772 (
3 LAPTOP COMPUTER 30% A HANDHELD SOFTWARF 50%	12/31/04		625							625	26	S/L MQ		
_	3/30/03		159,600 9,887					!		159,600	17,507	150DB HY 200DB MQ	20 .06677 7 .27550	7 10,656
			173,347	•	0	0		0	0 0	173,347	17,676			14,713
Total Depreciation			279,610			0		0	0	279,610	17,676			15,892
			1			٠								
										•				

9:17 PM 06/15/06 Accrual Basis

# W.T. Harrison Bypass Trust A Harrison Water Company/Kiona Balance Sheet

As of December 31, 2005

	Dec 31, 05
ASSETS	
Current Assets	
Checking/Savings	
101 · Bank of the West	2,235.35
Total Checking/Savings	2,235.35
Other Current Assets	04 704 04
106 · Accounts Receivable (Kiona)	21,794.01
109 · Due from Harrison-Ray Water Co	272.32
Total Other Current Assets	22,066.33
Total Current Assets	24,301.68
Fixed Assets	
1400 · Fixed Assets - Kiona	
138-1 · Kiona Water System	159,600.00
150 · Accumulated Depreciation	-33,568.00
160 · Land	90,400.00
161 · Pump Station Building	15,863.00
162 · Pump Station Equipment	9,328.00
163 · Office Equipment	3,860.00
Total 1400 · Fixed Assets - Kiona	245,483.00
Total Fixed Assets	245,483.00
TOTAL ASSETS	269,784.68
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2200 · Due to Harrison-Ray Water Co	1,495.33
2300 · Payroll Liabilities	1,703.76
Total Other Current Liabilities	3,199.09
Total Current Liabilities	3,199.09
Total Liabilities	3,199.09
Equity	
3000 · Opening Bal Equity	266,743.41
305 · Additional Paid-In Capital	13,000.00
Net Income	-13,157.82
Total Equity	266,585.59
TOTAL LIABILITIES & EQUITY	269,784.68

# W.T. Harrison Bypass Trust A Harrison Water Company/Kiona Profit & Loss

January through December 2005

	Jan - Dec 05
Income	
402 · Water Revenue	109,214.26
406 · Customer Refunds	-27.50
410 · Interest Income	2.96
413 · NSF Check Fees (Kiona)	-249.67
416 · Payroll Reimbursement Income	8,231.50
Total Income	117,171.55
Expense	
Expenses	
601 · Salaries	
Salaries Exp - Officer	17,740.43
601 · Salaries - Other	29,662.96
Total 601 · Salaries	47,403.39
602 · Taxes - Payroll	11,545.39
606 · Auto Expense	5,923.17
610 · Educational Expense	50.00
611 · Insurance	2,881.18
613 · Material & Supplies	13,746.14
614 · Meals & Entertainment	35.66
615 · Misc Licenses & Taxes	647.00
616 · Postage	1,053.69
617 · Office Supplies	699.04
620 · Repairs & Maintenance	2,198.22
621 · Subscriptions	147.48
622 Telephone	605.34
624 · Taxes - Business/State	5,262.34
626 · Equipment Rental	174.37
627 · Professional Services	6,678.84
628 · Tools	680.95
635 · Miscellaneous Expense	50.26
690 ⋅ Bad Debts	137.69
691 · Depreciation Expense	15,892.00
697 · Power	13,703.58
698 · Property Taxes	185.33
702 · Water Testing	336.00
703 · WUTC Regulatory Fees	210.46
704 · Bank Fee	81.85
Total Expenses	130,329.37
et Income	-13,157.82

10101 IOE			2005	Fec	leral	Depre	2005 Federal Depreciation Schedule	Sche	dule			:		Page 1
C0/16/71			) ) 	}		Va NOSI	M T HADICON BYDACS TRIIST A	A TSII					77	20-6234486
Client 3717					HAKH	I NOCI	200							
No Description	Date Acquired	Date Sold	Cost/ Basis	Bus.	Cur 179 Bonus	Special Depr.	Prior 179/ Bonus/ Sp. Dept.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method - Life - Rate	Life_Rate_	Current Depr.
dule C - HARR	IY/KIONA, LLC		1											
Buildings										690 31		1500R MO	20 .07430	1,179
9 KIONA PUMP STATIONBLDG	12/31/04		15,863	ឌា						500'51		1		
Total Buildings			15,863	33	0	0	0	0	0	15,863		0		1,179
Land												-		•
7 LAND - KIONA	3/30/03		90,400	8		ļ				90,400		Į		
Total Land			90,400	18	0	0	0	0	0	90,400		0		0
Machinery and Equipment														
1 WATER BILLING SOFTWAR 50%	12/03/04		2,229	53						2,229		93 S/L MQ 14 200DB MQ	3 33330	/43 105
	12/17/04		2 -	277						729				
3 LAPTOP COMPUTER 50% 4 HANDHELD SOFTWARE 50%	12/31/04		9	625						625	ŗ	26 S/L MQ	3 33330	208
	3/30/03		159,600	009'69						09,861 188,6	/OC*/1		3 ~	
10 KIONA FOME STATION EQUIPMENT			173,347	747	0				0	173,347	17,676	9/:		14,713
Total Depreciation			279,610	81			0		0	279,610	17,676	9 <u>/</u> 1		15,892
		1				٠								

EXHIBIT 3

GEN\_2004\_6.DOC

Harrison Water Company/Kiona, LLC

# **NAMING RATES FOR**

Water Service

<u>At</u>

Kiona, Washington

#### **And**

# **CONTAINING RULES AND REGULATIONS**

# **GOVERNING SERVICE**

Issued July 1, 2006	Effective0	ctober 1, 2006
Issued by Harrison Wat	er Company/Kiona, LLC	
By Omn Om	Title Man	ager
Address P.O. Box 2818,	Pasco, WA 99302	
Telephone Number (509)	545-1908 Fax Numl	per (509) 627-4343
Original Sheet No. 2		
WN U-1		

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2 METERED RATE SERVICE	22			
3 READY TO SERVE SERVICE	23			
4 CAPITAL IMPROVEMENT SURCHARGE				
5 WATER SYSTEM FACILITIES CHARGE				
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12 CROSS CONNECTION CONTROL	40			
X ANCILLARY CHARGES	<b>4</b> 5			
Issued July 1, 2006 Effective October 1, 2006	-			
Issued by Harrison-Water Company/Kiona, LLC				

Issued by Harrison-Water Company/Kiona, LLC

By \_\_\_\_\_\_\_ Title \_\_\_\_\_\_ Manager\_\_\_\_\_\_\_

# Rule 1 - Adoption of Rules of Regulatory Authorities

The rules regulating water service prescribed by the Washington Utilities and Transportation Commission, after this called the Commission, are adopted and by this reference are made a part of this tariff.

#### Rule 2 - Schedules and Conditions

The schedules and conditions specified in this tariff for water service are subject to change according to the public service laws of the State of Washington. The amount of water furnished is subject to the Department of Health required standards of quantity and quality. All schedules for water service apply to applicants for or customers receiving water service from the utility.

# Rule 3 - Application and Agreement for Service

Each prospective customer desiring water service will be required to sign the utility's standard form of application before service is supplied.

An application for service is notice that the prospective customer desires water service from the utility and represents agreement to comply with the utility's rules and regulations on file with the Commission and in effect at the time service is furnished. In the absence of a signed application for water service, the delivery of water by the utility through a standard connection and the taking thereof by the customer will constitute an agreement by and between the utility and the customer for the delivery and acceptance of service under the applicable rate schedule(s) and these rules and regulations. For new customers, a survey will be required as part of the application prior to accepting the applicant as a customer.

Issued	July 1,	2006	_ Effecti	ve	October	1, 2006	
Issued by_	Harrison	Water Com	pany/Kiona, LL	.C			
ву	w/ma	MÛN	Title	Mana	ager		

#### Rule 4 - Definition of Service

Service will be supplied as described in these rules and under the applicable rate schedule(s). Service will be supplied only to those who secure their source of water exclusively from the utility, unless otherwise provided under written contract. Water service will be used only for the purpose specified in the service agreement and applicable rate schedule(s). A customer will not sell or permit others to use such service, unless authorized to do so under written contract with the utility.

The customer will not increase demand or use of service as stated in the application for service without giving prior notice of such increase. In the event of such increase, the customer is required to pay the utility's regularly published rates for the increased service from the date of connection and use of the service.

Whenever the customer wants to permanently discontinue the use of water through any fixtures mentioned in the original application, the customer must cause the fixture to be removed and the branch pipe or service supplying the same to be capped or plugged, and must notify the utility in writing before any reduction in charge will be made.

# Rule 5 - Disconnection Visit Charge / Reconnection Charge

When a utility employee is dispatched to disconnect service, that employee must accept payment of a delinquent account and disconnect visit charge if specified in **Schedule X**. If amount owning is tendered in cash, utility employee will not be required to dispense change for excess of the amount due and owing. Any excess payment will be credited to the customer's account. The utility will restore service when the cause of discontinuance has been removed and payments of all proper charges due from customer have been made.

Issued	July 1, 2006	Effective October 1, 2006
Issued b	y Harrigo Water Compar	ny/Kiona, LLC
Ву	y Harrigo Water Compar MMAN	Title Manager

# Rule 5 - Disconnection Visit Charge / Reconnection Charge (cont'd)

A reconnection charge of fifty dollars (\$50.00) will apply for reconnection of the customer's service to the utility's distribution system. Such charge is to apply only in cases where service has been discontinued for non-payment of delinquent account, request of the customer (seasonal reconnection), and refusal to make proper repairs or similar cause. No charge will be made for reconnection of service if the shut-off was made for the convenience of the utility in making repairs, changes, etc.

#### Rule 6 - Installation of Service Pipes and Meters

The utility will construct service connections of a proper size from its distribution mains to the customer's property. The utility reserves the right to refuse to construct a service connection to any property if the applicant's pipes are not properly constructed and protected.

Meter Installation (Utility) - The utility may meter any flat rate service at its discretion. The utility's metered service rates will become effective, after the customer has received 30 days' written notice. All meters so placed will be installed and maintained by the utility without direct retrofit cost to the customer.

Meter Installation (Customer Request) - A meter will be installed upon any flat rate service at the request of the customer, provided that the actual cost of the meter and installation is paid by the customer. The amount paid will be reimbursed to the customer, by bill credit, by at least ten (10) percent of the meter and installation charge each month until fully repaid. All meters will be installed and maintained by the utility without future cost to the customer. The charge and conditions for this service are specified in **Schedule 11**.

Issued	July 1, 2006	Effective October 1, 2006
Issued by	Harrison Water Com	pany/Kiona. LLC
By St	MOUNDITION	Title Manager

#### Rule 7 - Distribution Main Extension

Utility Allowance - Where elevation and construction conditions allow and one or more bona fide prospective permanent customers request a main extension, the utility will construct and pay for the same, if the utility has sufficient capacity available to meet Department of Health standards of quantity and quality.

Customer ProRata Share - The cost of main extension in excess of the estimated customer(s) revenue for three years (utility allowance) must be paid by the prospective customers in advance.

Construction Contract - No main extension will be considered as coming under this rule where the total cost of the main extension is greater than the estimated customer(s) revenue for six years. Water main extensions and/or fire hydrants will be installed after contracts have been approved by the Washington Utilities and Transportation Commission pursuant to WAC's for special contracts for water utilities and distribution extensions.

# Rule 8 - Responsibility for, and Maintenance of, Services

The point at which water will be delivered to and received by the customer will be on the property line (Point of Delivery) of the customer's property at a point designated by the utility. The utility will install its meter or other connection device at the Point of Delivery, except, at its option, the utility may install its meter at some other agreed point on the property of the customer, provided that in such event the property line will nevertheless be deemed the Point of Delivery.

Issued_	July 1, 2006	Effective	October 1, 2006
issued b	y _ Harrison Nater Compa	any/Kiona/LLC	
Bv	y Harrison Water Compa	<b>Title</b> Mar	nager

# Rule 8 - Responsibility for, and Maintenance of, Services (cont'd)

The customer will assume all responsibility after Point of Delivery for water supplied by the utility. The utility will be exempt from all liability for loss or damage caused by leakage or escape of water furnished by the utility, after water has passed the Point of Delivery. If the customer has an Approved Backflow Prevention Assembly installed the assembly must be tested annually by a certified Backflow Assembly Tester specialist.

All service pipes and fixtures on the customer's side of the Point of Delivery shall be provided and must be maintained and protected from freezing at the customer's expense. Where there are leaking or defective pipes or fixtures, the water may be turned off at the option of the utility until properly repaired. The utility may require any service to be equipped with freeze prevention devises to be used during cold weather conditions instead of permitting water to run continuously from faucets.

# Rule 9 - Access to Premises / Service Visit Charge

The utility's regularly authorized agents or employees will have access to the premises of the customer at reasonable hours for meter reading, inspection, connection, disconnection, repair or removal of the utility's property.

The customer will pay a Service Visit Charge as specified in Schedule X when:

- a. A utility employee or agent is dispatched to the premise and the condition was caused by or was the responsibility of the customer.
- b. The utility employee or agent has not had access to read the meter for at least two billing cycles and the utility employee or agent is dispatched to access the meter and continues to not have access to the meter.

Issued	July 1, 2006	Effective October 1, 2006	
Issued by	Harrison Water	Company/Kiona, LLC	
By \	) mortianor	TitleManager	

#### Rule 10 - Interruption to Service

The utility will make a diligent effort to render uninterrupted service and supply of water. In cases where shut-off is necessary for repair, reconstruction, damage prevention or similar cause, the utility will give advance notice to its customers of such scheduled shut-off. However, the utility will not be responsible for any damage that may result from any cessation of services such as above outlined, nor for failure to give notice of shut-off when circumstances are such that it is impossible to give notice as stated above.

#### Rule 11 - Bills / Late Payment Charge

All bills shall be paid monthly in arrears and are due and payable upon receipt and are considered delinquent no less than fifteen (15) days after the date mailed. Bills will be deemed received upon personal delivery to customer or three (3) days following the deposit of the bill in the United States mail to the customer's last known address. Where the meter has not been read, a minimum bill will be rendered and adjusted when the next succeeding meter reading is available.

Bills are due and payable upon receipt. Bills are considered late 15 days after the bill mailing date. A Late Payment Charge as specified in **Schedule X** of the unpaid balance shall be added to each account for each month the bill is unpaid. The late payment charge will not be applied to any disputed amount unless such amount remains unpaid for more than 15 days after the dispute has been resolved.

In addition, the utility will comply with all provisions of the Commission's deposit rules, specifically, the WAC on Deposits.

Issued July 1, 2006	Effective October 1, 2006
Issued by Harrison Water	Company/Kiona, LLC
BY DOM ONWIL	Title Manager

#### Rule 12 - Deposits

The utility may require a deposit in situations when a customer is unable to establish or maintain credit with the utility, or where a customer's service has been disconnected for nonpayment of amounts owed to the utility as defined by Commission rules.

The deposit will not be more than an average two-twelfths of estimated annual billing. (For customers billed monthly)

When the Company collects customer deposits, interest must be paid for each calendar year, at the rate for the one-year Treasury Constant Maturity calculated by the U.S. Treasury, and published in the Federal Reserve's Statistical Release H.15 on January 15 of that year. Interest is computed from the date of deposit to the date of refund or when applied directly to the customer's account.

The company must refund deposits plus accrued interest when there has been satisfactory payment, as defined by Commission rules or upon termination of service, less any amounts due the company by the customer.

# Rule 13 - Responsibility for Delinquent Accounts

The utility will not refuse or discontinue service to an applicant or customer, who is not in arrears to the utility even though there are unpaid charges due from the premises occupied by the applicant or a customer, due to the unpaid bill of a prior tenant unless there is evidence of intent to defraud.

The utility may not permanently deny service to an applicant because of a prior obligation to the utility.

Issued July 1, 2006	Effective	October 1, 2006
Issued by Hanrison water Company	/Kiona, Ll	LC
By Santonian	Title	Manager

# Rule 14 - Discontinuance of Service

July 1, 2006

Issued

The u (a)	tility reserves the right to discontinue service to its customers for: Unpaid bills, as provided for in this tariff.
(b)	Water uses for purposes or properties other than those specified in the customer's application for service.
(c)	Willful waste of water through improper or defective piping, equipment, or otherwise.
(d)	Piping or equipment that does not meet the company's standards or fails to comply with other applicable codes and regulations.
(e)	Tampering with the company's property.
(f)	Vacating the premises.
(g)	Nonpayment of any proper charges, including deposit, as provided in this tariff
(h)	Refusing to allow access as required in commission Rules.
(i)	Violating rules, service agreements, or effective tariffs, including violation of outdoor watering instructions given to customers in order to curtail water use during time of shortage.
(j)	Use of equipment that detrimentally affects the company's service to its other customers.
(k)	Service obtained by fraud.
(l)	Fails to comply with cross connection control requirements.

Water Company/Kiona, LLC

Title\_

Effective October 1, 2006

Manager

#### Rule 14 - Discontinuance of Service (cont'd)

The right to discontinue service may be exercised whenever and as often as any of the foregoing situations occur, and neither delay nor omission by the utility to enforce this rule any time will be deemed a waiver of its right to discontinue service.

Discontinuance of service by a customer - Customer shall be required to give notice to the utility of their intention to discontinue service.

Required notice prior to disconnecting service: The Utility must serve a written disconnection notice on the customer, either by mail, or, at the Utility's option, by personal delivery of the notice to the customer's address, attached to the primary door.

A minimum of eight (8) business days' written notice will be given a customer before service is discontinued, except in the case of danger to life or property. Before disconnecting service, the utility must in addition to the first (1st) notice as described above, provide a second (2nd) notice by on the two options listed below.

- (1) Delivered notice The company must deliver s second (2<sup>nd</sup>) notice to the customer and attach it to the customer's primary door. The notice must contain a deadline for compliance that is no less then twenty-four (24) hours after the of delivery that allows the customer until 5:00 p.m. of the following day to comply, or
- (2) Mailed notice The company must mail a second (2<sup>nd</sup>) notice, which must include a deadline for compliance that is no less than three (3) business days after the date of mailing if mailed from within the state of Washington.

Disconnection notice will expire after ten (10) business days from the first day that the Utility may disconnect service, unless other mutually agreed upon arrangements have been made and confirmed in writing by the Utility. If mutually accepted arrangements are not kept, the Utility may disconnect service without further notice.

Issued	July 1, 2006	Effectiv	e <u>October 1, 2006</u>	
Issued by	Harrison Water	Company/Kiona, LL	.C	
Ву	MWW STREET	O Title	Manager	

#### Rule 15 - Sprinkling and Irrigation

Water used for sprinkling and irrigation must be paid for at the regular prescribed tariff rates for such service. The hours for such use will be as prescribed from time to time by the utility, subject to protest by any customer effected and reviewed by the Commission. During peak use months (June through September), and at such other times when demand may be high, the utility may prohibit or limit sprinkling and irrigation to preserve water for domestic consumption.

No person will use water for sprinkling or irrigation purposes during any fire in the area, and all sprinkling or irrigation must be stopped immediately when a fire alarm is sounded. Water use may resume three (3) hours after the fire has been extinguished.

#### Rule 16 - Rates

Rates for water service and supply are those published in the utility's tariff on file with the Commission. Unless otherwise stated in this tariff, the rates apply to a single service, to one customer at one premise. Where two or more families with separate housekeeping establishments occupy the same or separate dwellings, each family using water is considered a separate customer. Each separate housekeeping establishment or business, using water service, will each be considered a customer.

When conditions require that more than one customer be supplied through one meter, (Accessory Dwelling Units) each customer will be charged the minimum charge as provided by the schedule of rates. If the consumption as shown by the meter exceeds the allowance for the minimum charge multiplied by the number of customers, the excess consumption charge will be computed at the regular rates for one customer and the amount prorated equally to the multiple customers, or otherwise as may be agreed among themselves.

Water service must be subscribed to on an annual basis. No proration or reduction in billing is allowed unless this tariff proscribes temporary or seasonal rates.

Issued	July 1, 2006	Effective October 1, 2006	
	Harrison Water Co		_
Ву	RENTOUNDIN	Title Manager	_

# Rule 17 - Account Set-Up Charge/NSF (Non-Sufficient Funds) Charge

An account set-up charge as specified in **Schedule X** will be made for each new account or change of account responsibility on an existing service. Such charge will be included in the initial billing to the customer. This charge includes the utility dispatching an employee to establish a base meter reading. An account set-up charge does not apply to:

- (a) Installation of a new meter.
- (b) Temporary or seasonal reconnection.
- (c) Owners or agents assuming temporary responsibility for service to vacant premises.

An NSF check of ten dollars (\$10.00) will be made for handling customer checks that have been returned by the bank as NSF or account closed. This charge will be applied to the next billing to the customer.

# Rule 18 - Water Availability Letter Charge

Any prospective customer seeking a water availability letter or certificate of water availability from the utility must first pay the appropriate charge as specified in **Schedule X**. The water availability letter will include the date issued and the date of expiration. Water availability letters will be valid for no more than one (1) year, or until the expiration of the associated building permit, whichever occurs last.

Issued	July 1, 2006		Effective_	October 1, 2006	
Issued by_	Harrijson Wate	r Company/K	iona, LLC		
Ву	Harrison Wate	$\sum_{i=1}^{n}$	Title	Manager	<del></del>

For Commission's Receipt Stamp

# WATER SERVICE RULES AND REGULATIONS

#### **Rule 19 - Cross Connection Control**

The customer shall not permit the plumbing on their premises to be connected to any source of water supply other than the utility's, or to any potential source of contamination, without first obtaining the utility's written permission and meeting the utility's cross connection control criteria. The customer shall assure that effective backflow prevention measures are implemented to ensure continual protection of the water in the public water distribution system. Any back-flow prevention assembly deemed necessary by the utility to prevent entry of contaminants to the public water system shall be installed at the customer's expense. Cross connection control program is outlined in Schedule 12.

Issued	July 1, 2006	Effective October 1, 2006	
Issued by	Harrison (Water )	Company/Kiona, LLC	
By	Marmolynac	Company/Kiona, LLC  Title Manager	

# Harrison Water Company/Kiona, LLC

For Commission's Receipt Stamp

# **SERVICE AREA**

Water System List:

System Name County WFI #

Kiona Water System Benton 10724H

Issued July 1, 2006 Effective October 1, 2006

Issued by Hanri son Water Company/Kiona, LLC

By Title Manager

For Commission's Receipt Stamp

# SCHEDULE NO. 1 FLAT RATE SERVICE

#### **Available**

Within the limits of all Water Service Areas and at utility's option and capability to maintain Department of Health standards of quantity and quality.

# **Applicable**

Applicable to domestic residential customers, where meters have not yet been installed.

#### **Conditions**

The charge for this service is not subject to cancellation or reduction for seasonal or temporary periods, unless seasonal rates apply per this tariff. This charge will be the monthly minimum bill for this class of service.

# **Monthly Rates**

Each connection or customer

\$48.50

Company has no flat-rate customers, all are metered.

Issued July 1, 2006	Effective_	October 1, 2006
Issued by Harrison Water Company	'Kiona, LL	.C
By OMILDMON	Title	Manager

# SCHEDULE NO. 2 METERED RATE SERVICE

#### **Available**

Within the limits of all Water Service Areas and at utility's option and capability to maintain Department of Health standards of quantity and quality.

#### **Applicable**

Applicable to domestic residential customers served by the utility on a metered basis.

#### **Conditions**

The charge for this service is not subject to cancellation or reduction for seasonal or temporary periods, unless seasonal rates apply per this tariff. This charge will be the monthly minimum bill for this class of service.

#### **Monthly Rates**

Each connection or customer

Base Rate	<u>Rate</u>	
with zero allowance 3/4" service base rate (1.00)	\$27.50	
<u>Usage Rate</u> Consumption up to 500 cubic feet	(or porti	O Cubic Feet on thereof) 27.50
consumption per 100 cubic feet, between 500 and 5,000 cubic consumption per 100 cubic feet, over 5,000 cubic feet	c feet \$	.50 .70

lssued	July 1, 2006	Effective October 1, 2006	_
Issued by		Company/Kiona, LLC	
Ву	UNDITED LOOSE	TitleManager	

# SCHEDULE NO. 12 CROSS CONNECTION CONTROL

#### **Applicable**

To all customers served by the Utility for purposes of assessing the presence of cross connections and additional requirements applying to those customers that have cross connections.

#### Rate:

Site Visit Charge Premises Inspection Charge Installation of Approved Backflow Prevention Assembly

- \$(disconnection visit charge) plus
- \$25.00 per hour prorated for time spent
- -device cost and labor to be paid by customer to outside contractor.

  Certification to be provided annually to water company. This provision per Rule 19, Cross Connection Control.

#### **Conditions:**

- 1. This schedule is established pursuant to the requirements adopted by the Washington State Department of Health in WAC 246-290-490, as it now exists or is hereafter amended or replaced. Copies of this regulation are available from the Washington State Department of Health or from the Utility.
- 2. All customers shall be surveyed as to the existence of cross connections pursuant to the definition of cross connections established by the Washington State Department of Health. A second survey shall be sent to those customers who fail to respond to the initial survey. If the customer fails to respond to the second survey, then the following non-response options may be necessary and the customer will be charged pursuant to the rate(s) set forth in the rate section above. For new customers, a survey will be required as part of the application prior to accepting the applicant as a customer.

Issued	July 1, 2006	Effective October 1, 2006
Issued by		Company/Kiona, LLC
Ву	MORRELLANDO	Title Manager

# SCHEDULE NO. 12 CROSS CONNECTION CONTROL (cont'd)

#### **Non-Response Options**

- a. Site Visit letter/appointment for on-site review of cross connection potential, followed by a Site Visit for determination of cross connection potential as defined in WAC 246-290-490. The customer will be assessed the charges set forth in the rate section above.
- b. Installation of Approved Backflow Prevention Assembly at customer's expense or as set forth in the rate section above.
- c. Notice of disconnection of service per WAC 480-110-355 (3a).
- 3. An on-site inspection is required for every customer meeting any criteria of WAC 246-290-490 (4b) Table 9. The customer will be assessed the appropriate charges set forth above.
- 4. If a cross connection is detected or is reported by the customer, then the Utility will determine the appropriate remedy and notify the customer of the remedy, options, and dates for compliance. If an Approved Backflow Prevention Assembly is required, the Utility will determine the type of Approved Backflow Prevention Assembly that must be installed, and must provide the customer with a date by which the device must be installed. Installation will be the customer's responsibility and sole expense. The customer may choose to have the Approved Backflow Prevention Assembly installed through any contractor acceptable to the Utility. If the customer does not install the appropriate Approved Backflow Prevention Assembly within thirty days of notification, the Utility may take appropriate action to correct. This may include the Utility Installing an Approved Backflow Prevention Assembly at customer's expense if tariffed or may result in the Utility providing a notice of disconnection of service by the date specified in the notice. The Approved Backflow Prevention Assembly will be installed on a customer's side of the service connection.

Issued	July 1, 2006	Effective October 1, 2006	
Issued by	Harrison Water	Company/Kiona, LLC	
Ву	<u> </u>	Title Manager	

# SCHEDULE NO. 12 CROSS CONNECTION CONTROL (cont'd)

- 5. If the customer has an Approved Backflow Prevention Assembly installed the assembly must be tested annually by a certified Backflow Assembly Tester (BAT) specialist. The Utility will maintain a list of certified BAT specialists that are acceptable to the Utility and the customer may choose from any such BAT specialist on the Utility's list. The customer will provide a copy of the acceptable annual report from the BAT specialist. If the annual report is not provided within thirty days of the anniversary date of the installation of the Approved Backflow Prevention Assembly, then the Utility will provide a notice of disconnection pursuant to WAC 480-110-355 (3a). If a copy of the annual report is not received by the date for disconnection as specified in the notice, the Utility will disconnect customer's service.
- 6. No less often than every three years, the Utility shall re-survey its customers concerning the existence of cross connections. If the customer does not respond to the initial survey, a second survey will be sent. If the customer does not respond to the second survey, then non-response options listed in paragraph 2 will apply.
- 7. For each customer meeting any criteria of WAC 246-290-490 (4b) Table 9, no less than every three years, the Utility shall conduct a site visit, premises inspection and shall assess the customer the charges set forth in the rate section above.
- 8. When necessary, the Utility will provide notices of disconnection as required in WAC 480-110-355 (3a).
- 9. The Utility may immediately shut off water service if a public health emergency exists, including when a backflow is occurring or an unprotected cross-connection with sewage exists.

lssued_	July 1, 2006	Effective_	October 1, 2006	
Issued b	v Harrison Water Compan	y/Kiona, LLC		
Bv	JUN JUNE HOME C	Title M	lanager	

# Harrison Water Company/Kiona, LLC

For Commission's Receipt Stamp

# SCHEDULE X ANCILLARY CHARGES

Rule 5 & Rule 14	Reconnection Charge Disconnection Visit Charge	\$50.00 \$00.00
Rule 9	Service Visit Charge	\$00.00
Rule 11	Late Payment Charge Of unpaid balance or Minimum Charge	2 % \$ 1.00
Rule 17	Account Set-up Charge NSF Check Charge	\$00.00 \$10.00
Rule 18	Water Availability Letter Charge	\$00.00

Issued	July 1, 2006	Effective October 1, 2006
Issued by	Harrison Water Com	pany/Kiona, LLC
By \	Jamy Jamen V	Title Manager

#### HARRISON RAY WATER COMPANY

P.O. Box 2818 Pasco, WA 99302 509-545-1908

July 1, 2006

#### **IMPORTANT NOTICE**

Harrison Ray Water Company has requested permission from the Washington Utilities and Transportation Commission (WUTC) for the transfer of ownership and operation of the Kiona water system to Harrison Water Company/Kiona, LLC. This transfer is contingent upon approval by the Washington Utilities and Transportation Commission. This transfer of ownership is being completed to allow the separation of ownership and operation of water systems in Burbank and Kiona, Washington. The proposed effective date of this transfer, if approved, would be October 1, 2006. Harrison Water Company/Kiona, LLC is not currently providing water service to other water systems; however, Harrison Water Company/Kiona, LLC will be managed and staffed by the same individuals currently serving you.

Your <u>current water rates will not change</u> because of this water system sale and transfer. Any future changes will be the responsibility of Harrison Water Company/Kiona, LLC.

If you have any questions about how this sale may affect you, please call the company. Toll free 1- (509) 545-1908.

If you have questions about the transfer process of your water system 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

If you would like to comment on this proposal, it is important for you to do so now. Comments must be submitted in writing or presented at the commission's open meeting to be considered as part of the formal record. The commission encourages your written comments, in either favor or opposition, regarding this proposal. All open meeting are held in Olympia, WA. If you would like to be added to the commission's mailing list to be notified of the open meeting date please call the toll-free number listed above and leave your name and complete mailing address.

EXHIBIT 5