

WWS-071855-AT
10/10/07 Consent



WASHINGTON WATER SERVICE COMPANY

September 12, 2007

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

RE: Joint Sale and Transfer
Washington Water Service Company – Purchase of Property, Sylvia Lake Water Supply,
Inc. ID#86710T from Rod Brentin, Owner

Dear Secretary:

Enclosed you will find a joint application for Washington Water Service Company to acquire Sylvia Lake Water Supply, Inc. with Washington State Department of Health Office ID #86710T from Rod Brentin, Owner.

To complete this package the following have been enclosed:

- 1) Application for Transfer (with Exhibits)
- 2) Copy of customer notice
- 3) Adoption of Sylvia Lake Water Supply, Inc. Tariff

The customer notices were sent by first class mail on September 12, 2007. If you have any question, please call me at (253) 851-3422 ext. 1109.

Sincerely,

Michael P. Ireland
President

Cc: Sylvia Lake Water Supply, Inc.

RECEIVED
REGULATORY AFFAIRS
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OFFICE OF THE ATTORNEY GENERAL
CONSENT-041

In the Matter of Joint Application)
 For Sale and Transfer of Assets,) DOCKET NO. _____
 From)
Sylvia Lake Water Supply, Inc.)
 To)
Washington Water Service Company) APPLICATION
)
)

Application is hereby made to the Washington Utility and Transportation Commission for an Order authorizing the transfer of property under the provisions of Chapter 80.12 RCW and Chapter 480-143 WAC.

INTRODUCTION

The water system to be transferred consists of wells, reservoirs, distribution mains and appurtenances to serve the customers on the Sylvia Lake Water System which is located in Gig Harbor in Pierce County.

EXHIBITS

Pursuant to WAC 480-143-110 and WAC 480-143-130, attach hereto are the following Exhibits:

Exhibit 1 - Instrument of Transfer, Asset Acquisition Agreement

Exhibit 1 - Washington Water Service Company – Income Statement and Comparative Balance Sheet

METHOD OF FINANCE

The total purchase price for the Water System is \$158,500.00 less the amount owed to Washington Water Service Company.

TRANSFER IS IN THE PUBLIC INTEREST

The owner of Sylvia Lake Water Supply, Inc. is divesting all interest in the water system and no longer desires to own this public water system. This transfer of property is in the public interest because it places the water system with a water purveyor that desires to own and operate water systems on an ongoing basis. The acquiring purveyor is the largest Investor Owned Water Company in the State of Washington and is part of the fourth largest Investor Owned water company in the United States.

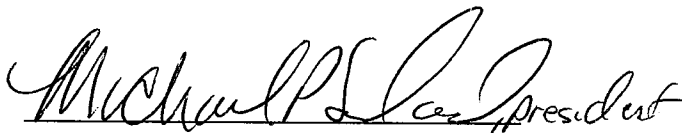
As a result of the sale and transfer, the water rates charges to customers will not change at this time. Washington Water Service Company will adopt the current rates of Sylvia Lake Water Supply, Inc.

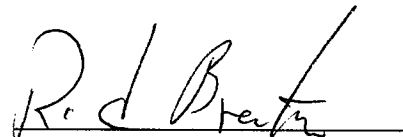
PRAYER

Based on the foregoing, the Applicants request approval of their application respectfully submitted _____

Washington Water Service Company

Sylvia Lake Water Supply, Inc.


Michael P. Ireland, President

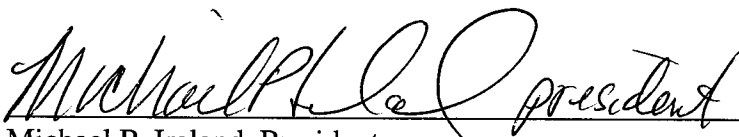

Rod Brentin, President

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RECORDS MANAGEMENT
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STATE OF WASHINGTON
OFFICE OF THE
COMMISSIONER

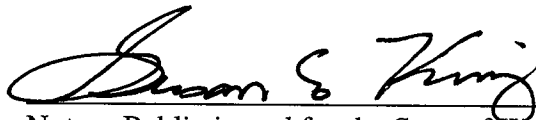
FORM OF VERIFICATION FOR APPLICATION

STATE OF WASHINGTON
County of Pierce

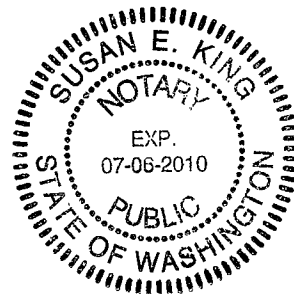
Michael P. Ireland being first duly sworn, disposes and says that he is the President of Washington Water Service Company, the applicant in the proceeding entitled above, that he has read the foregoing application and knows the contents thereof; that the same is true of his own knowledge, except as to matter which are therein stated on information or belief, and as to those matters he believes them to be true.


Michael P. Ireland, President

Subscribed and sworn to before me this 11th day of September, 2007


Notary Public in and for the State of Washington, residing

At Grig Harbor Washington



Adoption Notice

ADOPTION OF TARIFFS, ETC.

Washington Water Service Company hereby adopts, ratifies, and makes its own in every respect, as if the same had been originally filed by it, all tariffs, rules, notices, concurrence, provisions, authorities, power of attorney or whatsoever other instruments filed with the Washington Utilities and Transportation Commission or its predecessor by Sylvia Lake Water Supply, Inc. October 12, 2007 the beginning of its possession. By this notice, it also adopts and ratifies all supplements or amendments to any of the above tariffs, etc. which have heretofore been filed with the Washington Utilities and Transportation Commission or its predecessors.

Tariffs Adopted

Transfer Authorized by:

Sylvia Lake Water Supply, Inc.

Order No. _____

Issued September 12, 2007

Effective October 12, 2007

Issued By: Washington Water Service Company

By: Michael P. Ireland Title: President

Address: P.O. Box 336, Gig Harbor, WA 98335
14519 Peacock Hill Ave. NW
Gig Harbor, WA 98332

Sylvia Lake Water Supply, Inc.
PO Box 1277, Gig Harbor, Washington 98335

IMPORTANT NOTICE

September 12, 2007

Sylvia Lake Water Supply, Inc. has asked the Washington Utilities and Transportation Commission (UTC) for permission to transfer ownership and operation of the Sylvia Lake water system to Washington Water Service Company. This transfer of ownership is contingent upon approval by the UTC.

Your water rates will not change as a result of the acquisition.

Washington Water Service Company was formed in October of 1999 with the acquisition of Harbor Water Co., Inc. and South Sound Utility Co., Inc. Harbor and South Sound have been in the water business for 30 years each. Washington Water Service currently owns or operates over two hundred and fifty seven water systems in seven counties, servicing over 20,000 homes. In the event this transfer is approved by the UTC, we anticipate the transition will be very smooth.

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

Washington Water Service Company
Toll free 1- (877) 408-4060

E-mail address: www.wawater.com

The UTC holds an open meeting in Olympia on all transfer requests. If you would like to be notified of the meeting date, you may call the UTC at (800) 562-6150. If you cannot attend the meeting on this proposal and would like your comments reflected in the formal record, you may write to the UTC at the following address:

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

E-mail address: Comments@utc.wa.gov

Or use the "Public Comment feature on the UTC's web site: www.utc.wa.gov

ASSET ACQUISITION AGREEMENT

Sylvia Lake Water Supply, Inc.

THIS CONTRACT made and entered into between Sylvia Lake Water Supply, Inc. (Seller), a Washington Corporation and Washington Water Service Company (Purchaser), a Washington Corporation.

WITNESSETH:

WHEREAS, Seller owns and operates a Group "A" water system, known as Sylvia Lake Water Supply, Inc. (Water System), with State ID #86710T, which provides water to residents in the area of Gig Harbor, Pierce County.

WHEREAS Purchaser is organized and operating under the laws of the State of Washington, whose principle business is the distribution and sale of water to residents of the Gig Harbor area; and

WHEREAS Seller desires to sell and Purchaser desires to purchase said Water System, including easements, equipment, inventory, licenses, water rights and good will;

NOW, THEREFORE, in consideration of the agreements and promises set forth hereinafter, it is mutually agreed between the parties hereto as follows:

1. TRANSFER OF ASSETS

1.1. Agreement to Sell. Upon the terms and subject to all of the conditions contained herein, Seller agrees to sell, assign, transfer and deliver to Purchaser on the Closing Date (as defined in Section 4.1 hereof), and Purchaser hereby agrees to purchase and accept from Seller on the Closing Date, the Acquired Assets (as defined in Section 1.2 hereof). Seller shall deliver to Purchaser at the Closing appropriate bills of sale, assignments of easements, Statutory Warranty deeds or other documents of conveyance necessary to affect the transfer of title to the Acquired Assets to Purchaser on the Closing Date, in form and substance satisfactory to Purchaser and its counsel.

1.2. Description of Assets. For purposes of this Agreement, the term "Acquired Assets" shall refer to the assets described in the following:

1.2.a. Real Property and Easements. All real property, easements together with protective covenants showing a 100' non-pollution radius around the wells, and other real property rights including, but not limited to, those listed in Schedule 1.2(a).

Initials Seller: JMB

Initials Purchaser: WRE

Sylvia Lake/WAWater Purchase Agreement

July 23, 2007,

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STATE OF WASHINGTON
OFFICE OF THE ATTORNEY GENERAL
CORPORATIONS DIVISION

- 1.2.b. **Water System.** All wells, pumping systems, pipes, buildings, reservoir and all other equipment & facilities used for the Water System, including but not limited to those listed in Schedule 1.2(b).
- 1.2.c. **Water Rights.** All Water rights held or owned by Seller, including, but not limited, to those listed in Schedule 1.2 (c).
- 1.2.d. **Other Assets.** All other tangible assets owned by the Seller and used exclusively in the Seller's business including but not limited to, inventories, spare parts, future and current service areas for the Water System as identified by Pierce County Comprehensive Water System Plan and approved by the Washington State Department of Health.
- 1.2.e. **Intangibles** All of the interest of Seller in any intangible property owned by the Seller and used in Seller's business and to the extent approved by Purchaser in writing pursuant to the provisions of this Agreement, any and all contracts, warranties, guarantees, agreements, utility contracts, operating and customer account records, maps and drawings, permits, franchises, licenses, water rights, claims, prepaid expenses, grants, certificates and privileges and other rights owned by Seller relating to or used in connection with the ownership, operation, use, occupancy or enjoyment of all or any part of the Seller's business all of which are collectively referred to as the "Intangible Property". The Intangible Property shall include, without limitation, all customer service contracts and all site plans, plans and specifications, "as-built" plans and drawings, permits and other governmental reviews, approvals and entitlements related to the Water System and such of the foregoing as have been heretofore prepared, applied for, obtained or otherwise are in the name or possession of, under the control of or available to Seller, included but not limited to those listed in Schedule 1.2 (e)
- 1.2.f. **Books & Records.** Copies of all books, records, files, contracts, and other data of Seller relating to Acquired Assets, whether or not located at its principal place of business, and whether or not in tangible form or in the form of intangible computer storage media, such as disks, tapes and other similar storage media.
- 1.2.g. **Name.** All rights to the name "Sylvia Lake Water System".
- 1.2.h. **License.** All licenses and permits of Seller described in any schedule above.
- 1.2.i. **Deposits.** All deposits with government agencies, vendors, contractors and other entities

2. PURCHASE PRICE

The purchase price is One Hundred Fifty-eight Thousand Five Hundred Dollars (\$158,500.00) to be paid in cash less any debt owed to PURCHASER at closing. Purchase price shall be allocated per Schedule 2.

3. LIABILITIES AND TAXES

3.1. Debt and Taxes: Seller to pay all debts and taxes incurred prior to the date of closing.

3.2. Only Certain Liabilities Being Assumed. Except as listed in Schedule 3.1, Purchaser will not assume or be obligated to satisfy or perform any of the liabilities, or commitments, whether fixed, contingent, known or unknown, which relate to the operation of Seller's business prior to the Closing Date, including but not limited to loans to Seller, loans to others, Seller's tax, environmental and water quality liabilities and obligations to its employees. Accounts receivable for water provided to customers prior to the date of closing shall remain the property of Seller. It shall be Seller's obligation to collect any account receivable to which Seller is entitled. Any advanced payments received by Seller shall be forwarded to Purchaser at closing together with the customer account for which credit applies. Amounts held by Seller are listed on Schedule 3.

4. CONVEYANCE

4.1. Conveyance. Conveyance shall be by Bill of Sale Schedule 4(a), Assignment of Easements Schedule 4(b), Assignment of Intangibles Schedule 4 (c) and Statutory Warranty Deed Schedule 4 (d). Purchaser is entitled to immediate possession of the subject matter of the agreement upon closing.

4.2. Conveyance Costs. Seller shall pay the real estate excise tax which may be payable upon this transaction. Purchaser shall pay any sales tax and costs in connection with transfer of the water rights.

5. TITLE INSURANCE

5.1. Purchaser will obtain title insurance policy for all real property transferred, through _____ Title Insurance Company, and pay the premium there on. Rights reserved and Federal patents or State lands, building or use restrictions common to the district, existing easements not inconsistent with Purchaser intended use, and building or zoning regulations or provisions shall not be deemed encumbrances or defects.

6. THE CLOSING

6.1. Closing Date. This sale shall be closed at Narrows West Escrow on or before the ____ day of _____, 2007. Purchaser shall pay up to \$2,000 of the escrow closing costs and recording fees.

6.2. Seller's Obligations at Closing. At the Closing, against delivery of the items specified in Section 1.2 hereof, Seller shall deliver to Purchaser the Acquired Assets and any documents described in Schedules hereof.

6.3. Purchaser's Obligation at the Closing. At the Closing, Purchaser shall deliver to Seller the Purchase price specified in Section 2. With agreed upon deductions in form mutually agreeable to the Parties.

7. SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants to Purchaser as follows:

7.1. Authority. Seller has the full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby and no approvals or consents of any persons, other than the Washington State Utilities & Transportation Commission (UTC) are necessary in connection therewith

7.2. Tax Returns and Audits. Seller has paid all taxes, assessments and penalties due and payable within the time or prescribed by law

7.3. Real Property Owned by Seller. Within a reasonable period after the date hereof, Seller will deliver to Purchaser a true, complete and accurate legal description of all real property and easements known to be owned or held by Seller, together with all privileges and appurtenances thereto and all plants, building, structures, installations, fixtures, improvements, betterments and additions situated thereon

7.4. Tangible Personal Property. Seller owns all tangible personal property necessary to conduct its business as now conducted.

7.5. Business. Seller is engaged in the business of a public utility water company serving ,in Pierce County, and with respect to which, it holds a "Green" Operating Permit issued by the Washington State Department of Health, Office of Drinking Water (DOH), copy of which will be delivered to Purchaser by Seller within a reasonable period after the date hereof

...

7.6. Duration of Representation and Warranties. The representation and warranties made hereinabove will be correct and accurate in all material respects as of the Closing Date, and shall survive the Closing Date until 60 days thereafter.

8. PURCHASER'S REPRESENTATIONS AND WARRANTIES

Purchaser hereby represents and warrants to Seller as follows:

8.1. Organization, Good Standing and Qualification. Purchaser is a corporation duly organized, existing and in good standing under the laws of the State of Washington, and has all necessary corporate powers to own and operate its properties and to carry on its business as now owned and operated by it.

8.2. Authority and Consents. Purchaser has the right, power, legal capacity and authority to enter into and perform its obligations under the Agreement, and no approvals or consents of any persons, are necessary in connection therewith.

8.3. Duration of Representation and Warranties. The representation and warranties made hereinabove will be correct and accurate in all material respects as of the Closing Date, and shall survive the Closing Date until 60 days thereafter.

9. SELLER'S OBLIGATIONS BEFORE CLOSING

Seller covenants that, except as otherwise agreed or waived in writing by Purchaser, from the date of this Agreement until the Closing:

9.1. Access to Premises and Information. Purchaser and its counsel, accountants and other representatives shall have full access during normal business hours to all Seller's properties, books, accounts, records, contracts and documents of or relating to Seller and its assets, properties and business. Seller shall furnish or cause to be furnished to Purchaser and its representatives all data and information concerning the business, finances and properties of Seller that may reasonably be requested.

9.2. Conduct of Business in Normal Course. Seller shall carry on its business and activities in substantially the same manner as they have been carried on through December 31, 2006, and shall not make or institute any change in management, accounting or operations that will vary materially from the methods used by the Seller as of that date.

9.3. Maintain Insurance. Seller shall continue to carry its existing insurance, subject to variations in amounts required by the ordinary operations of its business. If, for any reason, no insurance is maintained and assets are destroyed or damaged, Seller, at its option, may terminate this agreement.

9.4. UTC Filings The Seller shall cooperate fully with Purchaser in preparing and filing a joint application to the UTC as Purchaser may deem necessary or appropriate to obtain UTC approval of the transactions contemplated by this Agreement.

9.5. **Employees and Compensation.** Seller shall not do, or agree to do, any of the following: (i) grant any increase in salaries payable or to become payable to any officer or employee, or (ii) increase benefits payable or to become payable to any officer or employee.

9.6. **Transfer of Real Property Interest.** Purchaser and Seller shall jointly prepare legal descriptions for all real property interest to be transferred from Seller to Purchaser ("Legal Descriptions").

9.7. **Conveyance Documents.** Seller shall convey the Assets to Purchaser by a Bill of Sale in the Form attached hereto. Seller shall convey the Operating Easements to Purchaser by an Assignment of Easements. Seller shall convey the Intangible Property to Purchaser by an Assignment of Intangible Property in the form attached hereto.

10. **PURCHASER'S OBLIGATIONS BEFORE CLOSING**

Purchaser will use its best efforts to secure UTC authorization for the transactions contemplated under this Agreement. To this end, Purchaser agrees to prepare at its own expense and file promptly with the UTC an appropriate joint application for such authorization.

11. **CONDITIONS PRECEDENT TO PURCHASER'S PERFORMANCE**

The obligations of Purchaser under this Agreement are subject to the satisfaction, at or before the Closing, of all the conditions set out below in this Section 11. Purchaser may waive any or all of these conditions, other than those set forth in Section 11.1 hereof,

11.1. **Authorization of UTC.** UTC authorization for Seller to sell the Assets pursuant to the terms and conditions of this Agreement shall be in full force and effect on the Closing Date.

11.2. **Purchaser's Corporate Approval.** Purchaser shall have received corporate authorization and approval for the execution and delivery of this Agreement and shall have taken all corporate action necessary or proper to fulfill its obligations to be performed under this Agreement on or before the Closing Date.

12. **SELLER'S OBLIGATIONS AFTER THE CLOSING**

12.1. **Access to Records.** From and after the Closing, Seller shall allow Purchaser and its counsel, accountants, and other representatives such access to records which after the Closing are in the custody or control of Seller as Purchaser reasonably requests.

13. **COSTS**

13.1. **Escrow and Title Expenses.** Purchaser shall pay for all costs, fees and expenses incurred or to be incurred by it relating to title insurance. Seller shall pay the transfer tax

associated with the transfer of all real property and easements by it to Purchaser in excess of \$2,000.00

13.2. All Other Expenses. Except for taxes and those expenses described in Section 13.1, purchaser shall pay all costs and expenses incurred or to be incurred by it in closing and carrying out the transactions contemplated by this Agreement.

14. NOTICES:

Any notices between the parties shall be transmitted by ordinary first class mail addressed as follows:

To Purchaser: Michael P. Ireland, President
Washington Water Service Company
PO Box 336
Gig Harbor, WA 98335

To Seller: Rod Brentin, President
Sylvia Lake Water Supply, Inc.
PO Box 1277
Gig Harbor, WA 98335

15. CUSTOMER LIST AND DRAWINGS:

Seller shall provide Purchaser with complete customer list including, name, site address, phone number, parcel number and mailing address as listed in Schedule 15. Seller will also provide Purchaser with all available as-built drawings of the Seller's System.

16. WAIVER:

No waiver or modification by Seller of any term or condition of this agreement shall be effective unless in writing, signed by Seller or their duly authorized agent. No waiver or indulgence by Seller of any deviation or departure by Purchaser from full performance of this agreement shall be waiver of the right of Seller from subsequent or other full and timely performance.

17. LITIGATION:

To the best of Seller's knowledge and except as described in Schedule 17 hereof, there is no action, suit, proceeding, claim arbitration, or investigation, audit, inquiry or hearing, at law or in equity, before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, or other person pending or, to the knowledge of Seller, threatened, against Seller or relating to or affecting Seller, its business, assets or properties or any basis for such action, suit, proceeding, claim investigation, audit, inquiry, or hearing to the knowledge of Seller. Seller is not presently engaged in any legal action to recover money due it or

damages sustained. Seller, the water system, or operation of the water system thereof has no knowledge of any complaints lodged with Department of Health or Washington State Utilities and Transportation Commission.

18. ATTORNEY FEES:

In the event either party breaches this agreement, the other party shall, in addition to other damages, be entitled to reasonable attorney fees.

19. SUCCESSORS IN INTEREST:

This Contract shall be binding upon and inure to the benefit of the respective heirs, successors, assigns, and legal representatives of the parties.

There are no written or oral agreements modifying this agreement and no warranties other than as set forth herein.

DATED 8-16, 2007

Seller:
Sylvia Lake Water Supply, Inc.

Date: 8-16-2007

By: Rod Brentin
Rod Brentin, President
(253) 686-1344

Purchaser:
Washington Water Service Co. Inc.

Date: 8/16/07

By: Michael P. Ireland
Michael P. Ireland, President
(253) 851-4060

SCHEDULE 1.2(a)

REAL PROPERTY AND INDEX OF EASEMENTS

Index of Easements					
System Initials File #86710T	Date	Sec.	Twnshp.	Range	Description
1		11	21N	1E	Easement to well #2
2					Easement to Reservoir site
3					
4					
5					
6					
7					
8					

Real Estate Index		
Parcel #	Short Description	Legal Description
	Sec 11, Twn 21, Rg 1E	Louise Park Lot 13B Well Site

Initials Seller RMB Initials Purchaser MR Sylvia Lake/WA Water Purchase Agreement

July 23, 2007

SCHEDULE 1.2(b)

WATER SYSTEMS ASSETS

<u>Type of Asset</u>	<u>Description of Asset</u>	<u>Quantity</u>
Structures:	Pumphouse --	2
Wells and Springs	10" x 152' well SO#1	1
	6" x 130' well SO#2	1
Pumping Equipment	Booster Pump Station on Reservoir	1
	5 hp Well pump	1
	7.5 hp Well pumps	2
Reservoirs	40,000 gallons concrete 1/2 below ground	1
Transmission Mains	Misc 2", 4" & 6"	
Other Equipment		
All Inventories		
Misc. Assets		

Initials Seller: *RLB* Initials Purchaser: *ME* Sylvia Lake/WA Water Purchase Agreement

July 23, 2007

SCHEDULE 1.2(c)
WATER RIGHTS

G2-24661

G2-26099

Initials Seller pub Initials Purchaser W Sylvia Lake/WA Water Purchase Agreement

July 23, 2007

SCHEDULE 1.2(e)
DESCRIPTION OF INTANGIBLES

Water rights

Customer records for billing purposes

Water System operation records pertaining to wells, pumping equipment, storage facilities, valves, water treatment equipment

Construction records relating to wells, pumping equipment, storage facilities, valves, water treatment equipment, mains, hydrants, services

Maintenance records related to wells, pumping equipment and storage facilities

Water main leak history

Water System maps and drawings

Building permits related to operating equipment or structures

Water contracts

County health department permits and licenses

State health department permits and licenses

Water quality testing records

Water System Plans

Initials Seller RWB Initials Purchaser ML Sylvia Lake/WA Water Purchase Agreement

July 23, 2007

SCHEDULE 2

ALLOCATION OF PURCHASE PRICE
For Sylvia Lake Water Supply, Inc., ID #86710T, Pierce County

Account No.	Description	Purchase Price
1300	Land	500
1303	Water Rights	18,500
1304	Structures	7,500
1307	Wells	25,000
1309	Supply Mains	48,500
1311	Pump Equipment	7,500
1320	Other Source Plant	
1330	Storage	20,000
1331	Transmission and Distribution	
1333	Service	26,000
1334	Meter Installation	5,000
1408	Accumulative Depreciation	
1411	Acquisition Adjustment	
3715	CIAC - Pipeline	
3721	Accumulative Amort. CIAC	
	Total	\$158,500.00

NOTE: The parties will review this allocation of assets prior to closing to properly address allocation including but not limited to intangibles, and other issue.

Initials Seller *RLB* Initials Purchase *MPE* Sylvia Lake/WA Water Purchase Agreement

July 23, 2007

SCHEDULE 3
DEPOSITS AND ADVANCED PAYMENTS
PROVIDED AT CLOSING

Initials Seller: RUB Initials Purchaser: mas Sylvia Lake/WA Water Purchase Agreement

July 23, 2007

SCHEDULE 4(a)

Bill of Sale

See Attached

Initials Seller PAW Initials Purchaser MPK Sylvia Lake/WA Water Purchase Agreement

July 23, 2007

SCHEDULE 4 (b)

Assignment of Easements

See Attached

Initials Seller: RLB Initials Purchaser: MAK Sylvia Lake/WA Water Purchase Agreement

July 23, 2007

SCHEDULE 4(c)

Form of Assignment of Intangibles

Assignment of intangible property,
contracts, warranties and guarantees

This Assignment of Intangible Property, Contracts, Warranties and Guarantees is executed as of this ____ day of _____, 2007, by Seller, Sylvia Lake Water Supply, Inc., [a Washington corporation] [an individual] ("Assignor") in favor of Washington Water Service Company, a Washington corporation, ("Assignee"), pursuant to that certain Asset Acquisition Agreement and Plan of Reorganization dated as of _____, 2007, (the "Agreement"), by and between Assignor, as seller, and Assignee, as purchaser.

FOR VALUE RECEIVED, Assignor hereby grants, conveys, transfers and assigns to Assignee all of Assignor's right, title and interest in, to and under the Intangible Property (as defined in the Agreement) including, without limitation, the Intangible Property described in Schedule 1 (E) attached hereto and made a part hereof. The capitalized terms in Schedule 1 (E)) shall have the meanings given in the Agreement.

Assignor hereby covenants that it will, at any time and from time to time upon written request therefor, execute and deliver to Assignee, its nominees, successors and/or assigns, any new or confirmatory instruments and do and perform any other acts which Assignee, its nominees, successors and/or assigns, may reasonably request in order to fully assign and transfer to and vest in Assignee, its nominees, successors and/or assigns, and protect its and/or their rights, title and interest in and enjoyment of, all of the assets of Assignor intended to be transferred and assigned hereby, or to enable Assignee, its nominees, successors and/or/or assigns, to realize upon or otherwise enjoy any such assets.

Assignor hereby agrees to indemnify, defend, protect and hold harmless Assignee from and against any and all liability, loss, costs, damage and expense (including, without limitation, attorneys' and paralegals' fees and costs and court costs) relating to Assignor's obligations with respect to the Intangible Property arising prior to the date hereof.

Assignee hereby assumes and agrees to perform or cause to be performed Assignor's obligations, if any, under the Intangible Property from and after the date of this instrument, and hereby agrees to indemnify, defend, protect and hold Assignor harmless from and against any and all liability, loss, cost, damage and expense (including, without limitation, attorneys' and paralegals' fees and costs and court costs) relating thereto and arising from and after the date hereof.

The provisions of this Assignment of Intangible Property, Contracts, Warranties and Guarantees shall be binding upon and inure to the benefit of Assignor, Assignee and their successors and permitted assigns.

IN WITNESS WHEREOF, the undersigned have executed this assignment of Intangible Property, Contracts, Warranties and Guarantees as of the date first above written.

Assignor:
Sylvia Lake Water Supply, Inc.
a Washington corporation

By: Rod Brentin
Rod Brentin, Owner

Assignee:
Washington Water Service Company
a Washington corporation

By: Michael P. Ireland
Michael P. Ireland, President

Initials Seller: RWB Initials Purchaser: MP Sylvia Lake/WA Water Purchase Agreement

July 23, 2007

SCHEDULE 4(d)

Statutory Warranty Deed

See Attached

Initials Seller PWP Initials Purchaser ME Sylvia Lake/WA Water Purchase Agreement

July 23, 2007

SCHEDULE 15
LIST OF CUSTOMERS

See Attached

Initials Seller *RJP* Initials Purchaser *MS* Sylvia Lake/WA Water Purchase Agreement

July 23, 2007

SCHEDULE 17

LITIGATION AND COMPLAINTS

NONE