



# Aquarius Utilities, LLC

"At Your Service"

Diamond Point • Island Lake • Lynch Cove • Agate West

UW-091470-AF  
OM-10/29/09  
NO ACTION

September 11, 2009

Mrs. David Danner, Executive Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
1300 South Evergreen Park Drive S.W.  
Olympia, WA 98504-7450

Re: Affiliated Interest Filing  
Office Lease Agreement  
Aquarius Utilities, LLC/Gregory G. Roats

Dear Mrs. Danner:

This submittal is intended to meet the requirements of WAC 480-110-545 for filing of affiliated interests. Aquarius Utilities, LLC leases office space near Poulsbo, Washington from an individual who owns the building. Gregory G. Roats is member and manager of Aquarius Utilities, LLC and is also the building owner, thus creating the affiliated interest. A copy of the commercial lease agreement is enclosed. The office lease arrangement is summarized as follows:

Location: 23411 Rhododendron Lane NW, Poulsbo, WA 98370

Office Description: 3-bedroom house on 0.5 acre just outside Poulsbo city limits.

Square Footage: 2800 square feet including 2-bay garage.

Percent Used by Company: 100 percent.

Space Utilization and Amenities: Front office/reception; 2 private offices; operations room with drafting table; conference room; employee break room with attached kitchen; utility room; covered parking and waterworks material/equipment storage; gravel parking for 4 vehicles; outdoor employee break/picnic/pet area.

Lease Agreement Date: December 31, 2008.

Term: One (1) year, renewable.

RECEIVED  
GENERAL MANAGER  
2009 SEP 16 AM 8:02  
STATE OF WASH.  
UTIL. AND TRANSP.  
COMMISSION

Phone 360-779-1565  
Fax 360-779-4189  
MyWaterCompany@AOL.com

23411 Rhododendron Lane NW  
PO Box 1085  
Poulsbo, WA 98370



# Aquarius Utilities, LLC

*"At Your Service"*

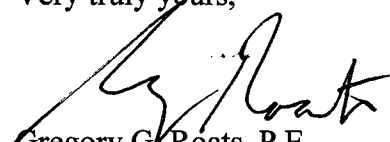
Diamond Point • Island Lake • Lynch Cove • Agate West

Lease Rate: \$25,200 per year (\$2100 per month); this rate is comparable To that of local business park offices, but more than local residential rental rates for like-sized buildings in quiet, rural settings

Reference: This affiliated interest transaction has been reviewed by Commission staff in our current general rate filing, Docket No. 090819.

If you have any questions about this filing or require additional information, please contact me.

Very truly yours,



Gregory G. Roats, P.E.  
General Manager

Phone 360-779-1565  
Fax 360-779-4189  
MyWaterCompany@AOL.com

23411 Rhododendron Lane NW  
PO Box 1085  
Poulsbo, WA 98370

# Commercial Lease

This lease is made between Gregory G. Roots  
of N/A, herein called Lessor, and  
Aquarius Utilities, LLC, of N/A,  
herein called Lessee. Lessee hereby offers to lease from Lessor the  
premises situated in the City of Poulsbo, County of Kitsap  
State of Washington, described as Residential building at  
23411 Rhododendron Lane NW, with associated 10.5 acre  
of land.  
upon the following TERMS and CONDITIONS:

**1. Term and Rent.** Lessor demises the above premises for a term of 1 years, commencing Jan. 1, 2009  
2009, and terminating on December 31, 2009, or sooner as provided herein at the annual rental  
of Twenty-five thousand Dollars (\$25,000.00) payable in equal installments in advance on the first day  
of each month for that month's rental, during the term of this lease. All rental payments shall be made to Lessor, at the address  
specified above.

**2. Use.** Lessee shall use and occupy the premises for business office & storage. The premises shall  
be used for no other purpose. Lessor represents that the premises may lawfully be used for such purpose. Lessee shall not use  
the premises for the purposes of storing, manufacturing or selling any explosives, flammables, or other inherently dangerous  
substance, chemical, thing, or device.

**3. Care and Maintenance of Premises.** Lessee acknowledges that the premises are in good order and repair, unless  
otherwise indicated herein. Lessee shall, at his own expense and at all times, maintain the premises in good and safe condition,  
including plate glass, electrical wiring, plumbing and heating installations and any other system or equipment upon the premises  
and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee  
shall be responsible for all repairs required, excepting the roof, exterior walls, structural foundations, and:

ornamental shrubs, live trees, dead trees and fallen logs.  
Lessee shall maintain the gravel driveway; mow the lawn  
regularly, trim/woodchop weeds, scotch broom and other  
bushes in unimproved areas; remove fallen leaves, branches  
& other vegetation debris; and clean roof periodically.  
which shall be maintained by Lessor. Lessee shall also maintain in good condition such portions adjacent to the premises, such  
as sidewalks, driveways, lawns and shrubbery, which would otherwise be required to be maintained by Lessor.

**4. Alterations.** Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions, or  
improvements, in, to or about the premises.

**5. Ordinances and Statutes.** Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and  
federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the  
use thereof by Lessee.

**6. Assignment and Subletting.** Lessee shall not assign this lease or sublet any portion of the premises without prior written  
consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be  
void and, at the option of the Lessor, may terminate this lease.

**7. Utilities.** All applications and connections for necessary utility services on the demised premises shall be made in the name  
of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including those for sewer, water, gas,  
electricity, and telephone services. In the event that any utility or service provided to the premises is not separately metered,  
Lessor shall pay the amount due and separately invoice Lessee for Lessee's pro rata share of the charges. Tenant shall pay such  
amounts within fifteen (15) days of invoice. Lessee acknowledges that the leased premises are designed to provide standard of-  
fice use electrical facilities and standard office lighting. Lessee shall not use any equipment or devices that utilize excessive elec-  
trical energy or that may, in Lessor's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

**8. Entry and Inspection.** Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and  
upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at any time within sixty (60) days prior to  
the expiration of this lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit persons desiring to

lease the same to inspect the premises thereafter:

**9. Parking.** During the term of this lease, Lessee shall have the nonexclusive use in common with Lessor, other tenants of the building, their guests and invitees, of the nonreserved common automobile parking areas, driveways, and foot ways, subject to rules and regulations for the use thereof as prescribed from time to time by Lessor. Lessor reserves the right to designate parking areas within the building or in a reasonable proximity thereto, for Lessee and Lessee's agents and employees. Lessee shall provide Lessor with a list of all license numbers for the cars owned by Lessee, its agents and employees. Separated structured parking, if any, located about the building is reserved for Lessees of the building who rent such parking spaces. Lessee hereby leases from Lessor N/A spaces in such a structural parking area, such spaces to be on a first-come first-served basis. In consideration of the leasing to Lessee of such spaces, Lessee shall pay a monthly rental N/A Dollars (\$ N/A ) per space throughout the term of the lease. Such rent shall be due and payable each month without demand at the time herein set for the payment of other monthly rentals, in addition to such other rentals.

**10. Possession.** If Lessor is unable to deliver possession of the premises at the commencement hereof, Lessor shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this lease if possession is not delivered within N/A days of the commencement of the term hereof.

**11. Indemnification of Lessor.** To the extent of the law, Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof. Lessee agrees to indemnify and hold Lessor harmless from any claims for damages which arise in connection with any such occurrence. Said indemnification shall include indemnity from any costs or fee which Lessor may incur in defending said claim.

**12. Insurance.** Lessee, at his expense, shall maintain plate glass and public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage as follows:

Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The Certificate shall provide for a ten-day written notice to Lessor in the event of cancellation or material change of coverage. To the maximum extent permitted by insurance policies which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of sub rogation which might otherwise exist.

If the leased premises or any other part of the building is damaged by fire or other casualty resulting from any act of negligence of Lessee or any of Lessee's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Lessee shall be responsible for the costs of repair not covered by insurance.

**13. Eminent Domain.** If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expenses.

**14. Destruction of Premises.** In the event of a partial destruction of the premises during the term hereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made within sixty (60) days under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty (60) days, Lessor, at his option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made within sixty (60) days, this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs thereof, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

**15. Lessor's Remedies on Default.** If Lessee defaults in the payment of rent, or any additional rent, or defaults in the performance of any of the other covenants or conditions hereof, Lessor may give Lessee notice of such default and if Lessee does not cure any such default within 60 days, after the giving of such notice (or if such other default is of such nature that it cannot be completely cured within such period, if Lessee does not commence such curing within such 30 days and thereafter proceed with reasonable diligence and in good faith to cure such default), then Lessor may terminate this lease on not less than 30 days' notice to Lessee. On the date specified in such notice the term of this lease shall terminate, and Lessee shall then quit and surrender the premises to Lessor, without extinguishing Lessee's liability. If this lease

shall have been so terminated by Lessor, Lessor may at any time thereafter resume possession of the premises by any lawful means and remove Lessee or other occupants and their effects. No failure to enforce any term shall be deemed a waiver.

**16. Security Deposit.** Lessee shall deposit with Lessor on the signing of this lease the sum of N/A Dollars (\$ \_\_\_\_\_) as security for the performance of Lessee's obligations under this lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease.

**17. Tax Increase.** In the event there is any increase during any year of the term of this lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or valuation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to 100 % of the increase in taxes upon the land and building in which the leased premises are situated. In the event that such taxes are assessed for a tax year extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

**18. Common Area Expenses.** In the event the demised premises are situated in a shopping center or in a commercial building in which there are common areas, Lessee agrees to pay his prorata share of maintenance, taxes, and insurance for the common area.

**19. Attorney's Fees.** In case suit should be brought for recovery of the premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.

**20. Waiver.** No failure of Lessor to enforce any term hereof shall be deemed to be a waiver.

**21. Notices.** Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises, or Lessor at the address specified above, or at such other places as may be designated by the parties from time to time.

**22. Heirs, Assigns, Successors.** This lease is binding upon and inures to the benefit of the heirs, assigns and successors in interest to the parties.

**23. Option to Renew.** Provided that Lessee is not in default in the performance of this lease, Lessee shall have the option to renew the lease for an additional term of 12 months commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term except that the monthly rent shall be the sum of ~~the~~ additional 3%. The option shall be exercised by written notice given to Lessor not less than 15 days prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire.

**24. Subordination.** This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

**25. Radon Gas Disclosure.** As required by law, (Landlord) (Seller) makes the following disclosure: "Radon Gas" is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in WA. Additional information regarding radon and radon testing may be obtained from your county public health unit.

**26. Entire Agreement.** The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties. The following Exhibits, if any, have been made a part of this lease before the parties' execution hereof:

Signed this 31st day of December, 2008.

Lessor: 

Lessee: 