

Consolidated Utilities, Inc. formally Lake Alyson Water, Inc.
19203 Smokey Point Blvd.
Arlington, WA 98223

May 26, 2017

Mr. Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

RE: Bacus Water System - Sale and Transfer
To Northwest Water Services, 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. Signed copy of Instrument of Transfer,
3. Income Statement, Balance Sheet, Asset Listing, Depreciation Schedule, for Northwest Water Services, LLC,
4. Copy of customer notice telling them of sale and transfer of water system.

If you have any question, please call me at 360-652-9459.

Sincerely,

BY: 

Ronald Schultz, Partner / President

BY: 

Peter J Poeschel, Partner / Secretary

Enclosures as noted

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

In the Matter of the Application for)	
the Sale and Transfer of Assets)	
From)	DOCKET UW-_____
Lake Alyson Water, Inc name)	
changed to:)	
Consolidated Utilities, Inc)	APPLICATION FOR SALE
)	AND TRANSFER OF ASSETS
To)	
)	
Northwest Water Services, LLC.)	
.....)	

BACKGROUND

1 Application is hereby made to the Washington Utilities 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

2 Lake Alyson Water, Inc. named changed to Consolidated Utilities, Inc. is a
Washington corporation formed to act as a utility service company. Northwest
Water Services, LLC., located in Mount Vernon, will provide water services to
22 customers. The water system to be transferred consists of wells, pumps,
transmission mains, reservoirs, hydrants, distribution mains, meters, and
appurtenances to serve the customers of the Bacus Water System.

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

4 As a result of this sale and transfer of the water company, Northwest Water
Services, LLC will maintain Bacus Water System water rates currently in effect
and will be adding the system to the Northwest Water Services Tariff.

EXHIBITS

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

6 Exhibit 1 – Instrument of Transfer.

7 Exhibit 2 – Water Company 1 – Lake Alyson Water, Inc, name changed to Consolidated Utilities, Inc
Income Statement, Balance Sheet, Asset Listing, Depreciation Schedule

8 Exhibit 3 – Water Company 2 – Northwest Water Services, LLC.
Income Statement, Balance Sheet, Asset Listing, Depreciation Schedule,.

9 Exhibit 4 – Customer notice of sale and transfer of water system(s).

METHOD OF FINANCE

10 The purchase price for the water system assets is \$0.00.

TRANSFER IS IN THE PUBLIC INTEREST

11 The benefits of this acquisition of these water system assets include expanded financial resources, in-house engineering, and water quality staff to provide all aspects of water system repair and operations. The owners of Bacus Water System no longer desire to own and operate public water system. Customers were notified of the sale and transfer along with their most recent billings. 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.

12 The current staff of Lake Alyson Water, Inc name changed to Consolidated Utilities, Inc. has agreed to help with any accounting issues if needed under the leadership of Northwest Water Services, LLC.

- 13 As a result of the sale and transfer of assets, the water rates and service charges will not change. Northwest Water Services, LLC. Include Bacus Water System into their existing UTC tariff on file.

PRAYER

- 14 Based on the foregoing, the Applicants request approval of their application respectfully submitted this 1st day of June 2017.

Northwest Water Services, LLC

Lake Alyson Water, Inc. name changed
to Consolidated Utilities, Inc.



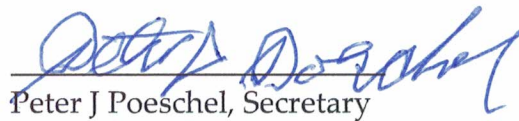
Kelly Wynn, Co-Owner



Carol Rofkar, Co-Owner



Ronald Schultz, President



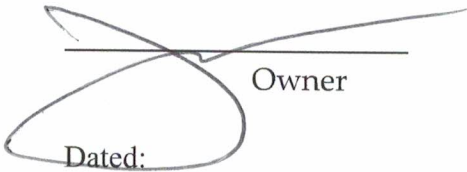
Peter J Poeschel, Secretary

FORM OF VERIFICATION FOR APPLICATION

STATE OF WASHINGTON

County of SKAGIT

(Kelly Wynn) being first duly sworn, deposes and says that he/she is Owner of Northwest Water Services, 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.



Owner
Dated:

STATE OF WA

ss.

COUNTY OF SKAGIT

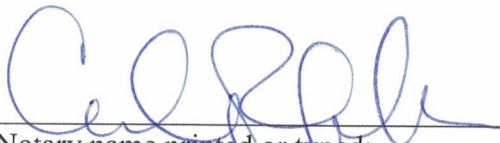
I certify that I know or have satisfactory evidence that

Kelly Wynn (is/are) the person(s) who appeared before me, and said person(s) acknowledged that signed this instrument and acknowledged it to be

free and voluntary act for the uses and purposes mentioned in this instrument..

Dated:





Notary name printed or typed:

Notary Public in and for the State of

Residing at Bellingham, WA

My appointment expires: 10/21/2020

Asset Acquisition Agreement

This Asset Acquisition Agreement ("Agreement") is entered into as of this 1st day of June, 2017, among Northwest Water Services ("NWS"), a Washington Limited Liability Company ("Purchaser"), and Ronald Schultz and Peter J Poeschel d/b/a Noretap, a Washington General Partnership and Consolidated Utilities, INC, formally Lake Alyson Water, Inc. a Washington Corporation ("Seller"), with reference to the following recitals:

RECITALS

- A. Seller owns and operates a public water (Water System) regulated by the Washington State Utilities and Transportation Commission (WUTC) and the Washington State Department of Health (DOH), that is called Bacus Road #1, ID #64327 Y. The Seller's Water System is located in Skagit County, Washington and serves approximately 22 Equivalent Residential Users & ready to serve customers through 22 metered connections.
- B. Seller and Purchaser believe that the sale of the assets hereunder is in the best interest of the population served by the Seller's Water System, in view of Purchaser's expertise and financial resources.
- C. The proposed transactions hereunder are subject to the approval of the WUTC and acceptance by Purchaser and Seller of conditions made by WUTC.
- D. Seller desires to sell to Purchaser and Purchaser desires to acquire from Seller all of Seller's water system assets on the terms and subject to the conditions herein set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which shall be deemed a relevant part of this Agreement, and the mutual covenants, promises, agreements, representations and warranties contained herein, for good and valuable consideration, the parties hereto agree 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, grant 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.

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

1.2.a. Water System. All water equipment and facilities, wells, pumping equipment, connections, tanks, reservoirs, mains, meters and hydrants owned by Seller and described in Schedule 1.2 (a) hereof.

1.2.b. Real Property and Easements. All real property, easements and other real property rights held or owned by Seller, described in Schedule 1.2 (b) hereof.

1.2.c. Other Assets. All other tangible assets owned by the Seller and used in the Seller's business, including but not limited to vehicles, personal property (office furniture, office and computer equipment, fixtures, computer software and other tangible property) all rights under contracts, all claims and all prepaid expenses, and described in Schedule 1.2 (c) hereof.

1.2.d. Inventory. All inventories owned by Seller, including but not limited to component parts and spare parts and described in Schedule 1.2 (d) hereof.

1.2.e. Books and 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 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.f. Name. All rights to the name Bacus Road #1

1.2.g. Licenses. All licenses of Seller described in Schedule 5.20 hereof.

1.2.h. Deposits. All deposits with government agencies, vendors, contractors and other entities described in Schedule 1.2 (h) hereof.

1.2.i. Intangible Property. All of the interest of Seller in any intangible property owned by the Seller and used in the Sellers business and to the extent approved by Purchaser in writing pursuant to the provisions of this Agreement, any and all contracts including, but not limited to employees, 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 and used in Seller's business and to the extent approved by Purchaser in writing pursuant 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 Water Systems 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. Intangible Property is set forth in Schedule 1.2 (i)

1.2.j. Excluded Assets. Any and all assets not to be acquired by the Purchaser shall be considered "Excluded Assets." These Excluded Assets described in Schedule 1.3 hereof shall not be considered Acquired Assets.

2. LIABILITIES AND SALES TAXES

2.1. Liabilities Not Being Assumed. Purchaser will not assume or be obligated to satisfy or perform any existing liabilities, or commitments of Seller, whether fixed or contingent, known or unknown, including but not limited to Seller's tax, environmental and water quality liabilities and obligations to its employees as they exist at May 1, 2017.

2.1. Excise and Property Tax. Seller shall pay all sales, use and transfer taxes arising out the transfer of the Acquired Assets except sales /use tax on vehicles and shall pay its portion, prorated as of the Closing Date, of state and local real and personal property taxes of the business. Purchaser shall not be responsible for any taxes of any kind related to any period before the Closing Date, excluding any sales/use tax on vehicles.

2.3. Liabilities Being Assumed. None

3. PURCHASE PRICE AND PAYMENT THEREFORE OTHER PAYMENTS.

3.1 Purchase Price. As consideration for the sale, assignment, transfer and delivery of the Acquired Assets by Seller to Purchaser and upon the terms and subject to all of the conditions contained herein, Seller agrees to wave the remaining debt owed of \$10,311.00 (ten thousand, three hundred and eleven) upon execution of the contract as well as the two parcels of land as described in 1.2(b)

3.2 Allocation of Purchase Price. Not Applicable

4. THE CLOSING

4.1 Closing Date. The closing ("Closing") of the transactions is June 1, 2017.

4.1. Seller's Obligations at Closing. At the Closing, against delivery of the items specified in Section 4.3 hereof, Seller shall deliver to Purchaser the Acquired Assets and the documents described in Schedules I. 2(a) -U) hereof.

4.2. Purchaser's Obligation at the Closing. At the Closing, Purchaser shall deliver to Seller the purchase price specified in Section 3.1 in a form of a cashier's check or wire transfer.

5. SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants to Purchaser as follows:

5.1. Organization. Good Standing and Qualification. Seller is a Corporation duly organized, validly existing and in good standing under the laws of the State of Washington and has all necessary powers to own, lease and operate its assets and properties and to carry on its business as now owned and operated by it.

5.1. Authority. Seller has the full corporate power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. The sole member of the Seller has duly and effectively approved Seller's execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby and no other corporate proceeding on the part of Seller is necessary to authorize this Agreement and the transactions that it contemplates. This Agreement has been duly and validly executed by Seller and is a valid and binding agreement of Seller enforceable in accordance with its terms.

5.2. Financial Statements. Seller has delivered to Purchaser the unaudited balance sheets of Seller as of May 1, 2017 and the related unaudited statements of income and retained earnings for the years then ending. These financial statements are hereinafter collectively referred to as the "Seller Financial Statements." To the best of Seller's knowledge, the Seller Financial Statements are true and correct in all material respects, fairly present the financial position of Seller as of the respective dates of the balance sheets included in the Seller Financial Statements, and the results of its operations for the respective periods indicated.

5.4. Absence of Specified Changes, Claims and Litigation. Except as described in Schedule 5.4 hereof, since May 1, 2017, there has not been any:

5.4.a. Transaction by Seller except in the ordinary course of business as conducted on that date consistent with past practices;

5.4.b. Capital expenditure by Seller exceeding \$2,000.00;

5.4.c. Obligations incurred by Seller, except trade or business obligations incurred in the ordinary course of business consistent with past practices;

5.4.d. Cancellation or compromise of any debt or claim, except in the ordinary course of business consistent with past practices;

5.4.e. Material adverse change in the financial condition, liabilities, assets, business, results of operation or prospects of Seller;

5.4.f. Destruction, damage to or loss of any assets of Seller (whether or not covered by insurance) that materially and adversely affects the financial condition, business, operations or prospects of Seller;

5.4.g. Sale or transfer of any asset of Seller, except in the ordinary course of business consistent with past practices;

5.4.h. Execution, creation, amendment or termination of any contract, agreement or license to which Seller is a party, except in the ordinary course of business consistent with past practices;

5.4.i. Waiver or release of any right or claim of Seller, except in the ordinary course of business;

5.4.j. Mortgage, pledge or another encumbrance of any asset of Seller;

5.4.k. Cancellation or the giving of notice of cancellation of any policy insuring Seller, its business or assets;

5.4.l. Other event or condition of any character that has or might reasonably have a material and adverse effect on the financial condition, assets, business, results of operating or prospects of Seller; or

5.4.m. Agreement by Seller to do any of the things described in the preceding clauses (a) through (l) except as agreed to in writing by Purchaser.

5.5 Tax Returns and Audits. Within the times and in the manner prescribed by law, Seller has filed or caused to be filed all federal, state and local tax returns required by law, and has paid all taxes, assessments and penalties due and payable. These tax returns reflect accurately all liability for taxes of Seller for the periods covered thereby.

5.6 Real Property Owned by Seller. Seller owns, possesses easements for, or, pursuant to Section 7.12, is in the process of obtaining the rights in and to all of the real property on which the water treatment, source pumps and storage tanks of Seller are located. 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 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.

5.7 Real Property Leased to or by Seller. Except as described in Schedule 5.7 hereof, Seller is not a party to any agreement for the lease of real property.

5.8 Tangible Personal Property. Except as described in Schedule 5.8 hereof, no personal property used by Seller in connection with its business is held under any lease, security agreement, conditional sales contract, or other title retention or security arrangement or is located other than in possession of Seller. Seller owns all tangible personal property necessary to conduct its business as now conducted.

5.9 Title to and Condition of Assets and Properties. Seller has sole and exclusive good and marketable title to all of the Acquired Assets and all of its properties and assets reflected in the Seller Financial Statements and all assets acquired by Seller subsequent to May 1, 2017 (except in each case those disposed of in the ordinary course of business since May 1, 2017), free and clear of mortgages, liens, pledges, charges, encumbrances, equities, claims, easements, rights of way, covenants, conditions, or any other restriction or defect in title, except for the liens of current taxes and assessments, and easements, rights of way, encumbrances, restrictions, clouds and defects which do not materially and adversely affect the operations of or the fair market values of its assets or properties. All of Seller's real property, its pipes, wells and water storage facilities, and all machinery, equipment, fixtures, automobiles, and other physical assets owned, leased, or used by Seller in the conduct of its business as presently conducted is in good operating condition and repair, ordinary wear and tear excepted, and to the best of the Seller's knowledge are free from any defects, except (i) such defects that are correctable through routine maintenance, (ii) such minor defects that do not materially interfere with the continued use of such property in the conduct of Seller's normal operations, and (iii) such defects as described in Schedule 5.9 hereof. Neither any officer, director nor employee of Seller owns, or has any interest, directly or indirectly, in any of the real or personal property used by Seller in the conduct of its business. Seller does not occupy any real property in violation of any law, regulation or decree.

5.10 Zoning. The zoning of each parcel of real property owned or used by Seller in the conduct of its operations permits the presently existing improvements and the continuation of the business presently being conducted on such parcel.

- 5.11 Business.** Seller is engaged in the business of a public water company serving the area of Bacus Hill in Skagit County Washington, and with respect to which, it holds a valid certificate of Operating Permit issued by DOH, copies of which will be delivered to Purchaser by Seller within a reasonable period after the date hereof.
- 5.12 Physical Assets.** The physical assets of Seller are being transferred pursuant to this Agreement in "as-is, where-is" condition, although to the best of the Seller's knowledge the physical assets of Seller are in sound operating condition as of the date of this agreement.
- 5.13 Litigation.** To the best of Seller's knowledge, and except as described in Schedule 5.13 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 or the Shareholders. Seller is not presently engaged in any legal action to recover money due it or damages sustained by it.
- 5.14 Rates.** Excluding the pending request for rate relief, there are no WUTC proceedings or investigations pending or, to the knowledge of Seller, threatened against Seller, which might adversely affect the business or financial condition of Seller or the water rates of Seller presently in effect except for the Liabilities Being Assumed as defined in section 2.3.
- 5.15 Condemnation.** No elections have been held or other actions taken authorizing the commencement of proceedings toward condemnation of any of the properties of Seller, and, to the best knowledge of Seller, no such actions have been proposed.
- 5.16 [This paragraph intentionally left blank.]**
- 5.17 Liabilities; Other Contracts.** Except as set forth in the Seller's Financial Statements or described in Schedule 5.17 hereof, there are no debts, liabilities or obligations, fixed or contingent, known or unknown, to which Seller, its business or assets are subject, other than those incurred subsequent to May 1, 2017 in the ordinary course of business consistent with past practices. Seller is not a party to, nor are its assets bound by, any agreement not entered into in the ordinary course of business consistent with past practices, any indenture, mortgage, deed of trust, lease or any agreement that is unusual in nature, duration or amount (including, without limitation, any agreement requiring the performance by Seller of any obligation for a period of time extending beyond one year from the Closing Date, calling for consideration of more than \$2,000, or requiring purchase at prices in excess of prevailing market prices). Seller is not a party to, nor is Seller or any of its assets bound by, any agreement that is materially adverse to the business, assets, prospects or financial condition of Seller.
- 5.18 [This paragraph intentionally left blank.]**
- 5.19 [This paragraph intentionally left blank.]**
- 5.20 Licenses.** Seller possesses and holds in its name all licenses, permits, consents, franchises, approvals, authorization, qualifications, and orders of all governments and governmental agencies (hereinafter collectively referred to as "Licenses") required to own, lease and operate its assets as presently owned, leased and operated. Schedule 5.20 hereof describes all Licenses that are held by Seller. Except as described in Schedule 5.20, all of the Licenses held by Seller are in full force and effect and there is no default of any provision thereof which would affect the ability of Seller to engage in its business or which would result in imposition of a criminal or monetary penalty in excess of \$250 in any single instance, or \$ 1,000 in the aggregate. No action is pending or, to Seller's knowledge, threatened, seeking the suspension, modification, cancellation, revocation or limitation of any License and, to their knowledge, there is no basis for such actions.
- 5.21 Agreement Will Not Cause Breach or Violation.** Neither the entry into this Agreement nor the consummation of the transactions contemplated hereby will result in or constitute any of the following: (i) a breach of any term or provision of this Agreement, (ii) a default or any event that, with notice or lapse of time, or both, would be a default, breach or violation of the Articles of Incorporation or By-Laws of Seller or of any lease, franchise, License,

promissory note, conditional sales contract, commitment, indenture, mortgage, deed of trust, or other agreement, instrument, or arrangement to which Seller or the Shareholders is a party or by which the Shareholders or Seller or its assets are bound, (iii) an event that would permit any party to terminate any agreement or policy of insurance or to accelerate the maturity of any indebtedness or other obligation of Seller, (iv) the creation of imposition of any lien, charge or encumbrance on any of the assets of Seller, or (v) the violation of any law, regulation, ordinance, judgment, order or decree applicable to or affecting Seller or its business, assets or financial condition.

5.22 Authority and Consents. No approvals or consents of any person other than the WUTC are necessary for or in connection with the execution, delivery and performance of Seller's obligations hereunder.

5.23 Duration of Representation and Warranties. The representation and warranties made herein above will be correct and accurate in all material respects as of the Closing Date, and shall survive the Closing Date for a period of six (6) months.

6. PURCHASER'S REPRESENTATIONS AND WARRANTIES

Purchaser hereby represents and warrants to Seller as follows:

6.1. 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.

6.1. 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, other than the WUTC, are necessary in connection therewith. The execution and delivery of this Agreement and the consummation of the transactions hereunder by Purchaser have been, or prior to the Closing will have been, duly authorized by all necessary corporate action of Purchaser, approval by Board of Directors and no further corporate authorization is or will be necessary on the part of Purchaser. This Agreement constitutes a legal, valid and binding obligation of Purchaser enforceable in accordance with its terms.

6.2. Books and Records. Purchaser reviewed the books and records prior to executing this Agreement, and based upon their review, Purchaser satisfied itself as to the financial condition of Seller's business. Purchaser did not rely on any statement or representation by Seller, or any of its employees or agents, in reviewing the books and records or in making their decision to enter into this Agreement.

6.3. Duration of Representation and Warranties. The representation and warranties made herein above will be correct and accurate in all material respects as of the Closing Date and shall survive the Closing Date for a period of six (6) months.

6.4. Execution of this Agreement. To the Best of Purchaser's knowledge Execution of this Agreement by Purchaser will not constitute any of the following: (i) a breach of any term or provision of this Agreement, (ii) a default or any event that, with notice or lapse of time, or both, would be a default, breach or violation of the Articles of Incorporation by-laws of Purchaser or of any lease, franchise, license, promissory note, conditional sales contract, commitment, indenture, mortgage, deed of trust, or other agreement instrument, or arrangement to which Purchaser is a party or by which the Purchaser or its assets are bound.

7. SELLER'S OBLIGATION BEFORE CLOSING

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

7.1. 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.

- 7.2. Conduct of Business in Normal Course.** Seller shall carry on with its business and activities diligently and in substantially the same manner as they have been carried on through May 1, 2017, 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.
- 7.3. Preservation of Business and Relationships.** Seller shall use its best efforts, without making any commitments or agreements on behalf of Purchaser, to preserve its business organization intact, and to preserve its present relationships with suppliers, customers and others having business relationships with it.
- 7.4. Maintain Insurance.** Seller shall continue to carry its existing insurance, subject to variations in amounts required by the ordinary operations of its business. At the request of Purchaser and at Purchaser's sole expense, Seller shall cause the amount of insurance which, at the date of this Agreement, Seller carries to be increased by such amount or amounts as Purchaser shall specify.
- 7.5. New Transactions.** Seller shall not do, or agree to do, any of the following acts without the prior written consent of Purchaser:
- 7.5.a.** Enter into any contract, commitment or transaction not in the usual and ordinary course of its business, consistent with past practices;
 - 7.5.b.** Except as listed in Schedule 7.5(b), enter into any contract, commitment or transaction in the usual and ordinary course of business involving an amount exceeding one thousand dollars (\$1,000) individually or two thousand dollars (\$2,000) in the aggregate;
 - 7.5.c.** Make any capital expenditures in excess of one thousand dollars (\$1,000) for any single item or in the aggregate, or enter into any leases of capital equipment or property; or
 - 7.5.d.** Sell or dispose of any capital assets.
 - 7.5.e.** Payment of Liabilities and Waiver of Claims. Except as identified in Schedule 7.5, seller shall not do, or agree to do, any of the following acts (i) pay any obligation or liability, fixed or contingent, other than current liabilities, (ii) waive or compromise any right or claim or (iii) cancel, without full payment, any note, loan or other obligation owing to Seller.
- 7.6. Existing Agreements.** Seller shall not modify, amend, cancel or terminate any of its existing contracts or agreements, or agree to do any of those acts.
- 7.7. Representations and Warranties True at Closing.** Seller shall use their best efforts to assure that all of their representations and warranties set forth in this Agreement or in any Exhibit, Schedule, letter, certificate, memorandum and in any other written document furnished by Seller or Controlling Party or on his, its or their behalf, in connection with this Agreement will also be true and correct as of the Closing Date as if made on that date and that all conditions precedent to Closing shall have been met.
- 7.8. WUTC Filings.** Purchaser shall cooperate fully with Seller in preparing and filing such joint applications to the WUTC as necessary or appropriate to obtain WUTC approval of the transactions contemplated by this Agreement, rate base and rates acceptable to Purchaser to provide an industry acceptable Rate of Return.
- 7.9. Maintenance of Inventories.** Seller shall maintain normal quantities of materials and supplies determined in accordance with the practices of Seller in existence on May 1, 2017.
- 7.10. 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.

7.11. Transfer of Real Property Interest. Purchaser shall be satisfied with respect to the Seller's ability to transfer title to Purchaser for all real property and/or easements described in Schedule 7.11 herein. Purchaser and Seller shall jointly prepare legal descriptions for all real property interest to be transferred from Seller to Purchaser ("Legal Descriptions"). Prior to the Closing, Purchaser, Seller and Shareholders shall amend Schedule 1.2 (b) contained in this Agreement to include the Legal Descriptions.

7.12. Conveyance Documents. Seller shall convey the Assets to Purchaser by a Bill of Sale in the Form as set forth by Schedule 7.12(a) attached hereto. Seller shall convey the Real Property, to Purchaser by a Grant Deed in the Form as set forth by Schedule 7.12(b) attached hereto. Seller shall convey the Intangible Property to Purchaser by an Assignment of Intangible Property in the form of Schedule 7.12(c) attached hereto. Seller shall convey the Operating Easements to Purchaser by an Assignment of Easements in the form of Schedule 7.12(d) attached hereto.

8. PURCHASER'S OBLIGATIONS BEFORE CLOSING

Purchaser shall cooperate fully with Seller in preparing and filing such joint applications to the WUTC as necessary or appropriate to obtain WUTC approval of the transactions contemplated by this Agreement.

9. 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 9. Purchaser may waive any or all of these conditions, other than those set forth in Section 9.1 and 9.2 hereof, in accordance with Section 13.2 hereof; provided, however, that no such waiver of a condition shall constitute a waiver by Purchaser of any of its other rights or remedies, at law or in equity, if Seller or the Shareholders shall be in default of any of their representations, warranties, covenants or agreements under this Agreement.

9.1. Authorization of WUTC. WUTC authorization for rate relief, rate base and Purchaser to acquire the Acquired Assets pursuant to the terms and conditions of this Agreement shall be in full force and effect on the Closing Date.

9.1. Accuracy of Seller's Representations and Warranties. The representations and warranties of Seller in this Agreement shall be true on and as of the Closing Date as though such representations and warranties were made on and as of that date.

9.2. Absence of Liens. Except for obligations to be satisfied out of proceeds at closing as identified on Schedule 9.3, at or prior to the Closing, Purchaser shall have received a UCC search report dated as of a date not more than five (5) days before the Closing Date issued by the Washington Secretary of State indicating that there are no filings under the Uniform Commercial Code on file with such Secretary of State which name Seller as debtor or otherwise indicating any lien on the Acquired Assets.

9.3. Seller's Corporate Approval. Seller 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.

9.4. Seller Performance. Seller and Shareholders shall have performed, satisfied and complied with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by them on or before the Closing Date.

9.5. Certification by Seller. Seller shall have furnished Purchaser with a certificate, dated the Closing Date, signed by Seller certifying, in such detail as Purchaser and its counsel may reasonably request, that the conditions specified in Sections 9.4, 9.5, 9.6 and 9.7 hereof have been fulfilled. Certification is set forth in Schedule 9.8

attached hereto.

- 9.6. Absence of Litigation.** No action, suit or proceeding before any court or any governmental body or authority (other than the WUTC authorization specified in Section 9.1) pertaining to the transactions contemplated by this Agreement or to their consummation shall have been instituted or threatened on or before the Closing Date.
- 9.7. Consents.** All necessary agreements, consents and approvals of any persons to the consummation of the transactions contemplated by this Agreement, or otherwise pertaining to the matters covered by it, shall have been obtained by Seller and delivered to Purchaser.
- 9.8. Approval of Documentation.** The form and substance of all certificates, instruments, opinions and other documents delivered to Purchaser under this Agreement shall be satisfactory in all reasonable respects to Purchaser and its counsel.
- 9.9. No Material Adverse Change.** Prior to the Closing, there shall have been no material adverse change in the Acquired Assets or liabilities, the business or condition, financial or otherwise, the results of operations, or prospects of Seller as described in the Annual Report of Seller as of December 31, 2016 filed with the WUTC, whether (without limitation) as a result of any legislative or regulatory change, revocation of any franchise or license, fire, accident, storm or other casualty or labor or civil disturbance or act of God.

10. CONDITIONS PRECEDENT TO SELLER'S PERFORMANCE

The obligations of Seller under this Agreement are subject to the satisfaction, at or before the Closing, of all the conditions set out below in this Section 10. Seller may waive any or all of these conditions in accordance with Section 13.2 hereof; provided, however, that no such waiver of a condition shall constitute a waiver by it of any of its other rights or remedies, at law or in equity, if Purchaser shall be in default of any of its representations, warranties, covenants or agreements under this Agreement.

10.1 Accuracy of Purchaser's Representations and Warranties. The representations and warranties by Purchaser contained in this Agreement shall be true on and as of the Closing Date as though such representations and warranties were made on and as of that date.

10.2 Purchaser's Performance. Purchaser shall have performed, satisfied and complied with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by Purchaser on or before the Closing Date.

10.3 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.

10.4 Certification by Purchaser. Purchaser shall have furnished Seller with a certificate, dated the Closing Date, signed by an officer of Purchaser, certifying, in such detail as they and their counsel may reasonably request, that the conditions specified in Sections 10.1, 10.2 and 10.3 hereof have been fulfilled. Certification by Purchaser is set forth in Schedule 10.4 attached hereto.

11. SELLER'S OBLIGATIONS AFTER THE CLOSING

11.1. Indemnification. For a period of six (6) months following the date of Closing, Seller agrees to indemnify, defend and hold harmless Purchaser against any and all losses, claims, liabilities, damages, actions, costs or expenses, including reasonable attorney's fees and costs (the "Indemnified Losses") arising from, in connection with, or with respect to the following items:

11.1.a. Any breach of any representation, warranty, covenant or agreement of Seller contained in this Agreement, or any agreement, certificate or document executed and delivered by them, or their affiliates pursuant hereto or in

connection with any of the transactions contemplated in this agreement;

11.1.b. Any failure by Seller to satisfy, perform or pay any liabilities relating to Seller, except those specifically assumed by Purchaser and identified in Schedule 2.1 contained in this Agreement.

11.1.c. For a period of six months any and all actions, suits, proceedings, claims or demands by third parties ("Third Party Claims") and losses, liabilities, expenses or judgments relating thereto, directly resulting from or arising from matters (i) relating to Seller, its business or the Acquired Assets, which occurred or are alleged to have occurred prior to the Closing, except claims based upon regulatory changes accruing after the date of closing.

11.1.d. If a Third-Party claim is made against Purchaser, Purchaser shall notify Seller in writing, and in reasonable detail, of the Third-Party Claim within thirty (30) business days after it receives written notice thereof; provided, however, that failure to give such notice shall not affect the indemnification obligation provided hereunder except to the extent Seller shall have been actually prejudiced as a result of such failure. Thereafter, Purchaser shall deliver to Seller, within five (5) business days after Purchaser's receipt thereof, copies of all notices and documents (including court papers) received by Purchaser relating to Third Party Claim. Purchaser shall have the right to assume the defense of any Third-Party Claim with counsel selected by it.

11.1.e. Seller's objection relating to either quality of counsel or cost. Seller shall have the right to participate in the defense and to employ a counsel, at their expense, separate from the counsel employed by Purchaser. Counsel for Purchaser shall cooperate and share information with counsel for Seller if they participate in the defense of the Third Party Claim, but Purchaser shall control such defense at all times; provided that Purchaser shall not settle, compromise or otherwise resolve the claim without Seller's written consent if the settlement, compromise or resolution requires Seller to pay any sums to the Third Party or Purchaser, other than costs of defense to Purchaser as set forth herein; and provided, further, that if Seller refuses to settle, compromise or otherwise resolve the claim as recommended by Purchaser, Seller shall be solely responsible for payment of any sums required to ultimately resolve the matter (whether settlement or judgment) above the amount recommended by Purchaser to settle, compromise or resolve the matter. Seller shall be liable to Purchaser for the reasonable fees and expenses of the counsel it employs to defend the Third-Party Claim; provided, that any fees and expenses incurred as a result of defense which involves claims which are both within and outside of the Seller's indemnification obligations shall be prorated between Seller and Purchaser upon a basis agreed to by Purchaser and Seller. If Purchaser does not elect to assume the defense of a Third-Party Claim, Seller and Shareholders shall be obligated to assume the defense thereof at their own expense. Purchaser shall be entitled to participate in the defense thereof with separate counsel employed at its own expense. Seller's obligations under this Section shall not apply to any Third-Party Claim of less than twenty thousand dollars (\$20,000.00). Seller will satisfy all of its obligations under this section by its current General Liability Occurrence Policy. Upon closing the Seller will add the purchaser as an additional insured to this General Liability Occurrence Policy and will maintain both names as insured until coverage is cancelled concurrent with dissolution of the Corporation.

11.2. Duration of Indemnification. Except as described in Schedule 11.2 hereof, the obligations agreed to by Seller in Sections 11.1 (a) through (d) shall survive the Closing Date for a period of six months.

11.3. Access to Records. For a period of six months 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.

12. PURCHASER'S OBLIGATIONS AFTER THE CLOSING

12.1. Indemnification. Purchaser agrees to indemnify, defend and hold harmless Seller against any and all losses, claims, liabilities, damages, actions, costs or expenses, including attorney's fees and costs (the "Indemnified Losses") arising from, in connection with, or with respect to the following items:

12.1.a. Any breach of any representation, warranty, covenant or agreement of Purchaser contained in this Agreement,

12.1.b. Any and all actions, suits, proceedings, claims or demands by third parties, or assessments or judgments in their favor, directly resulting from or arising from matters relating to (i) the Acquired Assets which occurred or are alleged to have occurred after the Closing or (ii) liabilities assumed by Purchaser and identified in Schedule 2.1 contained in this Agreement.

12.1.c. Duration of Indemnification. The obligations agreed to by Purchaser in Section 12.1 (a) and (b) shall survive the Closing Date for a period of six months.

13. COSTS

13.1. Finder's or Broker's Fees. Each of the parties represents and warrants that it has not dealt with any broker or finder in connection with any of the transactions contemplated by this Agreement, and, insofar as it knows, no broker or other person is entitled to any commission or finder's fee in connection with any of these transactions.

13.1. Escrow and Title Expenses. Not Used

13.2. Survey and Related Expenses. Seller shall pay for all costs, fees and expenses incurred or to be incurred by it relating to perfecting the transfer of certain real property interests to Purchaser described in Schedule 7.12.

13.3. All Other Expenses. Except for those expenses described in Sections 13.2 and 13.3, each of the parties shall pay all costs and expenses incurred or to be incurred by it in negotiating and preparing this Agreement and in closing and carrying out the transactions contemplated by this Agreement.

14. FORM OF AGREEMENT

14.1. Headings. The subject headings of the Articles and Sections of this Agreement are included for purposes of convenience only, and shall not affect the construction or interpretation of any of its provisions.

14.2. Entire Agreement; Modification; Waiver. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all the parties. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

14.3. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15. PARTIES

15.1. Parties in Interest. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors and permitted assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provisions give any third persons any right of subrogation or action over against any party to this Agreement.

15.2. No Assignment. This Agreement may not be transferred, assigned, pledged or hypothecated by any party hereto, except with the consent of all the parties hereto. This Agreement shall be binding on and shall inure to the benefit of the parties to it and their respective heirs, legal representatives, successors and permitted assigns.

16. REMEDIES

- 16.1. Recovery of Litigation Costs.** If any legal action or other proceeding is brought by either Seller, Purchaser, for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.
- 16.2. Non-Exclusivity of Remedies.** The remedies provided for in this Section 16 are not intended, and shall not be deemed, to be exclusive or restrictive of any other rights to which the parties are entitled by law or equity with respect to any breach or default of any representations, warranties, covenants or agreements under this Agreement.

17. NOTICES.

All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after mailing if mailed to the party to whom notice is to be given, by first class mail registered or certified, postage prepaid, and properly addressed as follows:

Bacus Road #1, a wholly owned system of Northwest Water Services, LLC.

Northwest Water Services, LLC
ATTN: Carol Rofkar
14263 Calhoun Road
Mount Vernon, WA 98273

Any party may change its address for purposes of this Section 17 by giving the other party written notice of the new address in the manner set forth above.

18. GOVERNING LAW

This agreement shall be construed in accordance with, and governed by, the laws of the State of Washington,

19. MISCELLANEOUS

19.1. Announcements. Seller will not make any announcements to the public or to agents of Seller concerning this Agreement or the transactions contemplated hereby without the prior approval of Purchaser, which will not be unreasonably withheld.

19.2. Knowledge. Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of any party, such party confirms that it has made due and diligent inquiry as to the matters that are the subject of such representations and warranties.

19.3. Severability. If any provision in this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions hereof will not in any way be affected or impaired thereby.

19.4. References. Unless otherwise specified, references to Sections or Articles are to Sections or Articles in this Agreement. All references to this "Agreement" shall include its Exhibits and Schedules.

[signature line begins next page]

IN WITNESS WHEREOF, the parties to this Agreement have duly executed it as of the day and year first above written.

Seller:

Noretap, General Partnership and Consolidated Utilities, INC, a Washington Corporation, formally Lake Alyson Water, Inc.

BY: Ronald Schultz BY: Peter J Poeschel
Ronald Schultz, Partner / President Peter J Poeschel, Partner / Secretary

Purchaser:

NORTHWEST WATER SERVICES, a Washington Limited Liability Corporation

BY: _____ BY: _____
Kelly Wynn, Co-Owner Carol Rofkar, Co-Owner

State of Washington
County of Snohomish

I certify that I know or have satisfactory evidence that Ronald Schultz and Peter J Poeschel are the people who appeared before me, and said persons acknowledged that they signed this instrument, on oath stating that they were authorized to execute the instrument and acknowledged it as the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 5.26.17

Jodi K. Torie
(Signature)



Notary
Title

My appointment expires 12.31.20

IN WITNESS WHEREOF, the parties to this Agreement have duly executed it as of the day and year first above written.

Seller:

Noretap, General Partnership and Consolidated Utilities, INC, a Washington Corporation

BY: _____ BY: _____
Ronald Schultz, Partner / President Peter J Poeschel, Partner / Secretary

Purchaser:

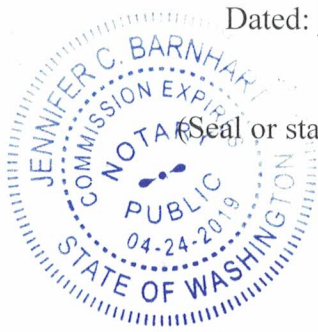
NORTHWEST WATER SERVICES, a Washington Limited Liability Corporation

BY: _____ BY: _____
Kelly Wynn, Co-Owner Carol Rofkar, Co-Owner

State of Washington
County of Whatcom

I certify that I know or have satisfactory evidence that Kelly Wynn
and Carol Rofkar are the people who appeared
before me, and said persons acknowledged that they signed this instrument, on oath stating that
they were authorized to execute the instrument and acknowledged it as the free and voluntary act
of such party for the uses and purposes mentioned in the instrument.

Dated: 5/31/2019



(Seal or stamp)

(Signature) Jennifer C. Barnhart

Title

My appointment expires 4/24/2019

SCHEDULE 1.2 (a): WATER SYSTEMS ASSETS

<u>Type Of Asset</u>	<u>Description of Asset</u>	<u>Quantity</u>
Well	Well House (lot 15- Wells 1&2)	2
Well	Well House (lot 30- wells #3&4)	2
Land	P38914	1 Acre
Land	P118423	19 Acre
Service Connections	Metered Connections	21
Pumping and Water Treatment	Pressure Reducer (within vaults, on lot 41/42 property line)	1
Pumping and Water Treatment	Pressure relief valve (on lot 43)	1
Pumping and Water Treatment	Vault	1
Pumping and Water Treatment	Upper Booster Station building with Pumps (2), VFD's (2), Control panel and Misc. Piping (Lot 32)	1
Pumping and Water Treatment	Lower Booster building with Pumps (2), VFD's (2), Control panel and Misc. (Lot 30)	1
Pumping and Water Treatment	Pump House	1
Pumping and Water Treatment	Soda Ash equipment	1
Equipment	Filters	1
Pumping and Water Treatment	Pump station	1
Telecommunication	Auto Dialer	0
Transportation	6" Water Main, 25,000'	1
Transportation	2" PVE Main, 25,000'	1
Master Meter	Master Meter at Well	0
Production Meter	Production Meter at Pump House	1
Generators		
Controls		
Compressors		
Reservoirs	35,000 Gal concrete reservoir	1
Hydrants	Located on lot 14 (bagged) and 30	2
Master Meter- Residential		
Master Meter - Commercial		
2" Blow off assemblies	Located on Lots: 4, 18,73, 57, lot 8.1 & 8.4, 43	6
Air Vac	Located on lot 8.4, 8.1, 7, 73	

SCHEDULE 1.2 (b): REAL PROPERTY AND INDEX OF EASEMENTS

REAL PROPERTY

Property Parcel #: P38914

XrefID:350512-2-003-0011

Sec. 12 Township 35 Range 05

Description: W1/2 SW1/4 NW1/4 AKA TR 30 20AC SUR AF#8910230031 EXCEPT FOLLOWING DESCRIBED PARCEL: BEGINNING AT THE NE CORNER OF TRACT 30; THENCE SOUTH 89-52-16 WEST, 130 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 0-37 WEST, 208 FEET, MORE OR LESS; THENCE SOUTH 89-58-16 WEST, 208 FEET, MORE OR LESS; NORTH 0-59-18 EAST, 208 FEET, MORE OR LESS; THENCE NORTH 89-50-37 EAST TO THE POINT OF BEGINNING.

Property Parcel #: P118423

XrefID: 350512-2-003-0100

Sec. 12 Township 35 Range 05

Description: (DFL-2015) OST #00-0039 AF#200110180078 2002 A PORTION OF TRACT 30 SURVEY AF#8910230031 LOCATED IN THE SW1/4 NW1/4 DESCRIBED AS FOLLOWS: BEGINNING AT THE NE CORNER OF TRACT 30; THENCE SOUTH 89-52-16 WEST, 130 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 0-37 WEST, 208 FEET, MORE OR LESS; THENCE SOUTH 89-58-16 WEST, 208 FEET, MORE OR LESS; NORTH 0-59-18 EAST, 208 FEET, MORE OR LESS; THENCE NORTH 89-50-37 EAST TO THE POINT OF BEGINNING.

EASEMENTS

Lot 15 (two additional wells)

Lot 32 (pump station)

All lots and property where water lines, blowoffs, valves and hydrants are located Identified as:

Piping Easements on lots:32,30,55,56,65,64,15,14,39,40,41,42,43,44.1, 44.3, 13,17,16,18,75-70,1-9 (includes lots 8.1-8.4),

2" Blow off assemblies : Located on Lots: 4, 18,73, 57, lot 8.1 & 8.4, 43

Air Vac: Located on lot 8.4, 8.1, 7, 73

SCHEDULE 1.2 (c): OTHER ASSETS / NONE

<u>Type Of Asset</u>	<u>Description of Asset</u>	<u>Quantity</u>
Tech	Computer (specify model)	
Tech	Printer	
Tech	Software	
Furniture	Desk w/Chair	
Furniture	File Cabinets	
Furniture	Tables	

SCHEDULE 1.2 (d): INVENTORY / NONE

<u>Item</u>	<u>Description of Asset</u>	<u>Quantity</u>
Chemicals	Soda Ash	
Chemicals	Other	
Operations	Filters	
Operations	Meters	
Operations	Valves & Fittings	
Maintenance	Spare parts/supplies	

SCHEDULE 1.2 (h): DEPOSITS / NONE

<u>Customer Name</u>	<u>Address</u>	<u>Service Description</u>	<u>Deposit Amount</u>

Pre-paid accounts: to be determined at closing

SCHEDULE 1.2 (i): INTANGIBLE PROPERTY

<u>Item</u>	<u>Description</u>	<u>Quantity</u>
Water Rights	All Water rights	All
Water Claims	Any water claims	All
Future Connections	All future connections to the system	All
Warranties/Guarantees		
Agreements		
Contracts		
Prepaid expenses		
Maps/ As-Built Plans		
Customer Account Records		

SCHEDULE 1.3: EXCLUDED ASSETS

Not Applicable

SCHEDULE 3.1: PURCHASE PRICE

Paid to the Purchaser: Balance of outstanding liability for Lake Alyson Water System, \$10,311.00, waived and Properties listed in 1.2 (b).

SCHEDULE 3.2: ALLOCATION OF PURCHASE PRICE

Not Used

SCHEDULE 5.4: SPECIFIED CHANGES

Not Applicable

SCHEDULE 5.7: LEASE OF REAL PROPERTY

Not Applicable

SCHEDULE 5.8: TANGIBLE PERSONAL PROPERTY

Not Applicable

SCHEDULE 5.9: ASSET DEFECTS

Not Applicable

SCHEDULE 5.12: MATERIAL ARREARS IN MAINTENANCE OF PHYSICAL ASSETS

Not Applicable

SCHEDULE 5.13: LITIGATION

Any conflicts to arise will be handled by binding mediation.

SCHEDULE 5.17: LIABILITIES; OTHER CONTRACTS

Noretap, a Washington General Partnership/Consolidated Utilities, Inc, Formally Lake Alyson Water, Inc agrees to settle the disputes relating to any water claims from the UTC and wave the remaining costs associated with Northwest Water Systems, LLC purchase of the Lake Alyson Water System.

SCHEDULE 5.20: LICENSES

Public Water System Supply Operating Permit from Washington State Department of Health

SCHEDULE 7.5(b): FINANCIAL COMMITMENT EXEMPTED FROM LIMITS

See Schedule 5.17

SCHEDULE 7.6: PAYMENT OF LIABILITIES AND WAVER OF CLAIMS

See Schedule 5.17

SCHEDULE 7.12 : TRANSFER OF REAL PROPERTY INTERESTS

See Form of Grant Deed at Schedule 7.12(b)

SCHEDULE 7.12(a): BILL OF SALE

See Attached

SCHEDULE 7.12(b): FORM OF GRANT DEED

See Attached

SCHEDULE 7.12(c): FORM OF ASSIGNMENT OF INTANGIBLES

See Attached

FORM OF ASSIGNMENT OF INTANGIBLES

This Assignment of Intangible Property, Contracts, Warranties and Guarantees is executed as of this 1st day of June, 2017, by Seller, Noretap, a Washington General Partnership/Consolidated Utilities, Inc., Formally Lake Alyson Water, Inc. (" Assignor") in favor of NORTHWEST WATER SERVICES, a Washington Limited Liability Corporation, (" Assignee"), pursuant to that certain Asset Acquisition Agreement dated as of June 1st, 2017 ("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 I.2(j) attached hereto and made a part hereof. The capitalized terms in Schedule I.2(j) 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 there for, 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 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 paralegal' 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 paralegal' 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: Noretap, General Partnership/Consolidated Utilities, Inc, Formally Lake Alyson Water, Inc.

By: 
Ronald Schultz, Partner / President

By: 
Peter J Poeschel, Partner / Secretary

Assignee: Northwest Water Services, LLC

By: 
Kelly Wynn, Owner

By: 
Carol Rofkar, Owner

SCHEDULE 9.3: **ABSENCE OF LIENS**

To be verified at closing

SCHEDULE 9.8: **CERTIFICATE OF REPRESENTATIVE**

Certificate Of Representative of Noretap, a Washington General Partnership and Consolidated Utilities, Inc, Formally Lake Alyson Water, Inc.

The undersigned, hereby certifies that:

Ronald Schultz and Peter J Poeschel (they) are now and at all times herein mentioned has been the duly elected (title) of Noretap, a Washington General Partnership and Consolidated Utilities, Inc, formally Lake Alyson Water, Inc., Washington corporation ("Seller") and is authorized to execute this Certificate on its behalf.


All representations and warranties of Seller in the Asset Purchase Agreement (" Agreement") dated 1st June, 2017, by and among Noretap and Consolidated Utilities formally Lake Alyson Water, Inc Seller, and in any exhibit or schedule thereto, are true and correct in all material respects as of the date hereof, as though such representations and warranties were made on and as of the date hereof.

The "Acquired Assets" as described in Sections 1.2(a) through 1.2(U) of the Agreement are free and clear of any and all mortgages, liens, pledges, charges, encumbrances, equities, claims, easements, rights-of-way, covenant s, condition s, and any other restrictions or defects in title, except for the lie ns of current taxes and assessments, rights-of-way, encumbrances, restrictions, clouds and defects which do not materially and adversely affect the operation of or the fair market value s of the Acquired Assets.

IN WITNESS WHEREOF, the under signed has executed this Certificate as of this 1st day of June, 2017.

By: 

Ronald Schultz, Partner / President

By: 

Peter J. Poeschel, Partner / Secretary

SCHEDULE 10.4

Certificate of Ownership of Northwest Water Services

The undersigned, _____ hereby certifies that:

I. He is now and at all times herein mentioned has been the Owner of Northwest Water Services, LLC ("Purchaser") and is authorized to execute this Certificate on its behalf.

All representations and warranties by Purchaser contained in the Asset Purchase Agreement ("Agreement"), dated _____, by and among Purchaser, Northwest Water Services, and in any exhibit or schedule thereto, are true and accurate in all material respects as of the date hereof, as though such representations and warranties were made on and as of the date hereof.

Purchaser has performed, satisfied and complied with all covenants, agreements and conditions required by the Agreement to be performed, satisfied or complied with by it on or before the date hereof.

Purchaser has received corporate authorization and approval for the execution and delivery of the Agreement, and has taken all corporate action necessary or proper to fulfill its obligations to be performed under the Agreement on or before the date hereof.

IN WITNESS WHEREOF, the under signed has executed this Certificate as of this ___ day of _____, 2017

Northwest Water Services, LLC, A Washington Corporation

By: _____
Kelly Wynn, Co-Owner

By: _____
Carol Rofkar, Co-Owner

BILL OF SALE

FOR GOOD AND VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Noretap, a Washington General Partnership/Consolidated Utilities, Inc, formally Lake Alyson Water, Inc. ("Seller"), hereby sells, grants, conveys, assigns, transfers and sets over to Northwest Water Services, a Washington Limited Liability corporation ("Purchaser"), all improvements and personal property comprising the water production, storage and distribution facilities and all water rights, and assets of every kind comprising the Bacus Road #1 Water System, State ID# 64327 Y owned and operated by Seller, in the area of Skagit County, Washington, including, without limiting the generality of the foregoing, the following:

All of the Improvements described in Schedule 1.2(a) and 1.2(b) attached hereto.

To the extent not described in Schedule 1.2(a) and 1.2(b) hereto, all wells, pumps, pumping plants and pumping equipment, tanks, mains, pipes, pipelines, hydrants, valves, connections, services, meters, meter boxes and associated facilities, buildings, structures, improvements and appurtenances thereto, and all property and assets of every kind comprising a part of or used in connection with the operation of Seller's potable Water System.

All rights of any kind now held by Seller in and to any and all water, water rights and rights to receive distribution of water.

Seller warrants to Purchaser that Seller owns and has the right to convey all property conveyed by this Bill of Sale and that all property conveyed hereby is conveyed free and clear of all liens, encumbrances, claims and liabilities.

Executed on the __1st__ day of _June_, 2017

By: 

Ronald Schultz, Partner/ President

By: 

Peter J. Poeschel, Partner/ Secretary

ASSIGNMENT OF EASEMENTS AND RIGHTS

THIS ASSIGNMENT made this 1st day of June, 2017 by and between Noretep, a Washington General Partnership and Consolidated Utilities, Inc, formally Lake Alyson Water, Inc, a Washington Corporation, the under signed ASSIGNOR, and Northwest Water Services, a Washington Limited Liability Corporation, the undersigned ASSIGNEE. The ASSIGNOR, for no monetary consideration, does assign, quit claim and transfer all of its rights, title and interest in the easement recorded for the benefit of Noretep, a Washington General Partnership and Consolidated Utilities, Inc formally Lake Alyson Water Inc., under the following Skagit County Auditor's file numbers:

By accepting assignment of these easements, ASSIGNEE releases ASSIGNOR from any and all conditions of said easements.

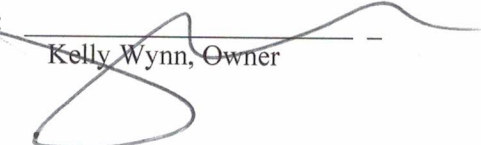
ASSIGNOR:

Noretep, General Partnership and Consolidated Utilities, Inc formally Lake Alyson Water Inc.

By: 
Ronald Schultz, Partner/ President

By: 
Peter J. Poeschel, Partner/ Secretary

ASSIGNEE: Northwest Water Services, LLC

By: 
Kelly Wynn, Owner

By: 
Carol Rofkar, Owner

Balance Sheet

As of May 30, 2017

	May 30, 17
ASSETS	
Current Assets	
Checking/Savings	
10000 · Skagit Bank	7,746.35
Total Checking/Savings	7,746.35
Accounts Receivable	
11000 · Accounts Receivable	825.00
Total Accounts Receivable	825.00
Other Current Assets	
Deposits	-857.94
Notes Recievable	-66.33
Utility Deposits	118.10
Total Other Current Assets	-806.17
Total Current Assets	7,765.18
Fixed Assets	
Land, Water Rights	
Lake Alyson Lot 123	-10,311.00
Total Land, Water Rights	-10,311.00
Skagit River Colony -Lot 47	20,000.00
Total Fixed Assets	9,689.00
TOTAL ASSETS	17,454.18
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	158.55
Total Accounts Payable	158.55
Other Current Liabilities	
Customer Deposits	1,500.00
Total Other Current Liabilities	1,500.00
Total Current Liabilities	1,658.55
Total Liabilities	1,658.55
Equity	
Carol Rofkar	4,000.00
Kelly Wynn	45,779.99
30000 · Opening Balance Equity	-54,367.43
32000 · Retained Earnings	6,090.31
Net Income	14,292.76
Total Equity	15,795.63
TOTAL LIABILITIES & EQUITY	17,454.18

Northwest Water Services, LLC

Profit & Loss by Class

January 1 through May 30, 2017

	Blanchard Knob	Cedarhearth	Lake Alyson	NWWS	Rolf Bruun	Skagit River Colony	Tjetland	Unclassified	TOTAL
Ordinary Income/Expense									
Income									
Cedarhearth	0.00	3,135.00	0.00	0.00	0.00	0.00	0.00	0.00	3,135.00
Income - Rolf Bruun Water System	0.00	0.00	0.00	0.00	675.36	0.00	0.00	0.00	675.36
Income - Lake Alyson	0.00	0.00	25,178.27	0.00	0.00	0.00	0.00	0.00	25,178.27
Income - Rolf Bruun	0.00	0.00	0.00	0.00	2,353.66	0.00	0.00	0.00	2,353.66
Income Skagit River Colony	0.00	0.00	0.00	0.00	0.00	1,200.00	0.00	0.00	1,200.00
Income Tjetland	0.00	0.00	0.00	0.00	0.00	0.00	2,232.00	0.00	2,232.00
Late Fees/Shut off/On Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.00
Total Income	0.00	3,135.00	25,178.27	0.00	3,029.04	1,200.00	2,232.00	2.00	34,776.31
49900 - Uncategorized Income	0.00	82.50	0.00	0.00	0.00	0.00	0.00	0.00	82.50
Total Income	0.00	3,217.50	25,178.27	0.00	3,029.04	1,200.00	2,232.00	2.00	34,858.81
Gross Profit	0.00	3,217.50	25,178.27	0.00	3,029.04	1,200.00	2,232.00	2.00	34,858.81
Expense									
Bank Fees	0.00	0.00	0.00	4.00	0.00	0.00	0.00	0.00	4.00
Chlorine	0.00	7.79	0.00	0.00	3.70	0.00	0.00	0.00	11.49
Clerical	0.00	0.00	98.62	206.65	8.25	33.65	2.75	0.00	349.92
Consulting Services	0.00	0.00	0.00	295.78	0.00	0.00	0.00	0.00	295.78
Contract Services									
Cedarhearth	0.00	306.20	0.00	0.00	0.00	0.00	0.00	0.00	306.20
Lake Alyson	0.00	0.00	4,706.74	0.00	0.00	0.00	0.00	0.00	4,706.74
Rolf Bruun	0.00	0.00	0.00	0.00	1,317.72	0.00	0.00	0.00	1,317.72
Skagit River Colony	0.00	0.00	0.00	0.00	0.00	600.00	0.00	0.00	600.00
Tjetland	0.00	0.00	0.00	0.00	0.00	0.00	1,135.73	0.00	1,135.73
Contract Services - Other	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
Total Contract Services	0.00	406.20	4,706.74	0.00	1,317.72	600.00	1,135.73	0.00	8,166.39
Lab testing and fees									
Cedarhearth	0.00	60.00	20.00	0.00	0.00	0.00	0.00	0.00	80.00
Lake Alyson Testing	0.00	0.00	304.00	0.00	0.00	0.00	0.00	0.00	304.00
Rolf Bruun	0.00	0.00	0.00	0.00	120.00	0.00	0.00	0.00	120.00
Skagit River Colony	0.00	0.00	0.00	0.00	0.00	40.00	0.00	0.00	40.00
Total Lab testing and fees	0.00	60.00	324.00	0.00	120.00	40.00	0.00	0.00	544.00
Labor	0.00	0.00	1,829.43	0.00	975.00	838.75	32.50	0.00	3,675.68
Loan Interest - nortep	0.00	0.00	136.50	0.00	0.00	0.00	0.00	0.00	136.50
Office Rent	0.00	0.00	0.00	2,097.84	0.00	0.00	0.00	0.00	2,097.84
Permit Fees									
NWWS	0.00	0.00	0.00	115.29	0.00	0.00	0.00	0.00	115.29
Tjetland	0.00	0.00	0.00	0.00	0.00	0.00	1.54	0.00	1.54
Permit Fees - Other	0.00	0.00	396.56	0.00	248.90	0.00	3.08	0.00	648.54
Total Permit Fees	0.00	0.00	396.56	115.29	248.90	0.00	4.62	0.00	785.37
Postage	0.00	13.30	140.31	73.31	10.37	0.16	5.49	0.00	242.94
Repairs	0.00	0.00	0.00	33.91	0.00	0.00	0.00	0.00	33.91
Sales Tax	0.00	0.00	2.28	0.00	13.33	0.00	0.11	0.00	15.72
Supplies									
NWWS	23.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23.94
Supplies - Other	0.00	232.91	0.00	97.31	0.00	587.28	0.00	0.00	917.50
Total Supplies	23.94	232.91	0.00	97.31	0.00	587.28	0.00	0.00	941.44
Taxes									
Lake Alyson	0.00	0.00	322.03	0.00	0.00	0.00	0.00	0.00	322.03
Skagit River Colony	0.00	0.00	0.00	0.00	0.00	102.55	0.00	0.00	102.55
Taxes - Other	0.00	24.00	13.14	0.00	0.00	0.00	0.00	0.00	37.14
Total Taxes	0.00	24.00	335.17	0.00	0.00	102.55	0.00	0.00	461.72
Travel Expenses	0.00	0.00	0.00	465.11	0.00	0.00	0.00	0.00	465.11
Utilities									
Cedarhearth	0.00	212.52	0.00	0.00	0.00	0.00	0.00	0.00	212.52
Frontier acct#360-591-8908-032	0.00	0.00	222.07	0.00	0.00	0.00	0.00	0.00	222.07
LA PUD Account #2007-8112-4	0.00	0.00	548.28	0.00	0.00	0.00	0.00	0.00	548.28
LA PUD Account #2207-8113-2	0.00	0.00	1,164.86	0.00	0.00	0.00	0.00	0.00	1,164.86
RB PSE account # 220099937750	0.00	0.00	0.00	0.00	202.57	0.00	0.00	0.00	202.57
SRC -PSE Acc#220099237236	0.00	0.00	0.00	0.00	0.00	43.85	0.00	0.00	43.85
Tjet PUD 2207-8108-2	0.00	0.00	0.00	0.00	0.00	0.00	33.26	0.00	33.26
Utilities - Other	0.00	127.25	79.08	0.00	0.00	0.00	0.00	0.00	206.33
Total Utilities	0.00	339.77	2,014.29	0.00	202.57	43.85	33.26	0.00	2,633.74
69800 - Uncategorized Expenses	0.00	0.00	409.50	800.00	0.00	0.00	0.00	0.00	1,209.50
Total Expense	23.94	1,063.97	10,393.40	4,189.20	2,899.84	2,246.24	1,214.46	0.00	22,051.05
Net Ordinary Income	-23.94	2,133.53	14,784.87	-4,189.20	129.20	-1,046.24	1,017.54	2.00	12,807.76
Other Income/Expense									
Other Income									
Misc Income	0.00	1,485.00	0.00	0.00	0.00	0.00	0.00	0.00	1,485.00
Total Other Income	0.00	1,485.00	0.00	0.00	0.00	0.00	0.00	0.00	1,485.00
Net Other Income	0.00	1,485.00	0.00	0.00	0.00	0.00	0.00	0.00	1,485.00
Net Income	-23.94	3,618.53	14,784.87	-4,189.20	129.20	-1,046.24	1,017.54	2.00	14,292.76

Northwest Water Services, LLC

Bacus Road #1

UW-170066

12/31/2016

6/1/2017

Depreciation, Contribution in Aid of Construction, and Acquisition Schedules

Asset Category	Asset Description (List)	Quantity
Well	Well House (lot 15- Wells 1&2)	2
Well	Well House (lot 30- wells #3&4)	2
Land	P38914- 1 Acre	
Land	P118423 -19 Acre	
Service Connections	Metered Connections	21
Pumping and Water Treatment	Pressure Reducer (within vaults, on lot 41/42 property line)	1
Pumping and Water Treatment	Pressure relief valve (on lot 43)	1
Pumping and Water	Vault	1
Pumping and Water Treatment	Upper Booster Station building with Pumps (2), VFD's (2), Control panel and Misc. Piping (Lot 32)	1
Pumping and Water Treatment	Lower Booster building with Pumps (2), VFD's (2), Control panel and Misc. (Lot 30)	1
Pumping and Water Treatment	Pump House	1
Pumping and Water Treatment	Soda Ash equipment	1
Equipment	Filters	1
Pumping and Water	Pump station	1
Telecommunication	Auto Dialer	0
Transportation	6" Water Main, 25,000'	1
Transportation	2" PVE Main, 25,000'	1
Master Meter	Master Meter at Well	0
Production Meter	Production Meter at Pump House	1
Generators		0
Controls		0
Compressors		0
Reservoirs	35,000 Gal concrete reservoir	1
Hydrants	Located on lot 14 (bagged) and 30	2
Master Meter	Residential	0
Master Meter -	Commercial	0
2" Blow off assemblies	Located on Lots: 4, 18,73, 57, lot 8.1 & 8.4, 43	6
Air Vac	Located on lot 8.4, 8.1, 7, 73	

Consolidated Utilities
Balance Sheet
As of December 31, 2016

	Dec 31, 16
ASSETS	
Current Assets	
Checking/Savings	
131 · Cash	19,293.28
Total Checking/Savings	19,293.28
Total Current Assets	19,293.28
Fixed Assets	
Fixed Assets	
108 · Accumulated Depreciation	-12,562.11
Total Fixed Assets	-12,562.11
101 · Utility Plant	37,870.00
Total Fixed Assets	25,307.89
Other Assets	
Note Receivable	15,355.78
Total Other Assets	15,355.78
TOTAL ASSETS	59,956.95
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · *Accounts Payable	12,600.00
Total Accounts Payable	12,600.00
Other Current Liabilities	
231 · Accounts Payable	45,675.00
Total Other Current Liabilities	45,675.00
Total Current Liabilities	58,275.00
Long Term Liabilities	
232 · Notes Payable Noretap	42,287.96
233 · Note - Noretap	45,666.62
Total Long Term Liabilities	87,954.58
Total Liabilities	146,229.58
Equity	
201 · Capital Stock Issued	1,000.00
214 · Retained Earnings	1,688.00
3900 · *Retained Earnings	-81,838.24
Net Income	-7,122.39
Total Equity	-86,272.63
TOTAL LIABILITIES & EQUITY	59,956.95

**Consolidated Utilities
Profit & Loss
January through December 2016**

	Jan - Dec 16
Ordinary Income/Expense	
Income	
400 · Operating Revenue Accounts	15,828.38
419 · Interest & Dividend Income	1,555.78
Total Income	17,384.16
Expense	
401 · Operating Expense Accounts	
40151 · Repairs/Maintenance	714.05
40176 · Utilities	2,360.04
40178 · Water Treatment/Testing	1,751.28
Total 401 · Operating Expense Accounts	4,825.37
403 · Depreciation Expense	899.55
408 · Other Tax & License	1,127.17
426 · Misc. Nonutility Expenses	
42601 · Administrative	17,839.12
42638 · Office Supplies	38.94
Total 426 · Misc. Nonutility Expenses	17,878.06
999 · Water Service to Noretap	343.40
Total Expense	25,073.55
Net Ordinary Income	-7,689.39
Other Income/Expense	
Other Income	
Tax Refund	567.00
Total Other Income	567.00
Net Other Income	567.00
Net Income	-7,122.39

Schedule C Cost of Goods Sold

Business Asset List

179 Utilities

- General
- Nonresident
- Electronic Fil
- Payments
- Income
- Retirement
- Business
- 1 Utilities
- Rent & Royalt
- Farm
- Farm Rental
- K1 1065, 1120
- K1 1041
- Personal Sale
- Foreign Bank
- Foreign Exct
- 1040 Adjustm
- Educate
- Itemized Ded
- Health Care
- Taxes
- Credits
- Accounting C
- Other With R
- Separate Fillr
- 5471
- 8858
- Carryovers
- 1045 & NOL
- Elections
- Review
- Non Calculati

Asset #	Description	In Service	Tax Cost/Bash	Book Life	Book Prior Depr	Book Current Depr	Book Total Depr
C	Water Meters	9/01/97	913.00	25.00	671.07	36.44	707.51
12	Water System	7/01/01	6,119.00	50.00	1,774.51	122.38	1,896.89
13	Bacus Tower	1/01/02	26,709.00	50.00	7,478.52	524.18	8,012.70
29	Pump/Tanks Tjetland	7/25/07	4,131.00	20.00	1,738.46	206.55	1,945.01

Activity Total	37,870.00	11,662.56	899.55	12,562.11
Grand Total	37,870.00	11,662.56	899.55	12,562.11

Northwest Water Services, LLC

**Bacus Road #1 Water Service
14263 Calhoun Road
Mount Vernon, WA 98273
360-466-4443**

May 26, 2017

IMPORTANT NOTICE

Bacus Road #1 Water System ownership has recently been transferred to Northwest Water Services, LLC. We will be employing Water and Wastewater Services, LLC to continue managing the system and take on all billing and accounting responsibilities.

Water and Wastewater Services, LLC has been providing excellent customer services and management for water systems throughout the Northwest. They have extensive experience in running and managing water and wastewater systems and will be able to provide a higher level of customer service and industry expertise to enhance the Bacus Road #1 Water System.

There will be no change in your water rates. With this notice is the notice for the public hearing relating to the transfer of the system which is required from the UTC. The system will continue to be regulated by the UTC and there will be no interruption in services during this transfer.

Below is the contact information for Northwest Water Services, LLC along with the phone numbers of Water and Wastewater Services, LLC. From June 1, 2017 all payments should be made to Northwest Water Services at the address provided below. Please include your account numbers when sending in your payment.

**Northwest Water Services, LLC
14263 Calhoun Road
Mount Vernon, WA 98273**

Phone: 360-466-4443 or 360-306-3692

Phone: 800-895-8821

Fax: 360-466-1713

Feel free to email questions or comments to: carol@northwestwaterservices.com. We look forward to working with you!

Carol Rofkar

Co-Owner, Northwest Water Services, LLC

**Bacus Road #1 Water System
14263 Calhoun Road
Mount Vernon, WA 98223
360-466-4443**

May 26, 2017

IMPORTANT NOTICE

Consolidated Utilities, Inc. formerly Lake Alyson Water, Inc.. has requested permission from the Washington Utilities and Transportation Commission (Commission) for the transfer of ownership and operation of the Bacus Road #1 water system to Northwest Water Services, LLC. This transfer is contingent upon approval by the Commission. This transfer of ownership is being completed to allow Consolidated Utilities, Inc. formerly Lake Alyson Water, Inc to divest its assets as the owners are retiring. The proposed effective date of this transfer, if approved, would be July 1, 2017. Water & Wastewater Services, LLC is currently managing the water system as well as over 90 water system customers in the area.

Your current water rates will not change because of this water system sale and transfer. Any future changes will be the responsibility of Northwest Water Services, LLC. Northwest Water Services, LLC has been in business since 2015 and currently owns six different water systems in the area. We have over 50 years combined experience in the water and wastewater industry and have a customer service centered focus. Our mission is to provide safe, high quality, reliable drinking water to all our customers.

If you have any questions about how this sale may affect you, please call the Northwest Water Services at 360-306-3692 or Water & Wastewater Services Toll free at 800-895-8821.

The Commission may approve of the filing, or suspend it for further investigation and possible hearing. You can submit comments by going to www.utc.wa.gov and clicking "Submit a Comment," or by one of the following options:

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250, Olympia, WA 98504-7250
E-mail: comments@utc.wa.gov
Telephone: 1-888-333-WUTC (9882)

Commission staff will make a recommendation to the commissioners at an open meeting in Olympia, which is scheduled for 9:30 a.m. on **June 29, 2017**, and you will have an opportunity to comment in person at this meeting. If you are unable to attend the open meeting, you can participate by telephone by calling 360-664-1234 the day before the open meeting for instructions and to sign in.

A memo containing the staff recommendation will be available on the commission website about three days prior to the open meeting. To view the memo, go to utc.wa.gov. Click on the link near the bottom that says "Documents." Under "Open Meetings," click on "Agendas, meeting minutes, orders." When the open meeting date (see above) appears, click on the memo for this filing. This will take you to a page with the memo and any associated attachments.

The commission is committed to providing reasonable accommodation to participants with disabilities. If you need reasonable accommodation, please contact the commission at (360) 664-1132 or human_resources@utc.wa.gov.