

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

In the Matter of the Application for	)	
the Sale and Transfer of Assets	)	
From	)	DOCKET _____
Dungeness Heights Water System	)	
Inc.	)	
To	)	APPLICATION FOR SALE
Colin and Michele Jackson	)	AND TRANSFER OF
	)	ASSETS AND TARIFF
	)	ADOPTION
	)	

.....

**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 Dungeness Heights Water System, Inc. is a Washington corporation formed to act as a utility service company. 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 Dungeness Heights Water System, Inc.

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 water system assets, Colin and Michele Jackson will maintain Dungeness Heights's water rates currently in effect and will be adopting the tariff of Dungeness Heights Water System, Inc.

**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 – Dungeness Heights Water System, Inc. Income Statement, Balance Sheet, Asset Listing, Depreciation Schedule, and Summary of outstanding securities.
- 8 Exhibit 4 – Adoption of Tariff Notice.
- 9 Exhibit 5 – Customer notice of sale and transfer of water system(s).

**METHOD OF FINANCE**

- 10 The purchase price for the water system Stock is \$160,000, payable by annual payments until paid.

**TRANSFER IS IN THE PUBLIC INTEREST**

- 11 The benefits of this acquisition of this 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 Dungeness Heights Water System, Inc. no longer desire to own and operate this public water system. Customers were notified of the sale and transfer along with their most recent billings. The proposed tariff adoption bears an effective date of January 1, 2012. 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 Dungeness Heights Water System, Inc. has been retained to continue operations and maintenance of the water system under the leadership of Colin and Michele Jackson.

13 As a result of the sale and transfer of water company assets, the water rates and service charges will not change. Colin and Michele Jackson will adopt the full tariff of Dungeness Heights Water System, Inc., without change at any rate or charge contained therein as occasioned by this transfer.

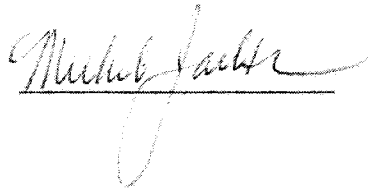
**PRAYER**

14 Based on the foregoing, the Applicants request approval of their application respectfully submitted this 26th day of December 2011.

Colin and Michele Jackson



\_\_\_\_\_



\_\_\_\_\_

Dungeness Heights Water System, Inc.



\_\_\_\_\_

President

## **AGREEMENT TO SELL BUSINESS**

Agreement made this month of September, 2011 by and between Eric Thomas, President of Dungeness Heights Water System Inc., PO Box 276, Sequim, WA (hereinafter referred to as "Seller") and Colin Jackson, 16920 Flume Rd. SE, Yelm, WA 98597 (hereinafter referred to as the "Buyer").

Whereas the Seller desires to sell and the Buyer desires to buy the business now being operated at Sequim Dungeness Way and Brigadoon in rural Clallam County WA and known as Dungeness Heights Water System Inc. and all assets thereof as contained in Schedule "A" attached hereto, the parties hereto agree and covenant as follows:

1. The total purchase price for all fixtures, easements, furnishings and equipment is \$1,000,000.00 Dollars payable as follows:

(a) \$500 paid in bank check, as a deposit upon execution of this Agreement, to be held by Eric Thomas.

(b) \$1,500.00 additional to be paid in cash, certified or bank checks, at the time of passing papers.

2. The property to be sold hereunder shall be conveyed by a standard form Bill of Sale, duly executed by the Seller.

3. The Seller promises and agrees to convey good, clear, and marketable title to all the property to be sold hereunder, the same to be free and clear of all liens and encumbrances. Full possession of said property will be delivered in the same condition that it is now, reasonable wear and tear expected. Training in the day to day operation, testing and maintenance of the water system will be provided.

4. Consummation of the sale, with payment by the Buyer of the balance of the down payment and the delivery by the Seller of a Bill of Sale, will take place on loan approval.

5. The Seller may use the purchase money, or any portion thereof, to clear any encumbrances on the property transferred and in the event that documents reflecting discharge of said encumbrances are not available at the time of sale, the money needed to effectuate such discharges shall be held by the attorneys of the Buyer and Seller in escrow pending the discharges.

6. Until the delivery of the Bill of Sale, the Seller shall maintain insurance on said property in the amount that is presently insured.

7. Operating expenses of Dungeness Heights Water System Inc including but not limited to rent, taxes, payroll and water shall be apportioned as of the date of the passing of papers and the net amount thereof shall be added to or deducted from, as the case may be, the proceeds due from the Buyer at the time of delivery of the Bill of Sale.

8. If the Buyer fails to fulfill his obligations herein, all deposits made hereunder by the Buyer shall be retained by the Seller as liquidated damages.

9. The Seller promises and agrees not to engage in the same type of business as the one being sold for 3 years from the time of passing, within a 1 mile radius of water system

10. The Seller agrees that this Agreement is contingent upon the following conditions: repair of observable defects in equipment (intake piping leak), availability of financing, all governmental regulatory rules are not subject to impending change, there is no undisclosed upgrades needed to the system, there is no environmental weaknesses or dangers to the system such as being prone to flooding.

(a) Buyer obtaining the approval from the proper authorities of the transfer of all necessary licenses to the Buyer.

(b) The premises shall be in the same condition, reasonable wear and tear expected, on the date of passing as they are currently in.

11. All of the terms, representations and warranties shall survive the closing. This Agreement shall bind and inure to the benefit of the Seller and Buyer and their respective heirs, executors, administrators, successors and assigns.

12. If this Agreement shall contain any term or provision which shall be invalid or against public policy or if the application of same is invalid or against public policy, then, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in triplicate on the month and year first above written.

SELLER:  \_\_\_\_\_

BUYER:  \_\_\_\_\_

DUNGENESS HEIGHTS WATER SYSTEM INC.

PO BOX 276  
25 KATT CT.  
SEQUIM, WA 98382  
360-681-8694  
360-460-5282

RECEIVED  
PROGRAMS MANAGER  
2011 DEC -5 AM 10:02  
STATE OF WA.  
UTIL. AND TRANSP.  
COMMISSION

12-2-11

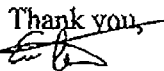
Dear Customer,

Dungeness Heights Water System has asked the Washington Utilities and Transportation Commission for authorization to transfer ownership and operation of Dungeness Heights Water System to Colin and Michelle Jackson. This transfer is contingent upon approval by the Washington Utilities and Transportation Commission.

The new owners are doing business as C.W.S. (Community Water Service) of Dungeness Heights. C.W.S. is a startup company centered on water supply management. C.W.S. is owned by Colin and Michele Jackson. Colin and Michele have background in business management, physical plant operation and maintenance. C.W.S. plans to acquire other small water system to manage and operate. The current owner and operator is contracted to continue for another year after the transfer of ownership.

If you have questions about this request and how it will affect you, please call Dungeness Heights Water System at 681-8694. If you have any questions regarding the approval process, you may contact the Washington Utilities and Transportation Commission at the following address:

Secretary  
Washington Utilities and Transportation Commission  
PO Box 47250  
Olympia, WA 98504-7250

Thank you,  
  
Eric Thomas  
President

FORM OF VERIFICATION FOR APPLICATION

STATE OF WASHINGTON

County of Thurston

(Colin and Michele Jackson) being first duly sworn, deposes and say that he/she are the applicants 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.

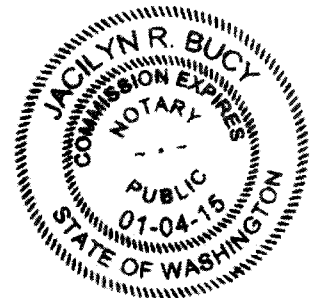
Colin Jackson      Michele M Jackson

Subscribed and sworn to before me the 25<sup>th</sup> day of <sup>December</sup> ~~August~~, 2011

[Signature]

Notary Public in and for the State of Washington, residing

At Yelm WA.



Adoption Notice

ADOPTION OF TARIFFS, ETC.

Colin and Michele Jackson of Community Water Inc.

---

Hereby adopts, ratifies, and makes its own in every respect, as if the same had been originally filed by it, all tariffs, rules, notices, concurrences, provisions, authorities, powers of attorney or whatsoever other instruments filed with the Washington Utilities and Transportation Commission or its predecessors by Dungeness Heights Water System, Inc., prior to February 15, 2011, the beginning of its possession. By this notice, it also adopts and ratifies all supplements or amendments to any of the above tariffs, etc., which have heretofore been filed with the Washington Utilities and Transportation Commission or its predecessors.

This adoption notice relates only to the following water systems:

Dungeness Heights Water System DOH WFI# 20425N

Tariff Revision Adopted:

WNU - 1

Transfer Authorized


By Order No. \_\_\_\_\_

Tariff Pages Adopted

5-30

Issued Colin Jackson Effective February 15, 2012

Issued by Colin Jackson of Community Water System Inc.

By  Title President

Address 16920 Flume Rd, SE, Yelm WA 98597



DUNGENESS HEIGHTS WATER SYSTEM INC.  
PO BOX 276  
SEQUIM, WA 98382  
360-681-8694

*Mailed  
to customer on  
1-10-12*

Dear Customer,

Dungeness Heights Water System has asked the Washington Utilities and Transportation Commission for authorization to transfer ownership and operation of Dungeness Heights Water System to Colin and Michele Jackson. This transfer is contingent upon approval by the Washington Utilities and Transportation Commission.

Colin and Michele Jackson are purchasing Dungeness Heights Water System to start their venture into water system ownership. Colin and Michele have backgrounds in business management, physical plant operations and maintenance. They plan on acquiring other small water systems to manage and operate. The current owner and operator is contracted to continue as operator for another year after the transfer of ownership.

If you have any questions about this sale and how this sale will affect you, please call Dungeness Heights Water System at 681-8694.

This issue will be presented to the commissioners at the open meeting in Olympia, which is scheduled for 9:30 a.m. on February 10<sup>th</sup>. You will have an opportunity to comment in person at this meeting. If you intend to attend the open meeting or comment at the open meeting, please contact John Cupp in the commission's Consumer Protection section at [jcupp@utc.wa.gov](mailto:jcupp@utc.wa.gov) or 1-888-333-9882.

You can also comment by using the "Public Comment" feature at the commission's web site at [utc.wa.gov](http://utc.wa.gov), or by using the contact information below.

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](mailto:comments@utc.wa.gov)  
Telephone: 1-888-333-9882