

1

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

In the Matter of the Application for)	
the Sale and Transfer of Assets)	
From)	DOCKET _____
Washington Water Supply, Inc.)	
To)	
Whidbey West Water Association.)	APPLICATION FOR SALE
)	AND TRANSFER OF
)	ASSETS
.....)	

2014 JUN 18 AM 10:02

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 Washington Water Supply, Inc. is a Washington corporation formed to act as a utility service company. Washington Water Supply, Inc. located in Silverdale, Washington owned the Whidbey West Water System serving 175 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 Whidbey West Water System.

3 The Whidbey West Water System has been operating under a green operating permit issued by the Washington State Department of Health and had no outstanding orders or letters directing action. Please note the system had reached the maximum number of approved connections.

4 As a result of this sale and transfer of water system assets, Whidbey West Water Association will start with the Washington Water Supply, Inc. water rates that were in effect.

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 – Customer notice of sale and transfer of water system(s) to the Whidbey West Water Association.

METHOD OF FINANCE

8 The purchase price for the water system assets was \$ 1.

TRANSFER IS IN THE PUBLIC INTEREST

The benefits of this acquisition of these water system assets include local control of their water system, increase potential for grant monies, and local control of all aspects of water system repair and operations. The owners of Washington Water Supply, Inc. no longer own and operate public water system. Customers were notified of the sale and transfer with Washington Water Supply, Inc. mailing, Public Meeting, and Association newsletter along with their September 1, 2012 billing. This date was 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.


10 The current staff of Washington Water Supply, Inc. ceased operations and maintenance of the water system under the leadership of Whidbey West Water Association September 1, 2012.

11 As a result of the sale and transfer of assets to the Whidbey West Water Association, the customers of the Whidbey West Water System/Association vote any rate changes, adjustment, or change in business rules.

PRAYER

12 Based on the foregoing, the Applicants request approval of their application respectfully submitted this 10th day of June, 2014.

Washington Water Supply, Inc.



President

FORM OF VERIFICATION FOR APPLICATION

STATE OF WASHINGTON

County of KITSAP

John Poppe being first duly sworn, deposes and says that he/she is President of Washington Water Supply, Inc., 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.

John Poppe
President

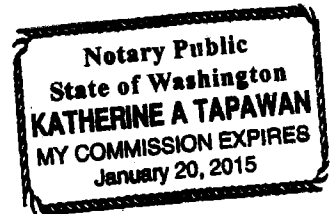
Subscribed and sworn to before me the 9th day of June 9, 2014

Katherine A Tapawan

Notary Public in and for the State of Washington, residing

At SILVADALE WA.

MY COMMISSION EXPIRES: 01/20/2015



2

Attachment H

Whidbey West Water Systems file(s)
ID# 363146

09/24/2012 01:57:18 PM
Recording Fee \$74.00 Page 1 of 3
Quit Claim Deed
Island County Washington

4323548

Robert E. Brewster
PO Box 756
Freeland, WA 98249



QUIT CLAIM DEED

Grantor: Washington Water Supply, Inc.
Grantee: Whidbey West Water Association
Legal Descriptions (abbrev.): Tr. A & B, Sandy Bubbles Div. 1, V.12, P.25 & 26;
Tr. A, West Beach Vista Div. 2, V.7, P.59; Tr. A, Even'Down Div. 2, V.13, P.28
Full Legal Descriptions on page 3 of this document
Assessor's Tax Parcel Nos.: S8065-00-0000A-0, S8065-00-0000B-0,
S8385-00-0000A-0, S6588-02-0000A-0
Reference Nos. of Documents Assigned or Released: None

THE GRANTOR, Washington Water Supply, Inc., a Washington corporation,

for and in consideration, and in fulfillment of the terms, of an agreement between Grantor and Grantee, and no monetary consideration,

conveys and quit claims to the Grantee, the Whidbey West Water Association, a Washington, non-profit corporation,

all of the Grantor's interest in the real property and easements described on the attached Exhibit "A", which is incorporated herein by this reference, together with all after-acquired-title of Grantor therein:

Dated: September 1, 2012

Washington Water Supply, Inc.

By: John R. Poppe
John R. Poppe, President

QUIT CLAIM DEED -1-

STATE OF WASHINGTON)
) ss.
COUNTY OF KITSAP)

I certify that I know or have satisfactory evidence that John R. Poppe is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Washington Water Supply, Inc., to be the free and voluntary act of such party, for the uses and purposes mentioned in the instrument.

Dated: September 5, 2012.

Kimberly A. Rogers
Notary Public in and for
the State of Washington
My appointment expires: 11/21/14



QUIT CLAIM DEED -2-

Exhibit "A"

Parcels 1 and 2: Tracts A and B, Plat of Sandy Bubbles, Division No. 1, according to the Plat thereof, recorded in Volume 12 of Plats, pages 25 and 26, records of Island County, Washington.

Situate in the County of Island, State of Washington.

Parcel 3: Tract A, Plat of West Beach Vista, Division No. 2, according to the Plat thereof, recorded in Volume 7 of Plats, page 59, records of Island County, Washington.

Situate in the County of Island, State of Washington.

Parcel 4: Tract A, Plat of Even'Down, Division No. 2, according to the Plat thereof as recorded in Volume 13 of Plats, page 28, records of Island County, Washington.

Situate in the County of Island, State of Washington.

Together with all of Grantor's right, title, and interest in and to any existing appurtenant and/or in gross easements for ingress, egress, and /or utilities, for the use and benefit of Grantee, in relation to the Whidbey West Water System, consisting of the Sandy Bubbles Water System, the Sunset Beach Water System, the Even' Down Water System, and the Westwood Water System. Such easements would include, but would not be limited to, those described in that certain instrument recorded August 26, 1977, in the records of Island County, Washington, under Auditor's File No. 318931, and related to that certain water well known as the Lavender Lane well and other water system components located within the easement areas described in that instrument.

Robert E. Brewster
PO Box 756
Freeland, WA 98249



BILL OF SALE
(WATER SYSTEM)

Grantor: Washington Water Supply, Inc.
Grantee: Whidbey West Water Association
Legal Descriptions (abbrev.): Tr. A & B, Sandy Bubbles Div. 1, V.12, P.25 & 26;
Tr. A, West Beach Vista Div. 2, V.7, P.59; Tr. A, Even'Down Div. 2, V.13, P.28
Full Legal Descriptions on page 3 of this document
Assessor's Tax Parcel Nos.: S8065-00-0000A-0, S8065-00-0000B-0,
S8385-00-0000A-0, S6588-02-0000A-0
Reference Nos. of Documents Assigned or Released: None

The Seller, Washington Water Supply, Inc., a Washington corporation,

for and in consideration, and in fulfillment of the terms, of an agreement
between Seller and Buyer, and no monetary consideration,

hereby grants, sells and conveys, without warranty, to the Buyer, the
Whidbey West Water Association, a Washington, non-profit corporation,
the following property:

Seller's water system, which is commonly known as the Whidbey West
Water System and registered with the Island County Health Department
and the State of Washington Department of Health as PWS No. 363146,
including all wells (Well No. 1, "Sunset Beach"; Well No. 2, "West Beach";
Well No. 3, "Sandy Bubbles"; and Well No. 4, "Lavender Lane"); pumps;
tanks; storage reservoirs; main and lateral water distribution lines; and, all

other hardware and personal property used in connection with and otherwise related to the Whidbey West Water System, and located upon and in the general vicinity of the above-named wells and/or on real property that is legally described on the attached Exhibit "A", which is incorporated herein by this reference; and, expressly including all related ground water right permits and county franchise rights.

IN WITNESS WHEREOF, this Bill of Sale has been executed by Seller at Silverdale, Kitsap County, Washington, effective the 1st day of September, 2012.

Washington Water Supply, Inc.

By: John R. Poppe
John R. Poppe, President

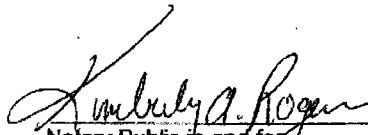
Bill of Sale - 2

STATE OF WASHINGTON)
) ss.
COUNTY OF KITSAP)

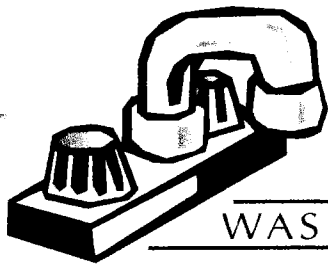
I certify that I know or have satisfactory evidence that John R. Poppe is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Washington Water Supply, Inc., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: September 5th 2012




Notary Public in and for
the State of Washington
My appointment expires: 11/21/14

3



WATER TAP

WASHINGTON'S DRINKING WATER NEWSLETTER

How customers became owners of Whidbey West Water Association

In December 2010, the owner of the Whidbey West water system notified 176 homeowners in the West Beach area of Whidbey Island that he would terminate operation and maintenance of their water system in one year.

The notice included an offer to sell the system to his customers for \$1.

Soon after receiving the notice, residents Jerry and Vera Pitsch started a neighborhood organization to consider the offer and all its implications. While they liked the idea of controlling their own water destiny, they were skeptical, said Gary Schnee (pronounced shnay), now president of the Whidbey West Water Association. The offer seemed too good to be true.



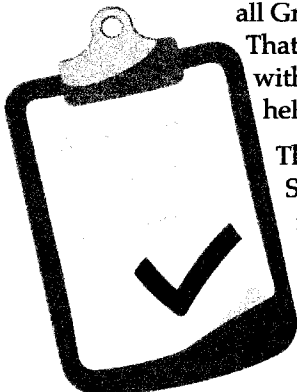
Whidbey West Water Association members, from left: Jerry Pitsch, Vera Pitsch, Gary Schnee (board president) and Stan Stanley (board treasurer).

(Continued on Page 13)

New rates for sanitary surveys take effect in 2014

The fee structure for sanitary surveys will change in January. Under the new structure, very small noncommunity water systems may pay less and larger systems may pay more.

Sanitary surveys help identify issues that may present a public health threat. The Office of Drinking Water is responsible for completing sanitary surveys of all Group A public water systems every three to five years. That amounts to about 1,000 surveys a year, so we contract with local health jurisdictions and private contractors to help us get them all done.



The fee structure change was required to comply with a State Board of Health rule that says we should base the fee on the actual hours spent on the survey at a rate of \$102 per hour.

Currently, we charge a fixed fee to survey water systems serving fewer than 10,000 connections.

(Continued on Page 14)



Volume 28, #3 - September 2013

Department of Health
Office of Drinking Water
PO Box 47822
Olympia, WA 98504-7822
800-521-0323

<http://www.doh.wa.gov/CommunityandEnvironment/DrinkingWater.aspx>

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Whidbey... (Continued from Page 1)

In April 2011, the homeowners agreed to explore the purchase option. They formed a 12-person steering committee to gather the information they would need to make a final decision.

The committee soon hired an attorney and an engineer to provide advice and inventory the water system's assets. Several committee members put up the money for legal and engineering services. They met with Office of Drinking Water staff to learn about the many requirements for operating a small system and what it would take to put the Whidbey West system in good order.

"From time to time, a water supplier can lose track of the level of effort and financial resources needed to maintain a water system," said Derek Pell, assistant manager of our Northwest regional office. "While water quality test results show the water is safe to drink, the treatment, pumps, and pipes may slowly degrade without an adequate maintenance and improvement plan. We keep a watchful eye on water system performance and look for ways to address this issue."

On Dec. 7, 2011, just one week before the owner's announced termination date, the homeowners met to make a decision. They reviewed the water system's assets, a budget presentation and the proposed rate structure. When it came time to vote, the decision was unanimous. They would become the Whidbey West Water Association. Part of the agreement required each property owner to join the association.

"We wanted to control our destiny all the way through," said Mr. Schnee.

The steering committee was authorized to work on the purchase until a board of directors could be elected. In March 2012, they incorporated as the Whidbey West Water Association, opened a bank account and established a line of credit, set up insurance, and drafted bylaws.

That summer, they completed an agreement to transfer ownership to the new water association, effective Sept. 1, 2012. By mid-November, the association elected a nine-member board of directors and hired King Water Systems to operate the water system, billing, maintenance and testing. The board oversees all operations.

Since taking over, the association has made about \$28,000 in improvements: cleaning water storage tanks, and placing service meters. The 30 meters they've installed so far have helped identify multiple leaks that they've repaired. Their goal is to get all customers on meters. They also plan to install an aeration system to minimize iron and manganese.

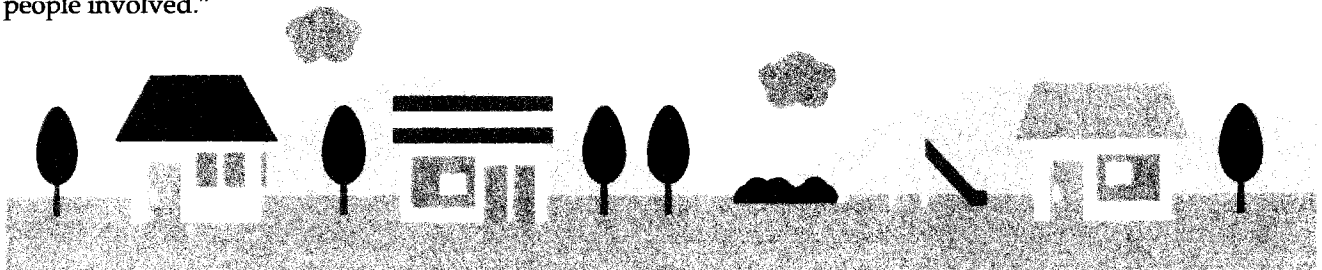
The board is currently working on a Small Water System Plan, which they hope to complete this fall. They also hired an engineer to study the feasibility of adding another 20-25 connections and activating an emergency well.

After one year, they're operating at a profit and building reserves.

"In my experience, customers who own their water system are more motivated to focus effort and resources to assure safe and reliable drinking water—and that is what it is all about," Pell said. "The interest in taking on ownership of the water system and community organizing is the most thorough and effective that I've seen. My hat is off to Gary Schnee, Jerry Pitsch, Stan Stanley, and their team."

Schnee revealed a secret of the association's success: good communication. The steering committee sent letters to the homeowners every three months explaining what was happening, how they were proceeding and the issues they were exploring.

"Communication is the most important issue," he said. "We let them know what was going on and what we were doing. We include news in every billing. We still feel communication is going to be paramount to keeping people involved."



4

July 1, 2012

TRANSFER OF WATER SYSTEM

To: Whidbey West Water System Customers

From: Washington water Supply, Inc.

Subject: Water System Transfer of Ownership

September 1, 2012 the ownership of your water system will be transferred to the WHIDBEY WEST WATER ASSOCIATION.

October 1, 2012 the Whidbey West Water Association will begin billing for the September, 2012 water consumption. King Water located in Coupeville will provide operations and accounting services.

It has been our pleasure serving you.

NOTICE

The Whidbey West Water Association has been formed and incorporated as a nonprofit homeowners association. As of September 1, 2012 the Whidbey west Water Association will assume the assets of the Whidbey Water Company. The Board of Directors of the Whidbey Water Association will communicate with the members shortly after the transfer. The Whidbey West Water Association will be billing for September 2012 water.

5

First Revision Sheet No. 1

Canceling

Original Sheet No. 1

WN U-2

Washington Water Supply, Inc.

For Commission's Receipt Stamp

Washington Water Supply, Inc.

Naming Rates for

Water Service

AT

King County

Kitsap County

Clallam County

(D)

AND

CONTAINING RULES AND REGULATIONS GOVERNING SERVICE

Issued June 18, 2014

Effective July 18, 2014

Issued by John Pappas

First Revision Sheet No 20

Canceling

Original Sheet No. 20

WN U-2

Washington Water Supply, Inc.

For Commission Receipt Stamp

Water System List:

<u>System Name</u>	<u>County</u>	<u>DOH WFI #</u>	(D)
Deer Trail	Kitsap	314649	
Crystal Creek	Kitsap	474214	
Echo Glen	King	27410D	
Hinkley Hills	Kitsap	30406P	
Maple Haven	Clallam	51150M	
MPVK	Kitsap	473128	
Noll Road	Kitsap	367730	
Salmon Drive	Clallam	028340	
Wolf	Kitsap	304014	

Issued June 18, 2014 Effective July 18, 2014

Issued by John Poppe

First Revision No. 21.2
Canceling
Original Sheet No. 21.2
WN U-2

Washington Water Supply, Inc.

For Commission Receipt Stamp

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(D)



(D)

Issued June 18, 2014

Effective July 18, 2014

Issued by John Poppe

First Revision No. 22.2
Canceling
Original Sheet No. 22.2

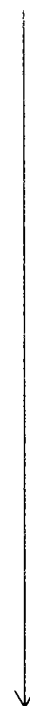
WN U-2

Washington Water Supply, Inc.

For Commission Receipt Stamp

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(D)



(D)

Issued June 18, 2014

Effective July 18, 2014

Issued by John Poppe

First Revision No. 24
Canceling
Original Sheet No. 24

WN U-2

Washington Water Supply, Inc.

For Commission Receipt Stamp

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(D)



(D)

Issued June 18, 2014

Effective July 18, 2014

Issued by John Peppe

First Revision No. 30.2
Canceling
Original Sheet No. 30.2

WN U-2

Washington Water Supply, Inc.

For Commission Receipt Stamp

SCHEDULE NO 10.1

SERVICE CONNECTION CHARGE

The service connection charge for each system shall be as follows:

(D)

Crystal Creek	\$3000.00
Deer Trail	\$3000.00
Echo Glen	\$3000.00
Hinkley Hills	\$3000.00
Maple Haven	\$500.00
MPVK	\$500.00
Noll Road	\$3000.00
Salmon Drive	\$500.00
Wolf	\$3000.00

Issued June 18, 2014

Effective July 18, 2014

Issued by John Pepper

6

6/12/2014

Gmail - Emailing: Profit and Loss 1.1.12 - 9.1.12.pdf



Emailing: Profit and Loss 1.1.12 - 9.1.12.pdf

Lloyd Gibbons <lloyd.gibbons@comcast.net>

Thu, Jun 12, 2014 at 10:34 AM

To: John Poppe <poppe.john@gmail.com>

Balance Sheet and Profit and Loss

Lloyd

2 attachments

 **Profit and Loss 1.1.12 - 9.1.12.pdf**
36K

 **Balance Sheet 9.1.12.pdf**
36K

06/12/14

Washington Water Supply Inc.
Profit & Loss
January 1 through September 1, 2012

	<u>Jan 1 - Sep 1, 12</u>
Ordinary Income/Expense	
Income	
5030 · Unmetered Sales Res Customers	48,353.45
5045 · Metered Sales - Res	34,727.14
5050 · Street Lights	944.00
Total Income	<u>84,024.59</u>
Expense	
7020 · Officer's Salaries	12,000.00
7080 · Payroll Taxes	1,338.00
7120 · Office Supplies	1,058.61
7130 · Shop Supplies	2,711.79
7135 · Grounds Repair	830.00
7140 · Equipment Repair	5,447.69
7143 · Plumbing Repair	1,765.50
7144 · Line Flushing	710.00
7160 · Purchased Power	10,427.31
7170 · Water Tests	1,204.00
7172 · Chlorination	850.00
7180 · Rent	3,000.00
7190 · Meter Readings	380.00
7220 · State & City Taxes	23.86
7240 · Property Taxes	707.98
7260 · Licenses and Permits	2,118.50
7280 · Telephone	4,015.39
7285 · Internet Service	321.09
7320 · Customer Relations	500.00
7360 · Postage and Delivery	928.08
7400 · Transportation Expenses	9,010.65
7422 · Outside Accounting	3,490.00
7424 · Inside Accounting	16,225.00
7430 · Outside Professional Services	860.48
7440 · Bank & Finance Charges	749.70
7520 · Administrative	0.00
7540 · Dues and Subscriptions	165.00
7570 · Meals	91.89
Total Expense	<u>80,930.52</u>
Net Ordinary Income	<u>3,094.07</u>
Net Income	<u><u>3,094.07</u></u>

Washington Water Supply Inc.
Balance Sheet
As of September 1, 2012

	<u>Sep 1, 12</u>
ASSETS	
Current Assets	
Checking/Savings	
1040 · Checking	6,800.95
Total Checking/Savings	<u>6,800.95</u>
Accounts Receivable	
1150 · Accounts Receivable	35,940.31
Total Accounts Receivable	<u>35,940.31</u>
Total Current Assets	42,741.26
Fixed Assets	
2110 · Office Equipment	4,461.04
2460 · Equipment	166,802.85
2480 · Structures	125,001.95
2490 · Engineering & Expenditures	68,981.42
2560 · Accum Deprec - Equipment	-127,506.00
2580 · Accum Deprec - Structures	-49,133.00
2590 · Accum Deprec - Engineering	-68,981.00
Total Fixed Assets	<u>119,627.26</u>
TOTAL ASSETS	<u><u>162,368.52</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110 · Accounts Payable	6,160.53
Total Accounts Payable	6,160.53
Other Current Liabilities	
3200 · Accrued Payroll	-1,722.19
3230 · Accrued Federal Unemployment	420.00
3250 · Sales Tax Payable	537.98
3310 · Contributions in Aid of Const	26,214.00
3410 · Acc Amortization of CIAC	-9,894.00
Total Other Current Liabilities	<u>15,555.79</u>
Total Current Liabilities	<u>21,716.32</u>
Total Liabilities	21,716.32
Equity	
4710 · Capital Stock	1,000.00
4718 · Paid in Capital - John	418,828.66
4720 · Retained Earnings	-282,270.53
Net Income	3,094.07
Total Equity	<u>140,652.20</u>
TOTAL LIABILITIES & EQUITY	<u><u>162,368.52</u></u>