

H&R Waterworks, Inc.
PO Box 1
East Olympia, WA 98540
(360) 357-3277

December 29, 2004

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

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

**RE: H&R Waterworks, Inc. - Sale and Transfer
Transitions Water System, LLC..**


Dear Secretary:

Enclosed you will find the joint application of the above-referenced sale and transfer application to include:

1. Application for transfer,
2. Copy of Instrument of Transfer,
3. H&R Waterworks, Inc. Income Statement, Balance Sheet, Asset Listing, Depreciation Schedule, and Summary of outstanding securities,
4. Transitions Water System, LLC.. Income Statement, Balance Sheet, Asset Listing, Depreciation Schedule, and Summary of outstanding securities,
5. Adoption of Tariff Notice,
6. Customer notice of sale and transfer of water system.

If you have any question, please call me at 360-357-3277

Sincerely


Stephen L. Harrington
General Manager

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 _____
Transitions Water System, LLC.)	
To)	
H&R Waterworks, Inc.)	APPLICATION FOR SALE
)	AND TRANSFER OF
)	ASSETS AND TARIFF
)	ADOPTION
.....)	

BACKGROUND

1 Application is hereby made to the WUTC for an Order authorizing the transfer of property under the provisions of chapter 80.12 RCW and chapter 480-143 WAC.

INTRODUCTION

2 Transitions Water System, LLC. is a Washington corporation formed to act as a utility service company. The H&R Waterworks, Inc. located in Tumwater, currently owns several water systems serving over 700 customers. The water systems to be transferred consist of wells, pumps, transmission mains, reservoirs, hydrants, distribution mains, meters, and appurtenances to serve the customers of the Transitions Water System, LLC.

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

4 As a result of this sale and transfer of water system assets, H&R Waterworks, Inc. will maintain Transitions Water System, LLC water rates currently in effect and will be adopting the tariff of Transitions Water System, LLC.

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 – Transitions Water System, LLC..
Income Statement, Balance Sheet, Asset Listing, Depreciation Schedule, and Summary of outstanding securities.
- 8 Exhibit 3 – Water Company 2 – H&R Waterworks, Inc.
Income Statement, Balance Sheet, Asset Listing, Depreciation Schedule, and Summary of outstanding securities.
- 9 Exhibit 4 – Adoption of Tariff Notice.
- 10 Exhibit 5 – Customer notice of sale and transfer of water system(s).

METHOD OF FINANCE

- 11 There is no purchase price for the water system assets as this sale and transfer is made on a merger basis. The merged assets will be owned pro-rata by the current members of H&R Waterworks, Inc.

TRANSFER IS IN THE PUBLIC INTEREST

- 12 The benefits of this acquisition of 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 Transitions Water System, LLC. no longer desire to own and operate public water systems. 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, 2005. 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.

- 13 The current staff of Transitions Water System, LLC.. has been retained to continue operations and maintenance of the water systems under the leadership of H&R Waterworks, Inc.
- 14 As a result of the sale and transfer of assets, the water rates and service charges will not change. The H&R Waterworks, Inc. will adopt the full tariff of Transitions Water System, LLC., without change at any rate or charge contained therein as occasioned by this transfer.

PRAYER

- 15 Based on the foregoing, the Applicants request approval of their application respectfully submitted this 1st day of January 2005.

H&R Waterworks, Inc.

Transitions Water System, LLC.

General Manager

General Manager

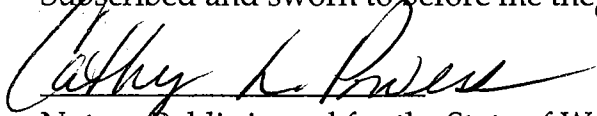
FORM OF VERIFICATION FOR APPLICATION

STATE OF WASHINGTON
County of Thurston

Stephen L. Harrington being first duly sworn, deposes and says that he is General Manager of H&R Waterworks, Inc. the applicant in the proceeding entitled above, that he has read the foregoing application and knows the contents thereof; that the same is true of his own knowledge, except as to matter which are therein stated on information or belief, and as to those matters he believes them to be true.

General Manager

Subscribed and sworn to before me the 29th day of September, 2004



Notary Public in and for the State of Washington, residing

At 6920 34th Ave SE Pacey WA 98503

Adoption Notice

ADOPTION OF TARIFFS, ETC.

H&R WATERWORKS, 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 Transitions Water System, LLC. prior to January 1, 2005, 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.

Tariff Revision Adopted:

WN U - 1

Transfer Authorized

By Order No. _____

Tariff Pages Adopted

1 through 22

Issued November 25, 2004 Effective January 1, 2005

Issued by H&R Waterworks, Inc.

By Stephen L. Harrington Title General Manager

Address 3242 Capitol Blvd., Suite B, Tumwater WA 98501