

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

RECEIVED
RECORDS SECTION
04 DEC 30 PM 3:07
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

RE: H&R Waterworks, Inc. - Sale and Transfer
Quail Run Water Company, Inc..

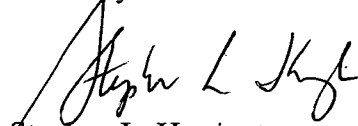
Dear Secretary:

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. Quail Run Water Company, Inc.. 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 _____
Quail Run Water Company, Inc.)	
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 Quail Run Water Company, Inc. 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 Quail Run Water Company, Inc.

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 Quail Run Water Company, Inc. water rates currently in effect and will be adopting the tariff of Quail Run Water Company, 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 – Quail Run Water Company, Inc..
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 Quail Run Water Company, Inc. 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 Quail Run Water Company, Inc.. 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 Quail Run Water Company, Inc. without change at any rate or charge contained therein as occasioned by this transfer.

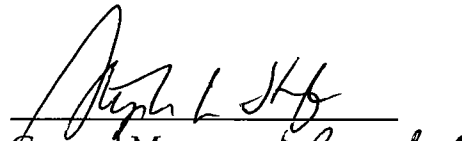
PRAYER

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

H&R Waterworks, Inc.

Quail Run Water Company, Inc..


General Manager


General Manager & President

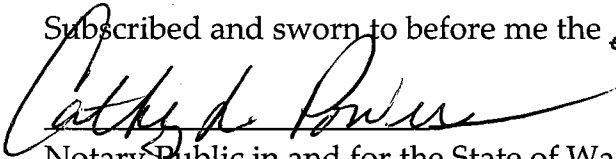
FORM OF VERIFICATION FOR APPLICATION

STATE OF WASHINGTON
County of Thurston

Stephen L. Harrington being first duly sworn, deposes and says that he is General Manager of The 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 27th day of December, 2004


Notary Public in and for the State of Washington, residing
At 6900 34th Ave SE Kennewick 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 Quail Run Water Company, Inc., 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 - 2

Tariff Pages Adopted

1 through 18

Transfer Authorized

By Order No. _____

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

