

EXHIBIT 10

SPIC Response to UTC Staff Data Request 3

Brief History of SPIC Water System

UTC STAFF DATA REQUEST NO. 3:

Please provide a brief history of the water system and overview of the operations of the water system. Please include the dates the company issued the different classes of shares to shareholders, and the reasons for creating the different share classes.

RESPONSE:

Sandy Point provides the following response based on information and belief:

Sandy Point was incorporated as an active entity in the State of Washington in 1965. The original water system was acquired as part of the purchase of the current Sandy Point Shores property by R. E. Rogers, Stuart Rogers, and Robert R. Walker in or around April of 1965. The water system was previously owned by the Sandy Point Co., whose president, James Bolster, had acquired most, and developed part, of the land in the area. Sandy Point was incorporated in April of 1965 and R. E. Rogers, Stuart Rogers, and Robert R. Walker were identified as the original directors of the Company. The 1965 Sale Agreement required the purchasers to provide water service to all present customers of the water system and all owners of property in certain platted tracts.

Sandy Point interprets the second sentence of Data Request No. 3 to request the dates Sandy Point first issued the different classes of shares, as a whole, to its shareholders and the reasons for creating the different classes of shares, and not to request the date Sandy Point issued discrete or individual shares to particular shareholders. Subject to and based on this interpretation, and based on information and belief, Sandy Point responds as follows:

Class A shares were assigned to specific lots as part of the Sandy Point Improvement Company development. Class A shares for Sandy Point Shores 1 were subscribed by the Sandy Point Shores Partnership on July 28, 1966. Payment to Sandy Point was due upon the Sandy Point Shores Partnership's sale of each lot. Upon sale, Sandy Point issued a Class A share directly to the purchaser. Class A shares for SP Shores Partnerships 2-4, SP Heights Partnership, and Campbell Investment were subscribed on May 15, 1969. Class A shares for Neptune Heights and Sandy Point Arm were subscribed on June 19, 1971. These Class A shares were issued upon sale by the various partnerships to purchasers in the respective subdivisions of the development. Sandy Point has also made Class A shares available for purchase by existing Class C shareholders.

Class B shares were issued to the Sandy Point owners/developers as a means of providing a voting interest in control and operation of Sandy Point and in the development of the Sandy Point properties. The initial Class B shares (500) were subscribed on July 28, 1966 and the Rogers and Walker individuals purchased 500 shares on May 15, 1969. These shares were

issued in exchange for the company's original shares of capital stock. On May 15, 1969, Sandy Point issued an additional 2,250 shares to the Sandy Point Shores Limited Partnership. All 2,750 Class B shares have been retired over time as the development has been substantially completed.

Sandy Point included Class C shares in the First Amendment to the Articles of Incorporation in October of 1966. On information and belief, Sandy Point created the Class C shareholder classification to acknowledge the commitment in the above-referenced Sale Agreement to provide water service to then-present users of the system and owners of property in certain platted tracts.

A brief history of the water system is also set forth in the Water System Plan, including but not necessarily limited to the description provided in Section 2 (Description of Water System). A complete copy of the Water System Plan is provided in response to Data Request No. 10, below.

An overview of the operations of the water system is set forth in the Water System Plan, including but not necessarily limited to the description provided in Section 2 (Description of Water System), Section 4 (Water System Analysis), Section 5 (Physical Capacity Analysis), Section 7 (Water Use Efficiency Program), and Section 8 (Operation and Maintenance Program).

Sandy Point is governed by a seven-member volunteer and uncompensated Board of Directors. Sandy Point employs two full-time office staff. Sandy Point employs and contracts with Brad Ferris and Northwest Water Works, Inc. (SMA No. 126; Operator No. 006768) for operation of the water system.

Witnesses knowledgeable about and who can respond to questions concerning the response may include those witnesses identified in response to Data Request No. 21.4, individuals identified in the responses provided and documents produced, and others to be determined.

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