

EXHIBIT 3

**SPIC's Response to
UTC Water System Questionnaire
(April 13, 2012)**

WATER SYSTEM QUESTIONNAIRE

The following assumes that the water systems are in operation and serving one or more customers. If a question is not applicable, so state. Add any information you feel will help provide a better understanding of the situation.

1. For each water system owned, operated or controlled by you or the utility, please list by Washington State Department of Health ID # each water system and whether you own, operate or control the water system.

Sandy Point Improvement Company, System ID #76105. Sandy Point Improvement Company owns, operates, and controls the water system. Sandy Point Improvement Company is owned by its shareholder members who receive water from the company and is controlled by a Board of Directors, elected by the shareholders. The Company contracts with Brad Ferris, Northwest Water Works, Inc. for operation of the water system.

2. Is (are) the water system(s) owned, operated and controlled by a proprietorship, partnership or corporation?

Yes. The water system is owned, operated, and controlled by the Sandy Point Improvement Company, organized as a Washington corporation.

3. Are the water system(s) owned, operated or controlled by a Co-op, homeowner's association or non-profit organization?

Sandy Point Improvement Company is organized as a regular Washington corporation. The corporate documents provide that shares in the Company are appurtenant to real property and are nontransferable, except for transfers incident to and part of the transfer of real property owned by the shareholder to which the shareholder right is appurtenant.

- a. Must all customers also be members?

No. Sandy Point Improvement Company's corporate documents do not require water system customers also be members.

Sandy Point Improvement Company was and is organized, *inter alia*, to provide water system service to its shareholders and members. There are currently 909 Class A or Class C shareholders in Sandy Point, and based on the Company's 2011 Water System Plan Update, Sandy Point Improvement Company maintains 756 active service connections. Based on 2011 data, Sandy Point Improvement Company had 756 shareholders and customers that actually received and were billed for water service in 2011.

Based on the service policies described in its 2011 Water System Plan, provision of water service within the Company's service area is prioritized based on the current water shareholders agreements with Sandy Point.

- b. Is there any language in the articles of incorporation or the bylaws that would indicate any intention to dedicate the property to public use?

No.

4. If owner is a nonprofit organization, registered with the office of the Washington Secretary of State, please provide full name, address and registration number (UBI#).

N/A. See above.

**Sandy Point Improvement Co.
UBI No. 600194252
4460 Decatur
Ferndale, WA 98248**

5. For each water system owned, operated, or controlled by you, is control exercised directly by the owner or owners of the utility?

Yes. Control of the water system is exercised by the shareholders of the Company through a Board of Directors, elected by the shareholders.

6. Does the utility reserve the right to serve particular individuals of its own choice?

No, as qualified below.

Sandy Point Improvement Company does adopt and follow a process regarding serving particular individuals. Since Sandy Point Improvement Company does not possess enough water rights available to serve all potential additional customers interested in receiving water, a lottery system has historically been used to distribute any additional water shares and/or connections.

Based on the service policies described in its 2011 Water System Plan, provision of water service within the Company's service area is prioritized based on the current water shareholders agreements with Sandy Point.

7. How many customers of each system actually receive water or whose application to receive water has been accepted by the utility?

Based on the 2011 data, there are 756 active service connections.

Are all customers listed above using water and have houses on lot. Yes / No
 What number of customers actually uses water? **There are 756 existing service connections that may use water, although many of these do not have houses on the lot and use water only in small amounts. Based on 2011 data, Sandy Point Improvement Company had 756 shareholders and customers that actually received and were billed for water service in 2011.**

8. For each water system, please list the maximum number of connections allowed by Department of Health or other government agency.

The Washington State Department of Health (DOH) approval currently allows a maximum total of 821 equivalent residential units (ERUs). The number of connections is not specified.

9. Does the utility have any service applications that it cannot connect at this time?

Yes.

10. What are the rates/charges for each system? (If multiple rates/systems use additional sheets)

Monthly Flat Rate \$ _____ (No meter) Number of Customers _____

Monthly Meter Basic Rate \$ _____ Number of Customers _____

Water Allowance with basic charge _____ (gallons/cubic feet)

Usage Block _____ (gallons/cubic feet) Rate \$ _____ per _____ (gallons/cubic feet)

Usage Block _____ (gallons/cubic feet) Rate \$ _____ per _____ (gallons/cubic feet)

Usage Block _____ (gallons/cubic feet) Rate \$ _____ per _____ (gallons/cubic feet)

Billing Frequency: Monthly _____ Bi-monthly _____ Other: _____

Irrigation Services: Rate \$ _____ Monthly _____ Bi-monthly _____ Other: _____

Any larger than normal size meters? _____ If so what size(s)? _____

Ancillary Charges: Service connection charge (new customer) \$ _____

Reconnection charge (customer caused disconnection) \$ _____

Account Set Up charge (new customer, not a new connection) \$ _____

Other charge(s) _____ \$ _____

See Attached – Current Water Rate Schedule

11. What is the average yearly revenue per customer for each water system? \$

\$396.37.

This average is based on 2011 data for the average annual revenue based on all shareholders and customers receiving and billed for water service by Sandy Point Improvement Company.

What is the average monthly water consumption per customer for each water system?

The following average water use consumption table is based on Sandy Point Improvement Company's 2011 Water System Plan:

Full-time Single Family Residence	156 gallons/day	4,745 gallons/month
Part-time Single Family Residence	67 gallons/day	2,038 gallons/month
Multi-family Residences	59 gallons/day	1,795 gallons/month
Vacant Metered Services	5 gallons/day	152 gallons/month
Non-residential	106 gallons/day	3,224 gallons/month

Based on 2011 data, the average water consumption per customer is 4,215.77 cubic feet annually, for a monthly average of 351.31 cubic feet (2,627.8 gallons). This average is based on 2011 data for water consumption and usage based on all shareholders and customers receiving and billed for water service by Sandy Point Improvement Company.

12. If any of the water systems serve only a subdivision in which it has an interest or with which it is associated, is there a covenant in the land contract or deed obligating the utility to provide water for each lot or purchaser of each lot?

The Company is not aware of a covenant in the land contract or deed obligating it to provide water for each lot or purchaser of each lot. However, the Company's corporate documents provide that shares in the Company are appurtenant to real property and are nontransferable, except for transfers incident to and part of the transfer of real property owned by the shareholder to which the shareholder right is appurtenant.

13. Under what name(s) is the system(s) or utility being operated?

Sandy Point Improvement Company.

13. Does the water company own all the assets used to provide water service?

Yes.

15. Please provide a contact phone number and e-mail address if the Commission has additional questions.

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Sandy Point Improvement Company
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With copy to:

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WATER SERVICE FEES

The Sandy Point Improvement Company provides water service to property owners in the Sandy Point area. The following water service fees and usage charges are applicable October 1, 2010 and are subject to change.

FEES and CHARGES:

Water is charged with a Base Fee and a Usage Fee. The **Base Fee** is \$23.00 per month for each lot regardless of water use (\$276.00 annually). **Usage Fees** are variable depending on amount of water used *per cubic foot* per the following table. Water fees are billed every two months on the 15th, subject to change. A finance charge of \$10.00 (or 1% of the outstanding balance) per month will be assessed on the 20th of each month on unpaid invoices.

Water Usage Amount	Fees
Base Fee	\$ 23.00 per month
0 - 665 cubic feet per billing cycle	1.364 cents per cubic foot
666 - 1332 cubic feet per billing cycle	1.815 cents per cubic foot
1333 - 2005 cubic feet per billing cycle	4.521 cents per cubic foot
2006 - 2673 cubic feet per billing cycle	6.171 cents per cubic foot
2674 - 3342 cubic feet per billing cycle	10.764 cents per cubic foot
3343 - 4010 cubic feet per billing cycle	14.573 cents per cubic foot
4011 cubic feet and above per billing cycle	22.425 cents per cubic foot

Reading your Water Bill: On the water statement, "Cur Rd" indicates your current meter reading in *cubic feet*. One cubic foot equals 7.48 gallons. "Use" is the amount of water used during that two month billing cycle (i.e. 23000 means 23,000 *cubic feet* of water was used during the previous two month billing cycle).

OTHER FEES:

SPIC reserves the right to charge for the following services. Other miscellaneous services will be billed at full cost of labor, material, and overhead.

Water Service	Fees
Voluntary turn on/turn off charge at property owner request	\$ 25.00
Nonpayment lock-off/reconnect fee	\$ 100.00
After hours (if available) additional fee	\$ 50.00
Repair broken padlock or angle stop (fee plus costs)	\$ 82.50
Repair tampered meter (fee plus costs)	\$ 220.00
Water theft, per month or part thereof	\$ 2,000.00
Emergency shut off due to broken property owner pipes (includes turn back on if during business hours)	\$ 50.00



SANDY POINT
IMPROVEMENT COMPANY

Mailing Address: PO Box 1418
4460 Decatur
Ferndale, WA 98248
Phone 360.384.3921

ACCOUNTS RECEIVABLE POLICY

Customers will be given 30 days from date of the invoice to make payment in US Funds.

Customers failing to pay within the 30 day period will incur a \$10 late fee and notice will be sent via regular mail regarding service turnoff if payment is not received by the 45th day from the original billing date. Late notice will also serve as warning of imminent service shutoff. Customers who are shut off incur a shut off fee of \$100.

Customers wishing to have service reconnected must make good on all fees owing plus a \$50 reconnect fee in US funds only (cash, money order, cashier's check) delivered to the business address during normal business hours.

Customers with two NSF checks within a 12 month period will be required to pay with cash or money order.

Chronic non-payment (14 months in arrears) will result in a \$2000.00 lien/cost recovery fee charged to the account and a lien placed against the property.