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September 30, 2003

Mr. James Ward
Regulatory Analyst
W.U.T.C.
P.O. Box 47250
Olympia, Wa 98504

RE: Docket: UW-021603, Ref. UT 4-1250
Kayak Water Systems

RECEIVED
RECORDS MANAGEMENT
03 OCT -2 PM 1:31
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Dear Mr. Ward;

Thank you for faxing to me the letter dated January 24, 2003 sent to you by Malcolm Harris. You advised me that it was based on this letter that the UTC approved the sale of the water systems to Kayak Estates Water, I.L.C.

As I advised you George E. Miller owns 30% of the Kayak water systems. He has not agreed to sell his 30%. Mr. Harris' letter to you is misleading. As I am sure that you know Malcolm Harris does not represent George E. Miller and cannot speak for him. The ownership of Mr. Miller was confirmed by an Order on Summary Judgment on May 19, 2000. The UTC was advised of this ownership in 2000. The trial which was concluded in March of 2002 did not impact in any way Mr. Miller's ownership other than to confirm that he owned 30% as decided by Judge Cowser in 2000. The representation by Mr. Harris "that Mr. Miller owns a 30% interest in the net value of the system" appears to be intentionally misleading. Mr. Miller is a 30% owner of the entire system.

In addition pursuant to the partnership agreement between Mr. Sawyer and Mr. Miller, Mr. Miller has a first right of refusal to purchase all of Mr. Sawyer's interest. That first right of refusal was confirmed by Judge Fair in March of 2002. The partnership agreement provides specific procedures which Mr. Sawyer must follow to offer his share of the system before he may sell it to a third party. Mr. Sawyer did not follow these procedures and therefore he did not have the right to sell his 70% through his company

copy to
Jim Ward

Kayak Point Water Co. Inc. to Kayak Estates Water, LLC.

As I review the Order entered on July 31, 2003 I see that the Commission made a finding as to the status of the seller in finding 2 as Kayak Point Water Co. Inc and that the staff has recommended the sale of the assets by Kayak Point to Kayak Estates Water, LLC. The Order authorizes the sale consistent with the joint application. The UTC was fully aware of Mr. Miller's claim and that he owned 30% of the system and unless you have a document signed by him that he has participated and agrees to sell his interest it has not been sold and title to the water system has not transferred.

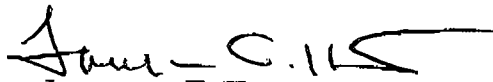
The buyer was fully aware of Mr. Miller's interest and therefore is not a bona fide purchaser for value. The status as I see it is that Kayak Point Water Co. Inc. has attempted to transfer 70% of the system to Kayak Estates Water, LLC which sale is defeasible pursuant to Mr. Miller's first right of refusal.

I am sending to you a copy of my letter to Mr. Harris dated February 14, 2003 in which I clearly advised Mr. Harris that Mr. Miller did not agree to sell his 30 % interest. Presumably Mr. Harris did not so advise you.

Would you please fax to me the name, address and telephone number of the contact person for Kayak Estates Water, LLC.

Please advise as soon as possible as to what action The UTC plans to take.

Sincerely yours,



Laurason T. Hunt
Attorney at Law

LTH/lth

Cc: George E. Miller
Malcolm Harris
Richard A. Finnigan

February 14, 2003

Malcolm Harris
Attorney at Law
999 Third Ave. Suite 3210
Seattle, Wa 98104

Sent by fax to 206-624-8560
And US mail

Re: Kayak water systems partnership

Dear Malcolm;

Approximately three weeks ago we had a telephone conversation in which I told you that George Miller was not receiving the monthly financial information on the operations of the partnership. We discussed the fact the Owen Sawyer was receiving bi-monthly statements from Dave Dorland and that copies should be sent at the same time to Mr. Miller. He has received no information since August 6, 2002.

As I told you Mr. Miller has not agreed to sell his 30% interest in the water system. Any payments made by Mr. Sawyer towards preserving the contemplated sale should be out of his 70 % interest alone. Mr. Miller will not evaluate selling his interest unless and until he has received a full accounting as to the source and amount of all income received by the partnership and a full accounting as to the payments and basis for all payments made by the partnership since March 1, 2002 .

We expect that Mr. Sawyer will comply with his fiduciary duty to Mr. Miller and make full disclosure of the operations of the partnership

Sincerely,

Laurason T. Hunt

LTH/lth
cc: George E. Miller