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April 21, 2004

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: Marbello Water Co., Inc. – UW-040366 – Financial Information

Dear Ms. Washburn:

Pursuant to Paragraph No. 1 of the Stipulation of Parties entered in this matter, enclosed you will find the supporting financial data justifying the proposed rates. This financial data demonstrates that the Company is in a loss situation and that the rates that it filed in its tariff are insufficient to provide rates that are fair, just, reasonable and sufficient. The Company intends to file for a rate increase in the very near future.

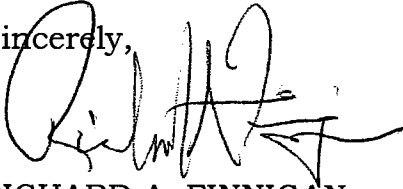
As can be seen from the Company's balance sheet, it has outstanding notes in the amount of \$197,453.00. These obligations consist of a debt to First California in the amount of \$75,000.00 at 11% interest and an obligation to Iliad, Inc. for \$122,453.00 at 8% interest.

To the extent that the attached information does not completely comport with WAC 480-110-295(3)(d), the Company requests a waiver from those requirements.

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Ms. Carole Washburn
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If you have any questions concerning this matter, please contact the undersigned.

Sincerely,

RICHARD A. FINNIGAN

RAF/km
Enclosures

cc: Jonathan Thompson
Dave Dorland

**MARBELLO WATER COMPANY
BALANCE SHEET
DECEMBER 31, 2003**

ASSETS

PROPERTY AND EQUIPMENT:

Water system	179,957
Less accumulated depreciation	<u>61,880</u>

TOTAL ASSETS	<u>118,077</u>
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LIABILITIES AND STOCKHOLDER'S EQUITY

NOTES PAYABLE	197,453
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STOCKHOLDER'S EQUITY:

Common stock, 1,000 shares of no par value authorized, issued and outstanding	1,000
Preferred stock	10,000
Retained earnings (deficit)	<u>(90,376)</u>

TOTAL STOCKHOLDERS' EQUITY	<u>-79,376</u>
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TOTAL LIABILITIES AND STOCKHOLDER'S E	<u>\$ 118,077</u>
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**MARBELLO WATER COMPANY
STATEMENT OF INCOME (LOSS)
YEAR ENDING DECEMBER 31, 2003**

Income	38,876
Expenses	42,810
Utilities	4,541
Depreciation	1,771
Taxes	9,860
Interest	59
License	229
Dept. of Health	9,021
Administrative	1,535
Insurance	250
Professional fees	3,001
Repairs & Maintenance	3,936
Testing	<u>3,936</u>
Total Expenses	<u>77,013</u>
Net Income (Loss)	<u><u>(38,137)</u></u>

MARBELLO WATER COMPANY
LIST OF ASSETS

Year	Distribution System	Service Connection	Hydrants	Meters	Total
1986	107,456				
1987		10,549	2,470		
1988		5,409	10,650		
1989		3,750			
Subtotal	107,456	19,708	13,120	0	140,284
1995		2,834			2,834
1996		7,529		2,925	10,454
1998		2,994		630	3,624
1999		5,697		180	5,877
2000		2,776		405	3,181
2001		390		559	949
2002		9,697		209	9,906
2003		2,713		135	2,848
Subtotal	0	34,630	0	5,043	39,673
Total	107,456	54,338	13,120	5,043	179,957

MARBELLO WATER COMPANY
DEPRECIATION SCHEDULE

Year Description	Life Cost	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
1986 Trans & Dist Mains	50	107,456	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149
1987 Service Connections	30	10,549		352	352	352	352	352	352	352	352	352	352	352	352	352	352	352	352	352	352	352	352
1987 Hydrants	40	2,470		62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62
1988 Service Connections	30	5,409		180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180
1988 Hydrants	40	10,650		266	266	266	266	266	266	266	266	266	266	266	266	266	266	266	266	266	266	266	266
1989 Service Connections	30	3,750			125	125	125	125	125	125	125	94	94	94	94	94	94	94	94	94	94	94	94
1995 Service Connections	30	2,834										251	251	251	251	251	251	251	251	251	251	251	251
1996 Service Connections	30	7,529												146	146	146	146	146	146	146	146	146	146
1996 Meters	20	2,925												100	100	100	100	100	100	100	100	100	100
1998 Service Connections	30	2,994												32	32	32	32	32	32	32	32	32	32
1998 Meters	20	630												190	190	190	190	190	190	190	190	190	190
1999 Service Connections	30	5,697													9	9	9	9	9	9	9	9	9
1999 Meters	20	180													93	93	93	93	93	93	93	93	93
2000 Service Connections	30	2,776													20	20	20	20	20	20	20	20	20
2000 Meters	20	405													13	13	13	13	13	13	13	13	13
2001 Service Connections	30	390													28	28	28	28	28	28	28	28	28
2001 Meters	20	559													9	9	9	9	9	9	9	9	9
2002 Service Connections	30	9,697																					
2002 Meters	20	209																					
2003 Service Connections	30	2,713																					
2003 Meters	20	135																					
Annual Depreciation		179,957	2,149	2,563	3,009	3,134	3,134	3,134	3,134	3,134	3,229	3,626	3,626	3,757	3,956	4,069	4,110	4,443	4,541	4,541	4,541	4,541	4,541
Accumulated Depreciation		2,149	4,712	7,721	10,855	13,989	17,123	20,257	23,391	26,525	29,754	33,379	37,005	40,762	44,718	48,787	52,896	57,340	61,880	66,421	70,961	75,502	

Marbelle Water Company
Water Consumption Recap

	2004 Consumption	2004 Rate	2003 Consumption	2003 Rate	2002 Consumption	2002 Rate	2001 Consumption	2001 Rate	2000 Consumption	2000 Rate
January	1200	2.03	1575	2.03	1464	1.81	2959	1.68	1391	1.56
February	1984		1090		1665		2748		1169	
March	1410		2199		1624		2617		1450	
April			1285		3143		3143		1396	
May			1280		3366		3366		1483	
June			2015		1400		1429		1675	
July			2625		2821		1863		2253	
August			2965		1965		1964		2871	
September			2330		2400		1418		1609	
October			1400		1595		1245		1885	
November			1060		1420		1239		2513	
December			<u>870</u>		<u>1265</u>		<u>1726</u>		<u>1785</u>	
			<u>20,694</u>		<u>24,128</u>		<u>25,717</u>		<u>21,480</u>	
100 Cubic Feet per year			2,069,400		2,412,800		2,571,700		2,148,000	
Customers			94		94		94		94	