



November 1, 2002

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RECEIVED
NOV 1 2002
02 NOV -1 AM 8:39
OFFICE OF THE SECRETARY
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

RE: Washington Water Service Company - Sale and Transfer of Clear Water Inc. Water Company, Cascade Highlands North Water system.

Dear Secretary:

Enclosed you will find an application for Washington Water Service Company to acquire the Cascade Highlands North Water System from Clear Water Inc. Water Company. To complete this package the following have been enclosed:

- 1) Application for Transfer (with Exhibits)
- 2) Copy of customer notice
- 3) Proposed Flat Rate Service Tariff Sheet No. 21.3, Schedule 1.3, and Metered Rate Service Tariff Sheet No. 22.2, schedule 2.2
- 4) Updated Service Area Sheet No. 20.5

The customer notices will be sent by first class mail on Friday November 1, 2002. A December 2, 2002 effective date is requested. If you have any question, please call me at (360) 438-2042 ext. 106.

Sincerely,

Cathy Thorne
Regulatory Affairs Manager

Cc: Michael Ireland, President
Stan Ferraro, Vice President, Regulatory Matters

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Joint Application)
For Sale and Transfer of Assets,) DOCKET NO. _____
From)
Clear Water Inc. Water Company)
To)
Washington Water Service Company)
.....) APPLICATION

Application is hereby made to the Washington Utility and Transportation Commission for an Order authorizing the transfer of property under the provisions of chapter 80.12 RCW and chapter 480-143 WAC.

INTRODUCTION

The water system to be transferred consist of wells, pumps, reservoir, distribution mains, meters, and appurtenances to serve the customers on the Cascade Highlands North Water System ID #55631J water system which is located in Pierce County, Washington.

The water systems include the normal service, storage and distribution facilities to serve the customers of the systems.

EXHIBITS

Pursuant to WAC 480-143-010 and WAC 480-143-020, attached hereto are the following Exhibits:

- Exhibit 1 - Instrument of Transfer , signed by both parties
- Exhibit 2 - Washington Water Service Company – Income Statement and Comparative Balance Sheet

METHOD OF FINANCE

The purchase price for the Water Systems is \$23,000.00 cash to be paid at closing.

TRANSFER IS IN THE PUBLIC INTEREST

The owners of Clear Water Inc. Water Company no longer desire to own public water systems. This transfer of property is in the public interest because it places the water systems with a water purveyor that desires to own and operate water systems on an ongoing basis. The acquiring purveyor is the largest Investor Owned Water Company in the State of Washington and is part of the fourth largest Investor Owned water company in the United States.

As a result of the sale and transfer, the water rates charged to customer will not change at this time. Washington Water Service Company will adopt the current flat rate of Clear Water Inc. Water Company.

PRAYER

Based on the foregoing, the Applicants request approval of their application Respectfully submitted this 1st day of November 2002.

Washington Water Service Company


Cathy Thorne, Regulatory Affairs Manager

FORM OF VERIFICATION FOR APPLICATION

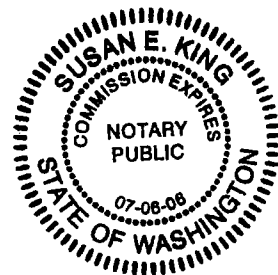
STATE OF WASHINGTON
County of Thurston

Cathy Thorne being first duly sworn, deposes and says that she is the Regulatory Affairs Manager of Washington Water Service Company, the applicant in the proceeding entitled above, that she has read the foregoing application and knows the contents thereof; that the same is true of her own knowledge, except as to matter which are therein stated on information or belief, and as to those matters she believes them to be true.

Cathy Thorne
Cathy Thorne, Regulatory Affairs Manager

Subscribed and sworn to before me this 31st day of October, 2002

Susan King
Notary Public in and for the State of Washington, residing
At Olympia, wa.



COPY

Contract for Sale of Assets

Cascade Highlands North Water System

THIS CONTRACT, made and entered into between Clear Water, Inc. (Seller), [a Washington Corporation] and Washington Water Service Company (Purchaser), a Washington Corporation.

WITNESSETH:

WHEREAS Seller owns and operates a group "A" water system, known as Cascade Highlands North (Water System), with State ID #55631J, that provides water to residents in the area of South Prairie, Pierce County.

WHEREAS Purchaser is organized and operating under the laws of the State of Washington, whose principle business is the distribution and sale of water to residents of the Gig Harbor area; and

WHEREAS Seller desires to sell and Purchaser desires to purchase said Water System, including easements, equipment, inventory, licenses, water rights and good will;

NOW, THEREFORE, in consideration of the agreements and promises set forth hereinafter, It is mutually agreed between the parties hereto as follows:

1. Property Sold: Seller agrees to sell and Purchaser Agrees to purchase the Water System consisting of:
 - A. Well site together with ingress, egress easements to the well site, protective covenants showing a 100' non-pollution radius around the well, and easements to all mains, services and valves including, but not limited to, those listed in Schedule 1(A).
 - B. The well, Pumping systems, pipes, buildings, reservoir and all other equipment or easements used for the Water System, including but not limited to those listed in Schedule 1(B).
 - C. Water rights including, but not limited, to those listed in Schedule 1 (C).
 - D. Future and current service areas, for the Water System as identified by Pierce County Comprehensive Water System Plan and approved by the Washington State Department of Health.
 - E. Intangibles listed in Schedule 1 (E)
2. Purchase Price: The purchase price is Twenty-three Thousand Dollars (\$23,000.00) to be paid in cash at closing. Purchase price shall be allocated per Schedule 2.
3. Accounts Receivable, Debts and Taxes: Seller to pay all debts and taxes incurred prior to the date of closing. Accounts receivable for water provided to customers prior to the date of closing shall remain the property of Seller. Any account receivable prior to October 1,

Initials Seller: Initials Purchaser: Cascade Highlands N/WA Water Purchase Agreement October 2, 2002

2002, shall remain the property of Seller. Purchaser shall have no obligation or right to collect any such account receivables on behalf of Seller. Any advanced payments received by Seller shall be forwarded to Purchaser at closing together with the customer account for which credit applies. October – November billing cycle, will be billed and collected by Purchaser. Proceeds to be equally split between Purchaser and seller Amounts held by Seller and special billings due Seller from Lot 7 Cascade Springs (Des Marais) are listed on Schedule 3. Purchaser acknowledges that promissory notes to Sellers have been given as prepaid connection fees for all Cascade Springs LLC lots and one lot for Cascade Highlands. Purchaser acknowledges that such notes are the sole property of Seller and not an asset transferred herein. After closing, Purchaser agrees that no future connection fees will be charged by Seller, its agents, heir or assigns, to the owners of such prepaid lots, their heirs, successors and assigns.

4. Conveyance: Conveyance shall be by Bill of Sale Schedule 4(A), Statutory Warranty Deed 4(B), and Assignment of Intangibles Schedule 4 (C). Purchaser is entitled to immediate possession of the subject matter of the agreement upon closing.
5. Title Insurance: Seller shall furnish Purchaser a title insurance policy for all real property transferred, through Chicago Title Insurance Company, and pay the premium there on. Title shall contain only encumbrances of record acceptable to Purchaser. Purchaser shall be deemed to have accepted all encumbrances of record unless Purchaser gives Seller notice of its objection to an encumbrances within ten days after receipt of a preliminary commitment for title or the date of this agreement, whichever is later. If Seller is unable to satisfy Purchaser's objection to encumbrances, this agreement shall be void. Rights reserved and Federal patents or State lands, building or use restrictions common to the district, existing easements not inconsistent with Purchaser intended use, and building or zoning regulations or provisions shall not be deemed encumbrances or defects.
6. Water Quality: Purchaser reserves the right to pull water quality samples for existing well's to be transferred with this agreement. This agreement is subject to purchaser's acceptance of water quality results within ten days after receipt of test results or the date of this agreement, whichever is later. If Seller fails to accept the water quality results, this agreement shall be void. On closing, purchaser shall be deemed to have approved the water quality and waives any recourse on this basis.
7. Closing: This sale shall be closed at a mutually agreed upon location on or before the 31st day of October 2002. Seller and Purchaser shall share the escrow and all recording fees equally.
8. Conveyance Costs: Seller shall pay the real estate excise tax which may be payable upon this transaction. Purchaser shall pay costs in connection with transfer of the water rights.
9. Notices: Any notices between the parties shall be transmitted by ordinary first class mail addressed as follows:

Initials Seller: Initials Purchaser: Cascade Highlands N/WA Water Purchase Agreement October 2, 2002
Page 2 of 15

To Purchaser: Michael P. Ireland, President
Washington Water Service Company
PO Box 336
Gig Harbor, Washington, WA 98335

To Seller: Clear Water, Inc.
Attn: David Sweet
2005 70th Ave W.
Tacoma, Washington 98466-5540

10. Customer List and Drawings: Seller shall provide Purchaser with complete customer list including, name, site address, phone number, parcel number and mailing address as listed in Schedule 10. Seller has also provided Purchaser with all available as-built drawing of the Seller Systems. On closing, purchaser shall be deemed to have received full performance of Seller under this paragraph and waives any recourse on this basis.
11. Waiver: No waiver or modification by Seller of any term or condition of this agreement shall be effective unless in writing, signed by Seller or their duly authorized agent. No waiver or indulgence by Seller of any deviation or departure by Purchaser from full performance of this agreement shall be waiver of the right of Seller from subsequent or other full and timely performance.
12. Litigation: To the best of seller's knowledge and except as described in Schedule 12 hereof, there is no action, suit, proceeding, claim arbitration, or investigation, audit, inquiry or hearing, at law or in equity, before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, or other person pending or, to the knowledge of Seller, threatened, against Seller or relating to or affecting Seller, its business, assets or properties or any basis for such action, suit, proceeding, claim investigation, audit, inquiry, or hearing to the knowledge of Seller. Seller is not presently engaged in any legal action to recover money due it or damages sustained. Seller, the water system, or operation of the water system thereof has no knowledge of any complaints lodged with Department of Health or Washington State Utilities and Transportation Commission.
13. Attorney Fees: In the event either party breaches this agreement, the other party shall, in addition to other damages, be entitled to reasonable attorney fees.
14. Successors in Interest: This Contract shall be binding upon and inure to the benefit of the respective heirs, successors, assigns, and legal representatives of the parties.
15. UCC Bulk Sales: To the extent that it may be applicable, the parties mutually agree to waive Purchaser's and Seller's compliance with the bulk sales provisions of the Uniform Commercial Code as adopted in Washington. Neither Purchaser nor Seller is in the business of buying or selling water systems as their primary business.

16. Regulatory Conditions to Transfer: Seller will cooperate with Purchaser in meeting any transfer requirements of Washington Utilities and Transportation Commission. The proposed transactions hereunder are subject to the approval of the WUTC and acceptance by Purchaser and Seller of conditions made by WUTC. However, Purchaser hereby assumes all duties of compliance and qualification for any transfer requirements of Washington Utilities and Transportation Commission, and assumes the risk that the Commission will not approve such transfer as contemplated herein. Purchaser waives any recourse against Seller based on any action or non-action by the Commission.

17. Indemnity: Purchaser shall indemnify Seller from all claims arising from Purchaser's activities after closing. Seller shall indemnify Purchaser from all claims arising from Seller's activities before closing. The duty of indemnity includes claims for serious bodily injuries, including death.

18. Warranties: All assets sold herein are sold "AS IS." EXCEPT AS SPECIFICALLY GRANTED HEREIN, THE ALL ASSETS SOLD HEREIN ARE SOLD WITHOUT WARRANTIES OF ANY NATURE, INCLUDING THE SPECIFIC UCC WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

There are no written or oral agreements modifying this agreement and no warranties other than as set forth herein.

DATED Oct 30, 2002

Seller:

Clear Water, Inc.

By: _____

David Sweet, President
(253) 565-7355

Purchaser:

Washington Water Service Co. Inc.

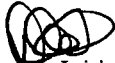

By: _____

Michael P. Ireland, President
(253) 851-4060

SCHEDULE 1 (B)

WATER SYSTEMS ASSETS

Type of Asset	Description of Asset	Quantity
Structures:	Pumphouse --	1
Wells and Springs	Well	1
Pumping Equipment	Submersible Pumps—3 HP Berkeley Model B 1½ TPL	2
Water Treatment Equipment		
Reservoirs		
Generators		
Transmission Mains	8", 4", and 2" PVC	
Other Equipment	Pressure Tanks	3
All Inventories		
Misc. Assets	Meters—3/4 inch	23

Initials Seller:  Initials Purchaser:  Cascade Highlands N/WA Water Purchase Agreement October 2, 2002
Page 6 of 15

SCHEDULE 1 C
WATER RIGHTS

G2-27361C 84gpm 17.5AF –see attached

DEPARTMENT OF ECOLOGY

CERTIFICATE OF WATER RIGHT

- Surface Water (Issued in accordance with the provisions of Chapter 117, Laws of Washington for 1917, and amendments thereto, and the rules and regulations of the Department of Ecology.)
- Ground Water (Issued in accordance with the provisions of Chapter 263, Laws of Washington for 1945, and amendments thereto, and the rules and regulations of the Department of Ecology.)

PRIORITY DATE June 15, 1988	APPLICATION NUMBER G2-27361	PERMIT NUMBER G2-27361 P	CERTIFICATE NUMBER G2-27361 C
--------------------------------	--------------------------------	-----------------------------	----------------------------------

NAME
Dave Sweet, Park Plaza

ADDRESS (STREET) (CITY) (STATE) (ZIP CODE)
3551 Bridgeport Way West Tacoma Washington 98466-4428

This is to certify that the herein named applicant has made proof to the satisfaction of the Department of Ecology of a right to the use of the public waters of the State of Washington as herein defined, and under and specifically subject to the provisions contained in the Permit issued by the Department of Ecology, and that said right to the use of said waters has been perfected in accordance with the laws of the State of Washington, and is hereby confirmed by the Department of Ecology and entered of record as shown, but is limited to an amount actually beneficially used.

PUBLIC WATERS TO BE APPROPRIATED

SOURCE
A well

TRIBUTARY OF (IF SURFACE WATERS)

MAXIMUM CUBIC FEET PER SECOND	MAXIMUM GALLONS PER MINUTE 84	MAXIMUM ACRE-FEET PER YEAR 17.5
QUANTITY, TYPE OF USE, PERIOD OF USE 17.5 acre-feet per year	Community domestic supply (Cascade Highlands North)	Year-round, as needed

LOCATION OF DIVERSION/WITHDRAWAL

APPROXIMATE LOCATION OF DIVERSION-WITHDRAWAL
250 feet north and 390 feet east of the southwest corner of Section 13.

LOCATED WITHIN (SMALLEST LEGAL SUBDIVISION) SW $\frac{1}{4}$ SW $\frac{1}{4}$	SECTION 13	TOWNSHIP N. 19	RANGE, (E. OR W.) W.M. 5E	W.R.I.A. 10	COUNTY Pierce
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RECORDED PLATTED PROPERTY

LOT BLOCK OF (GIVE NAME OF PLAT OR ADDITION)

LEGAL DESCRIPTION OF PROPERTY ON WHICH WATER IS TO BE USED

Area served by Cascade Highlands North Water System.

52 JUN 16 AM 10:46

9203160232

SCHEDULE 1 (E)
DESCRIPTION OF INTANGIBLES

Water rights
Customer records for billing purposes
Water System operation records pertaining to wells, pumping equipment, storage facilities, valves, water treatment equipment
Construction records relating to wells, pumping equipment, storage facilities, valves, water treatment equipment, mains, hydrants, services
Maintenance records related to wells, pumping equipment and storage facilities
Water main leak history
Water System maps and drawings
Building permits related to operating equipment or structures
Water contracts
County health department permits and licenses
State health department permits and licenses
Water quality testing records
Water System Plans

SCHEDULE 2

ALLOCATION OF PURCHASE PRICE

For System Name: Cascade Highlands North, ID #55631J, Pierce County

Account No.	Description	Purchase Price
1303	Land	\$ 140
1304	Structures	\$ 830
1307	Wells	\$ 972
1311	Pump Equipment	\$ 1,957
1331	Transmission Mains	\$ 5,837
1333	Service	\$ 1,200
1334	Meter Installation	\$ 564
1339	Other Plant	\$11,500
1408	Accumulative Depreciation	\$ 0
	Total	\$23,000.00

NOTE: The parties will review this allocation of assets prior to closing to properly address allocation including but not limited to intangibles, water rights and other issue.

SCHEDULE 3

DEPOSITS AND ADVANCED PAYMENTS

The following lots have paid hookup fees:

Sunridge Estates—Lots 14 and 15—Russell Lloyd and James and Camille Lemke and assigns listed as owners in 1994 purchase agreement with David Sweet.

Sunridge Estates—Lot 7—Farrell is owner as of 1989.

Cascade Highland's—Lots 6, 7 & 8 (Kochevar present owner) and Lot 10.

All lots in Cascade Springs, which include Large Lot 3, 5, and 8. (21 total lots).

The following is lot(s) owed to Seller for repairs made to system, due to damage caused by property owner:

Lot 7 Cascade Springs (Des Marais)

SCHEDULE 4 (A)

BILL OF SALE

FOR GOOD AND VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Clear Water, Inc. a Washington corporation ("Seller"), hereby sells, grants, conveys, assigns, transfers and sets over to Washington Water Service Company, a Washington corporation ("Purchaser"), all improvements and personal property comprising the water production, storage and distribution facilities and all water rights, and assets of every kind comprising the for Cascade Highlands North Water System, ID #55631J, Pierce County, Washington, owned and operated by Seller, including, without limiting the generality of the foregoing, the following:

- ◆ All of the Improvements described in Schedule 1 (a) attached hereto.
- ◆ To the extent not described in Schedule 1 (B) hereto, all wells, pumps, pumping plants and pumping equipment, tanks, mains, pipes, pipelines, hydrants, valves, connections, services, meters, meter boxes and associated facilities, buildings, structures, improvements and appurtenances thereto, and all property and assets of every kind comprising a part of or used in connection with the operation of Seller's Water System.
- ◆ All rights of any kind now held by Seller in and to any and all water, water rights and rights to receive distribution of water, except Seller's accounts receivable, and those promissory notes, and rights thereto, described in paragraph 3 of the Contract for Sale of Assets.
- ◆ Seller warrants to Purchaser that Seller owns and has the right to convey all property conveyed by this Bill of Sale and that all property conveyed hereby is conveyed free and clear of all liens, encumbrances, claims and liabilities. ALL OTHER WARRANTIES ARE DISCLAIMED ACCORDING TO THE CONTRACT FOR SALE OF ASSETS.

Executed on the ____ day of _____, 2002.

Clear Water, Inc.
a Washington Corporation

By: _____
David Sweet, President



SCHEDULE 4(C)

Form of Assignment of Intangibles

Assignment of intangible property,
contracts, warranties and guarantees

This Assignment of Intangible Property, Contracts, Warranties and Guarantees is executed as of this _____ day of _____, 2002, by Seller, Clear Water, Inc., a Washington corporation ("Assignor") in favor of Washington Water Service Company, a Washington corporation, ("Assignee"), pursuant to that certain Contract for Sale of Assets dated as of _____, 2002, (the "Agreement"), by and between Assignor, as seller, and Assignee, as purchaser.

FOR VALUE RECEIVED, Assignor hereby grants, conveys, transfers and assigns to Assignee all of Assignor's right, title and interest in, to and under the Intangible Property (as defined in the Agreement) including, without limitation, the Intangible Property described in Schedule 1 (F) attached hereto and made a part hereof. The capitalized terms in Schedule 1 (E)) shall have the meanings given in the Agreement.

Assignor hereby covenants that it will, at any time and from time to time upon written request therefor, execute and deliver to Assignee, its nominees, successors and/or assigns, any new or confirmatory instruments and do and perform any other acts which Assignee, its nominees, successors and/or assigns, may reasonably request in order to fully assign and transfer to and vest in Assignee, its nominees, successors and/or assigns, and protect its and/or their rights, title and interest in and enjoyment of, all of the assets of Assignor intended to be transferred and assigned hereby, or to enable Assignee, its nominees, successors and/or assigns, to realize upon or otherwise enjoy any such assets. This Assignment does not include Assignor's accounts receivable, or those promissory notes, and rights thereto, described in paragraph 3 of the Agreement.

Assignor hereby agrees to indemnify, defend, protect and hold harmless assignee from and against any and all liability, loss, costs, damage and expense (including, without limitation, attorneys' and paralegals' fees and costs and court costs) relating to Assignor's obligations with respect to the Intangible Property arising prior to the date hereof.

Assignee hereby assumes and agrees to perform or cause to be performed Assignor's obligations, if any, under the Intangible Property from and after the date of this instrument, and hereby agrees to indemnify, defend, protect and hold Assignor harmless from and against any and all liability, loss, cost, damage and expense (including, w without limitation, attorneys' and paralegal' fees and costs and court costs) relating thereto and arising from and after the date hereof.

The provisions of this Assignment of Intangible Property, Contracts, Warranties and Guarantees shall be binding upon and inure to the benefit of Assignor, Assignee and their successors and permitted assigns.

IN WITNESS WHEREOF, the undersigned have executed this assignment of Intangible Property, Contracts, Warranties and Guarantees as of the date first above written.

Assignor:

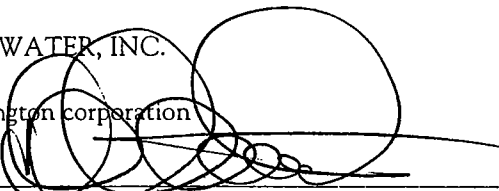
Assignee:

CLEAR WATER, INC.

WASHINGTON WATER SERVICE COMPANY

a Washington corporation

a Washington corporation

By: 
David Sweet, President/Owner

By: 
Michael P. Ireland, President

When Recorded Return to:
Washington Water Service
P.O. Box 336
Gig Harbor, WA 98335

Schedule 4(B)
STATUTORY WARRANTY DEED

The Grantor, Clear Water Inc., for and in consideration of Ten Dollars (\$10) and other good and valuable consideration in hand paid, conveys and warrants to Washington Water Service Company, the Grantee, the real estate described in the attached Schedule 1A, for Cascade Highlands North water system, ID #55631J, situated in the County of Pierce, State of Washington, subject to all covenants, conditions, agreements, bylaws, reservations, notices, assignments, restrictions and easements of record.

Grantor hereby binds itself and its successors to warrant and defend title to said real property as against all persons whomsoever. Grantor hereby assigns to Grantee all warranties of title it has received directly or indirectly from its grantors or predecessors in interest.

Dated this ___ day of _____, 2002.

By: _____
David Sweet, President

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

On this ___ day of _____, 2002, before me, a Notary Public in and for the State of Washington, personally appeared David Sweet, personally known to me (or proved to me on the basis of satisfactory evidence) to be the President of Clear Water Inc., that executed this instrument and acknowledged it to be his free and voluntary act and deed for the uses and purposes mentioned in the instrument.

SCHEDULE 10
LIST OF CUSTOMERS

See Attached

METER READING WORKSHEET CYCLE = A

10/25/02

Cascade Highlands North

Page 1

ACCT NO	NAME	ADDRESS	METER LOCATION	METER NUMBER	LAST READING	NEW READING	S T A T E R O U T E S E Q #
CHN+02	KEN BARTENHAGEN	23406 143RD ST E		89017328	173025		0
CHN+19	KEVIN ARP	23406 143RD ST E		5530050	111134		0
CHN-01	KURT AND HOLLEY WILSON	14417 229TH AVE E		89106422	103432		0
CHN-02	MATT MARTIN	* 23406		5530050	0		0
CHN-03	SHERYL HUNTLEY	23016 148TH ST		89017330	174474		0
CHN-04	JAWDAT SHANNIR	14010 232ND AVE CT E		89106174	113880		0
CHN-05	THOMSON HEAD	14416 229TH AVE E		88087311	206101		0
CHN-06	PATRICIA MINIKEN	22901 229TH AVE E		95170350	148823		0
CHN-07	ROBERT & RENEE' TYLER	SUNRISE LOT 6-1		1956125	173238		0
CHN-08	DON & GISELE McAPEE	23215 145TH ST E		93309984	92935		0
CHN-09	HELEN KUNDERT	14302 229TH AVE E		89106177	131570		0
CHN-10	SUSAN & ALLEN KOCHVAR	23310 148TH ST CT E		2580195	13452		0
CHN-11	GARY KESTI	14708 228TH AVE E		19751396	52045		0
CHN-12	DONNA HOPKINS	141 232 AVE CT E		93309979	99644		0
CHN-13	RICK HLAVKA	14611 229TH AVE E		93309980	81035		0
CHN-14	JEAN & KATHY HART	23405 143RD ST E		89106424	117085		0
CHN-15	SANDY GRAY	14118 232RD AVE CT E		P528585	111247		0
CHN-16	GREG & DOLORES FLORES	23317 141ST E		89106178	181003		0
CHN-17	JOHN & CHARLENE CONGER	23110 143RD ST E		89017142	193700		0
CHN-18	DAVID & LINDA CLARK	14610 229TH AVE E		88087307	256360		0
CHN-19	KEVIN ARP	* 23406 143RD ST E		89017328	0		0
CHN-20	DOUG & MICHEL GALLAGHER E	22822 146TH ST E		15877004	22357		0
CHN-21	LEMKE/LLOYD	CASCADE			0		0

Site address & meter numbers

METER READING WORKSHEET CYCLE = A

10/25/02

Cascade Highlands North

Page 2

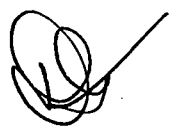
ACCT NO	NAME	ADDRESS	METER LOCATION	METER NUMBER	LAST READING	NEW READING	S T A T E R O U T E S E Q #
CHN-22	LEMKE/LLOYD	CASCADE			0		0
CHN-23	SCOTT & AURORA THOMAS	22825 146TH ST E		17425817	16553		0
CHN-24	SUSAN & ALLEN KOICHEVAR	LOT 6 CASCADE HIGHLANDS			0		0
CHN-25	SUSAN & ALLEN KOICHEVAR	LOT 8 CASCADE HIGHLANDS			0		0
CHN-26	RAYMOND FARRELL	LOT 7			0		0
CHN-27	DAVID SWEET	LOT 1			0		0
CHN-28	DAVID SWEET	LOT 2			0		0
CHN-29	DAVID SWEET	LOT 3			0		0
CHN-30	DAVID SWEET	LOT 5			0		0
CHN-31	DAVID SWEET	LOT 6			0		0
CHN-32	TODD AND JULI DESMARAIS E	LOT 7			0		0
CHN-33	BRIAN AND NANCY BARTON	LOT 8 CASCADE SPRINGS		17177252	361		0
CHN-34	DAVID SWEET	LOT 9			0		0
CHN-35	DAVID SWEET	LOT 10			0		0
CHN-36	DAVID SWEET	LOT 11			0		0
CHN-37	DAVID SWEET	LOT 12			0		0
CHN-38	DAVID SWEET	LOT 13			0		0
CHN-39	DAVID SWEET	LOT 14			0		0
CHN-40	DAVID SWEET	LOT 15			0		0
CHN-41	DAVID SWEET	LOT 16			0		0
CHN-42	DAVID SWEET	LOT 17			0		0
CHN-43	DAVID SWEET	LOT 18			0		0
CHN-44	DAVID SWEET	BIG LOT 5			0		0

METER READING WORKSHEET CYCLE = A

10/25/02

Cascade Highlands North

ACCT NO	NAME	ADDRESS	METER LOCATION	METER NUMBER	LAST READING	NEW READING	S T A T E	ROUTE SEQ #
CHN-45	DAVID SWEET	LOT 10			0	_____		0



SCHEDULE 12

LITIGATION AND COMPLAINTS

Notice dated October 2, 2002 by the Washington State Utilities (WUTC) and Transportation Commission that Sell is subject to WUTC jurisdiction.

Conditions listed in the Department of Health, Special Purpose Investigation dated September 25, 2002 of which the over-flow modification and tank water level monitor have not been completed. Purchaser to make these modifications.



Income Statement
as of SEPTEMBER 30, 02

400	ANNUAL BUDGET	FOR MONTH 09	YEAR TO DATE
460			
4601 UNMETERED SALES - FLAT	0.00	-8,883.67	-62,513.36
4602 UNMETERED SALES - SEASON	0.00	-926.20	-8,024.63
4603 READY TO SERVE	0.00	1,768.00	-620.00
4611 METERED SALES	0.00	-614,774.10	-3,762,807.85
TOTAL 460	0.00	-622,815.97	-3,833,965.84
470			
4711 SERVICE REVENUES - RECON	0.00	-760.00	-8,885.00
4712 SERVICE REVENUES - NAME	0.00	-3,255.00	-25,237.50
4713 SERVICE REVENUES - HAND	0.00	-225.00	-2,625.00
4714 SERVICE REVENUES - LIGHT	0.00	-1,338.54	-12,037.26
4716 SERVICE REVENUES - FIRE	0.00	-2,280.12	-19,300.27
4720 SAFE DRINKING WATER ACT	0.00	0.00	-11,372.50
4721 COBANK PATRONAGE	0.00	0.00	-5,011.39
TOTAL 470	0.00	-7,858.66	-84,468.92
TOTAL 400	0.00	-630,674.63	-3,918,434.76

Income Statement
as of SEPTEMBER 30, 02

500	ANNUAL BUDGET	FOR MONTH 09	YEAR TO DATE
560			
5601 SALARIES & WAGES -EMPLOY	0.00	79,336.65	804,678.29
5603 SALARIES & WAGES - OFFIC	0.00	6,146.14	60,616.83
5604 EMPLOYEE BENEFITS	0.00	55,350.60	423,379.14
5615 PURCHASED POWER	0.00	41,595.35	271,678.36
5616 PURCHASED WATER	0.00	335.23	2,144.96
5618 CHEMICALS	0.00	0.00	1,636.71
5620 MATERIALS & SUPPLIES	0.00	26,972.63	284,122.81
5631 CONTR SERVICES - ENGINEE	0.00	2,110.00	13,887.50
5634 CONTRACT SERVICES-ROUTIN	0.00	11,284.60	70,912.80
5635 CONTR SERVICES - COMPUTE	0.00	0.00	7,830.00
5636 CONTR SERVICES - ONE CAL	0.00	226.60	4,303.00
5637 CONTRACT SERVICES MIRROR	0.00	2,480.89	31,866.41
5641 RENT/LEASE	0.00	7,023.81	39,725.04
5650 TRANSPORTATION EXPENSE	0.00	6,879.64	61,422.44
5656 INSURANCE - VEHICLE	0.00	1,422.00	12,798.00
5657 INSURANCE - GENERAL LIAB	0.00	7,175.31	20,138.91
5658 INSURANCE - WORKMAN'S CO	0.00	8,712.80	20,042.62
5667 COMMISSION EXPENSE - OTH	0.00	0.00	7,614.20
5670 BAD DEBT EXPENSE	0.00	2,453.38	13,977.97
5675 MISCELLANEOUS EXPENSE	0.00	9,831.77	71,773.72
5680 SDWA EXPENSE	0.00	0.00	5,852.90
TOTAL 560	0.00	269,337.40	2,230,402.61
TOTAL 500	0.00	269,337.40	2,230,402.61

Income Statement
as of SEPTEMBER 30, 02

600	ANNUAL BUDGET	FOR MONTH 09	YEAR TO DATE
640			
6403 DEPRECIATION EXPENSE	0.00	65,613.65	605,791.65
6407 AMORTIZATION OF CIAC	0.00	-22,383.95	-201,455.55
6408 TAXES OTHER THAN INCOME	0.00	54,209.90	383,255.34
6409 INCOME TAX	0.00	336,533.00	336,533.00
6413 MARKETING	0.00	2,758.41	24,823.05
6415 MERCHANDIZING/JOBGING RE	0.00	-41,276.28	-450,247.43
6416 COST OF MERCHANDIZING/JO	0.00	24,489.94	278,739.25
6419 INTEREST & DIVIDEND INCO	0.00	-123.17	-1,127.39
6427 INTEREST ON LONG TERM DE	0.00	18,778.27	184,926.52
6428 PENALTIES	0.00	0.00	1,971.23
TOTAL 640	0.00	438,599.77	1,163,209.67
TOTAL 600	0.00	438,599.77	1,163,209.67
GRAND TOTAL	0.00	77,262.54	-524,822.48

W.W.S.C.				
Comparative Balance Sheet				
9/30/02				
W.W.S.C.			Cascade	Revised
Account #	Description	Debit / (Credit)	Acquisition	Balance Sheet
1131-00	Cash	542,407.07	-23000.00	519,407.07
1134-00	Petty Cash	1,115.00		1,115.00
1141-00	Accounts Rec. - Trade	458,657.48		458,657.48
1142-00	Accounts Rec. - Jobbing	91,688.64		91,688.64
1143-00	Provision for Uncollectible Acc'ts	(9,000.00)		(9,000.00)
1145-00	Accrued Accounts Rec. - Trade	62,846.08		62,846.08
1151-00	Inventory - Material:	127,037.33		127,037.33
1152-00	Materials and Supplies:	0.00		0.00
1163-00	Prepaid Expenses:	25,924.93		25,924.93
1164-00	CSV of Life Insurance	0.00		0.00
1165-00	Deposits	0.00		0.00
1166-00	Prepaid Insurance Vehicle/Liabilit	3,233.00		3,233.00
1271-00	CoBank Reserve 74713000	98,456.73		98,456.73
1272-00	CoBank Reserve 74713000	24,341.61		24,341.61
1273-00	CoBank Reserve 74713000	104,056.66		104,056.66
1274-00	Bank of America Checking	0.00		0.00
1301-00	Organizationa	159,392.92		159,392.92
1302-00	Franchises & Consents	5,934.33		5,934.33
1303-00	Land & Land Rights	162,606.72	140.00	162,746.72
1304-00	Structures	210,433.82	830.00	211,263.82
1304-32	Structures - Pumping Plan	382,616.92		382,616.92
1304-35	Structures - General Plan	372,390.16		372,390.16
1307-00	Source of Supply - Wells	1,130,456.34	972.00	1,131,428.34
1310-00	Power Generation Equipmen	745,227.21		745,227.21
1311-00	Pumping Equipmen	2,278,392.15	1957.00	2,280,349.15
1320-00	Water Treatment Equipmen	40,260.95		40,260.95
1330-00	Distribution Reservoirs	2,272,587.53		2,272,587.53
1331-00	Transmission Mains	6,791,048.76	5837.00	6,796,885.76
1333-00	Services	1,395,732.48	1200.00	1,396,932.48
1334-00	Meters	655,458.79	564.00	656,022.79
1335-00	Hydrants	391,712.84		391,712.84
1339-00	Other Plant / Misc. Equip	243,400.10	11500.00	254,900.10
1340-00	Office Furniture & Equipmen	407,629.67		407,629.67
1341-00	Transportation Equipmen	1,028,404.60		1,028,404.60
1343-00	Tools & Equipmen	385,565.10		385,565.10
1346-00	Communication Equipmen	91,678.09		91,678.09
1348-00	Comprehensive Plan	836,568.51		836,568.51
1348-90	Accum. Amort. of Comp. Plan	(11,350.00)		(11,350.00)
1402-00	CoBank Equity	24,084.68		24,084.68
1408-00	Accum. Depr. of Utility Plan	(6,781,514.66)		(6,781,514.66)
1411-00	Acquisition Adjustmen	363,200.50		363,200.50
1500-00	Construction in Progress	579,229.17		579,229.17
1840-00	Clearing Account - Inventor	62,624.21		62,624.21
1840-42	Clearing Account - Life & Disability	0.00		0.00
1840-44	Clearing Account - 401(k)	0.00		0.00
1841-00	Clearing Account	(2,076.52)		(2,076.52)
1842-00	Clearing Account	0.00		0.00
1843-00	Long-Term Reg. Assets- Wages	339,782.51		339,782.51
1860-00	Deferred Tax Asse	498,440.00		498,440.00
2231-00	Accounts Payable	(230,925.96)		(230,925.96)
2232-00	Customer Deposits	(909.10)		(909.10)
2233-00	Accrued Interest Payable	(10,422.55)		(10,422.55)
2234-00	Accrued Property Taxes Pay	(25,292.11)		(25,292.11)
2235-00	Accrued Pension	(198,371.00)		(198,371.00)
2236-00	Accrued Taxes Payable	(26,826.12)		(26,826.12)
2241-00	Accrued Wages	(339,782.51)		(339,782.51)
2242-00	Taxes Payable	(2,680.11)		(2,680.11)
2245-00	W/H Taxes Payable	0.00		0.00
2252-00	Advances for Constructor	(75,494.21)		(75,494.21)
2255-00	Accum. Def. Inc. Tax. Credits	(11,515.60)		(11,515.60)
2299-00	Intercompany A/F	(924,046.55)		(924,046.55)
2401-00	LTD - Ford Motor FSA 302	(3,758,340.96)		(3,758,340.96)
2500-00	Current portion - Other LTC	0.00		0.00
2501-00	Current portion - Other LTC	0.00		0.00
2505-00	Current portion - LTC	0.00		0.00

W.W.S.C.				
Comparative Balance Sheet				
9/30/02				
W.W.S.C.			Cascade	Revised
Account #	Description	Debit / (Credit)	Acquisition	Balance Sheet
2506-00	Current portion - LTC	0.00		0.00
3201-00	Common Stock Issued	(9,281.34)		(9,281.34)
3211-00	Paid-in Capital	(59,722.34)		(59,722.34)
3212-00	Dividends Declared	952,563.50		952,563.50
3216-00	Retained Earnings	(3,750,951.62)		(3,750,951.62)
3711-00	C.I.A.C. - Wells	(335,154.76)		(335,154.76)
3712-00	C.I.A.C. - Pumps	(672,629.86)		(672,629.86)
3713-00	C.I.A.C. - Reservoir	(964,989.03)		(964,989.03)
3714-00	C.I.A.C. - Service	(1,709,342.30)		(1,709,342.30)
3715-00	C.I.A.C. - Pipeline	(4,978,908.77)		(4,978,908.77)
3716-00	C.I.A.C. - Pumphouse	(54,985.48)		(54,985.48)
3717-00	C.I.A.C. - Generator	(742,609.40)		(742,609.40)
3718-00	C.I.A.C. - Hookups	(283,665.00)		(283,665.00)
3721-00	Accum. Amort. - C.I.A.C.	3,290,513.95		3,290,513.95
3821-00	Accum. Deferred Income Tax	(805,557.70)		(805,557.70)
				0.00
	Subtotal - Net Income	861,355.48		861,355.48



IMPORTANT NOTICE

November 1, 2002

On October 31, 2002 Washington Water Service Company asked the Washington Utilities and Transportation Commission for permission to transfer ownership of the Cascade Highlands North water system, State ID #55631J from Clear Water Inc. The WUTC holds an open meeting in Olympia on all transfer requests. The open meeting is scheduled for November 27, 2002, if approved the sale and transfer will be effective December 2, 2002. If you cannot attend the meeting on this proposal and would like your comments reflected in the formal record, you may write the WUTC at the following address:

Secretary, Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250
E-mail address: Comments@wutc.wa.gov

Washington Water Service Company is the largest investor owned water utility company in the State of Washington and is regulated by the Washington Utilities and Transportation Commission. We currently provide water service to over 17,000 homes in Clallam, Jefferson, King, Kitsap, Mason, Pierce, and Thurston Counties. WWSC has the experience and resources necessary to provide the highest level of customer service available. We take great pride in providing excellent water quality and services to our customers and value your input and concerns as well. In 1999 two of the largest investor owned utility companies in the state of Washington formerly known as Harbor Water Co., Inc. and South Sound Utility Co., Inc. were merged to create Washington Water Service Company. You can also learn more about WWSC by visiting our web site at www.wawater.com. During this process, local districts were established to serve their local communities and neighbors.

Our South Sound District, located in Olympia Washington, is now responsible for the day-to-day maintenance and operations that provide service to your home. We would like to extend a warm welcome to you and your family, and encourage you to give us a call if you have any questions or concerns regarding the purchase of the water system. Your local district staff can be reached at (360) 491-3760 - 24 hours a day to assist you with your water quality needs and concerns. Our office is located at 6800 Meridian Road SE and office hours are Monday through Friday 8:00 AM to 4:30 PM.

By now, you should have received your final billing for water service from the Northwest Water Systems Inc, the management & billing agency for Clear Water Inc. If you have not already made payment, or have not made prior arrangements to pay your final bill, please do so with Northwest Water Systems. **Payments owed to Clear Water Inc. (former owner) must be made payable to Clear Water Inc., and mailed to the address indicated on your August / September billing statement.**

WWSC will begin billing you for water service at the end of November for your October /November water service, you will be billed monthly thereafter. Your statement will be mailed out the last week of each month from our billing center located in Gig Harbor, Washington. Our customer service department can be reached toll free at (877)-408-4060 for any questions or concerns regarding your monthly billing statements, customer account set-ups, and closures. If you have any water quality, outage or pressure issues and concerns, please contact your local district. At this time your water rates will remain the same.

An Application for Service has been included with this announcement concerning the sale of the Cascade Highlands North Water System. It is extremely important that you complete this application and return it to our office at your earliest convenience in the return envelope enclosed. By completing our application for service, you are providing very important information necessary to contact you should any emergency situations arise. This information will also help us to identify your property by address and legal description so that we can ensure that your billing invoices arrive in a timely manner for payment. Again, we would like to extend a warm welcome to you and your family and would like to encourage you to give us a call any time.

\\Hbrserver\Washington Water Service\System Acquired\Cleawater-Cascade Highlands N\customer notice UTC.doc

cc: Washington State Department of Health
Washington Utilities and Transportation Commission
File No. 2666

Forth Revision of Sheet No. 21.3
Canceling
Third Revision of Sheet No. 21.3

WN U-1
Washington Water Service Company

For Commission's Receipt Stamp

(N)

SCHEDULE NO. 1.3
FLAT RATE SERVICE
Cascade Highlands North Water System

Available

Within the limits of the Cascade Highlands North Water System and at utility's option and capability to maintain Department of Health standards of quantity and quality.

Applicable

Applicable to domestic residential customers, where meters have not yet been installed.

Conditions

The charge for this service is not subject to cancellation or reduction for seasonal or temporary periods, unless seasonal rates apply per this tariff. This charge will be the monthly minimum bill for this class of service.

Monthly Rates

Each water hookup

\$ 15.00

Issued November 1, 2002 Effective December 2, 2002

Issued by Washington Water Service Company

By Cathy Thorne Title Regulatory Affairs Manager

Third Revision of Sheet No. 22.2
Canceling
Second Revision of Sheet No. 22.2

WN U-1
Washington Water Service Company

For Commission's Receipt Stamp

(N)

SCHEDULE NO. 2.2
METERED RATE SERVICE
Cascade Highlands North Water System

Available

Within the limits of the Cascade Highlands North Water System and at the utility's option and capability to maintain Department of Health standards of quantity and quality.

Applicable

Applicable to domestic residential customers served by the utility on a metered basis.

Conditions

The charge for this service is not subject to cancellation or reduction for seasonal or temporary periods, unless seasonal rates apply per this tariff. This charge will be the monthly minimum bill for this class of service.

Monthly Rates

Each connection or customer	<u>Rate</u>
¾ inch meter base rate 700 c.f. allowance	\$ 59.00
701 to 1,500 c.f. – per 100 c.f.	1.00
1,501 to 3,200 c.f. – per 100 c.f.	2.00
3,201+ - per 100 c.f.	4.00

Issued November 1, 2002 Effective December 2, 2002

Issued by Washington Water Service Company

By *Cathy Thorne* Title Regulatory Affairs Manager

Third Revision of Sheet No. 20.5
Canceling
Second Revision of Sheet No. 20.5

Washington Water Service Company

For Commission's Receipt Stamp

SERVICE AREA

SOUTH SOUND DISTRICT

Water System List:

<u>System Name</u>	<u>County</u>	<u>DOH</u> <u>WFI #</u>
Alpine Hills	Thurston	01826P
Andrews First	Thurston	172419
Aspinwall Estates	Thurston	01463N
Belwood Park	Thurston	056404
Biscay Villa	Thurston	071646
Black Lake Estates	Thurston	26071R
Camelot/Western Skies	Thurston	108086
Cascade Highlands North	Pierce	55631J
Cedarwood/South Union	Thurston	002533
Classic Heights	Thurston	63381B
The Cloister	Thurston	27091B
Creekside Meadows	Thurston	04863C
Crescent Park	Pierce	16000D
Crescent Park	Thurston	15999F
Crystal Springs	Thurston	30049R
Curries Landing	Mason	03463T
Cuyamaca Village	Thurston	17100L
Delphi Daubel	Thurston	18650L
Eagle Estates	Thurston	02348N
Evergreen Shores	Thurston	24163J
Forest Park	Thurston	07167Q
Foxhall	Thurston	109911
Henderson Blvd.	Thurston	08359U
Heritage Row	Thurston	018868
Holiday Ranchettes	Thurston	33677F
Inlet's End	Thurston	06705V
Inlet Heights	Thurston	02149X
Israel Place/San Angelo Park	Thurston	36274L
Karen Place	Thurston	02860P
Lacamas Farmstead	Pierce	021174
Lake Lawrence	Thurston	22572N

(N)

Issued November 2, 2002 Effective December 2, 2002

Issued by Washington Water Service Company

By Cathy Bone Title Regulatory Affairs Manager