

VW-050846 (AT)
6-29-05

SEA VIEW WATER L.L.C.
22238 Criddle Lane
Mount Vernon WA 98274
(360) 422 8025

June 1, 2005

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

RECEIVED
OFFICE OF THE
SECRETARY
OF UTILITIES
JUN 2 10 09 AM '05

RE: **Sea View Water L.L.C. - Sale and Transfer
Sea View Water Company**

Dear Secretary:

Enclosed you will find the joint application of the above-referenced sale and transfer application to include:

1. Application for transfer,
2. Copy of Instrument of Transfer,
3. Sea View Water Company Income Statement, Balance Sheet, Asset Listing, and Depreciation Schedule,
4. Sea View Water L.L.C. Letter of Incorporation, Income Statement, Balance Sheet, Asset Listing, and Depreciation Schedule,
5. Adoption of Tariff Notice,
6. Customer notice of sale and transfer of water system.

If you have any question, please call me at (360) 422-8025.

Sincerely

John W. Morgan
Manager
Sea View Water L.L.C

Enclosures as noted

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

In the Matter of the Application for)	
the Sale and Transfer of Assets)	
From)	DOCKET _____
Sea View Water Company)	
To)	
Sea View Water, L.L.C.)	APPLICATION FOR SALE
)	AND TRANSFER OF
)	ASSETS AND TARIFF
)	ADOPTION
.....)	

BACKGROUND

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

INTRODUCTION

2 Sea View Water Company, is a sole proprietorship formed in 1985 to act as a utility service company, serving customers in the Plat of Sea View, Island County. Sea View Water, L.L.C., was newly formed in 2005 to act as a utility service company. The water systems to be transferred consist of wells, pumps, transmission mains, reservoirs, hydrants, distribution mains, meters, and appurtenances serving the customers of the Sea View Water Company.

3 Sea View Water Company is currently operating under a green operating permit issued by the Washington State Department of Health and has no outstanding orders or letters directing action.

4 As a result of this sale and transfer of water system assets, Sea View Water L.L.C. will maintain Sea View Water Company's water rates currently in effect and will be adopting the tariff of Sea View Water Company.

EXHIBITS

5 Pursuant to WAC 480-143-120 and WAC 480-143-130, please find attached the following exhibits:

6 Exhibit 1 – Instrument of Transfer.

7 Exhibit 2 – Sea View Water Company
Income Statement, Balance Sheet, Asset Listing, Depreciation Schedule.

8 Exhibit 3 – Sea View Water L.L.C.
Letter of Incorporation, Income Statement, Balance Sheet, Asset Listing, Depreciation Schedule.

9 Exhibit 4 – Adoption of Tariff Notice.

10 Exhibit 5 – Customer notice of sale and transfer of water system.

METHOD OF FINANCE

11 The purchase price for the water system assets is \$82,734, payable by monthly payments until paid.

TRANSFER IS IN THE PUBLIC INTEREST

12 The benefits of this acquisition of water system assets include hands on management of the water system by the owners of the system. The owner of Sea View Water Company, no longer desires to own and operate public water systems. Customers were notified of the sale and transfer in a letter mailed on May 27, 2005. The proposed tariff adoption bears an effective date of July 1, 2005. This date is to coincide with company billing periods and allows a mutually agreed closing date. For accounting purposes the bookkeeping records should be considered transferred and effective on that date.

13 The current staff of Sea View Water Company will be retained to continue operations and maintenance of the water systems until the Managers of Sea View Water L.L.C. completely at ease in the operations of the water company. In addition, the current water manager has agreed to remain indefinitely available as a consultant.


14 As a result of the sale and transfer of assets, the water rates and service charges will not change. Sea View Water L.L.C. will adopt the full tariff of Sea View Water Company, without change at any rate or charge contained therein as occasioned by this transfer.

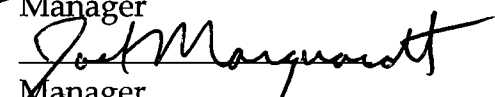
PRAYER

15 Based on the foregoing, the Applicants request approval of their application respectfully submitted this 1st day of June 2005.

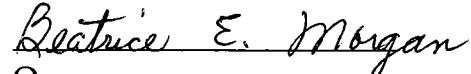
Sea View Water L.L.C.

Sea View Water Company



Manager


Manager



Owner

SALE AND TRANSFER APPLICATION

PAGE 4

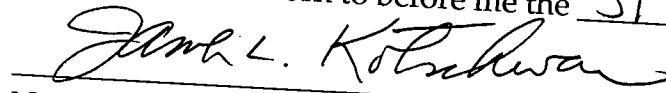
FORM OF VERIFICATION FOR APPLICATION

STATE OF WASHINGTON
County of Island

(JOHN MORGAN) being first duly sworn, deposes and says that he/she is Manager of Sea View Water L.L.C., the applicant in the proceeding entitled above, that he/she has read the foregoing application and knows the contents thereof; that the same is true of his/her own knowledge, except as to matter which are therein stated on information or belief, and as to those matters he/she believes them to be true.


Manager

Subscribed and sworn to before me the 31 day of May, 2005



Notary Public in and for the State of Washington, residing
At OAK HARBOR.

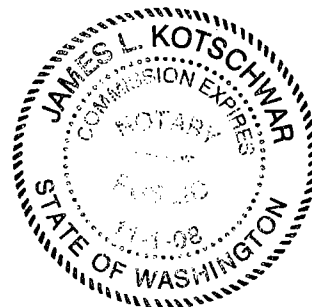


EXHIBIT 1

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT OF PURCHASE AND SALE is entered into this 22nd day of May, 2005, between BEATRICE E. MORGAN, an unmarried person, ("SELLER"), and Sea View Water LLC, a Washington limited liability company ("BUYER"), and is evidence of the following agreement:

1. WATER SYSTEM. BUYER agrees to buy and SELLER agrees to sell that certain private water system known as "Sea View Water Company" (referred to herein as "SVW"), as the same shall exist at the closing date, including all the assets of SVW, including all water system fixtures and equipment listed in Exhibit "A", without warranty, SELLER'S right, as said right may exist, to use the name "Sea View Water Company" in doing business, any existing information, lists, and records relating to said business and the customers, creditors, and vendors/suppliers thereof, all water lines and conduits owned by SVW, all good will related to the business, and all water system payments received from water system customers for water service after the date of closing. Expressly not included in this transaction are the Kubota tractor and trailer.

2. PURCHASE PRICE. The total purchase price of the referenced real property and the referenced water system is eighty-two thousand seven hundred thirty-four dollars, U.S., (\$82,734.00). The parties allocate the purchase price as follows:

2.1	utility plant	
	2.2.1 general	\$6,991
	2.2.2 supplies, spare parts, equipment	5,743
2.2	good will	10,000
	total	\$ 82,734.00

3. METHOD OF PAYMENT. At closing, BUYER shall pay four thousand dollars, U.S. (\$4,000.00) in cash and, also, execute and deliver to SELLER a promissory note for the remainder of the purchase price, ~~to be secured by a personal property security agreement and a UCC fixture filing to be recorded with the Auditor of Island County, Washington.~~ The promissory note, ~~security agreement, and UCC fixture filing~~ to be signed at closing shall be in the form and contain the terms and conditions as those attached to this agreement as Exhibit ~~"B"~~ ~~"C"~~ and ~~"D"~~, ~~respectively~~, which ~~forms~~ shall be completed by the closing agent and executed at closing. *jun*

4. CLOSING OF SALE. The closing agent shall be *First American Title Company of Island County*, 265 NE Kettle Street, P.O. Box 727, Oak Harbor, Washington 98277-0727 [telephone: (360) 675-2286; (800) 236-9878, telefax: (360) 675-5640]. The date of closing shall be that date that BUYER and SELLER mutually agree to close, but, in any event, *not later than June 30, 2005.*

The BUYER and SELLER shall deposit with the closing agent all instruments, documents, and monies necessary to complete the sale in accordance with this agreement. For the purposes of this agreement, closing agent shall be defined as a person authorized to perform escrow services

pursuant to the provisions of Chapter 18.44 of the Revised Code of Washington. "Date of closing" shall refer to the date on which all appropriate documents are recorded, and the proceeds of this sale are available for disbursement to SELLER.

The BUYER and SELLER acknowledge that they have been informed that SELLER'S attorney, James L. Kotschwar, is a shareholder, director, and officer of First American Title Company of Island County, and that he may not advise the BUYER with respect to any aspect of this transaction.

At closing, SELLER shall pay one-half of the closing agent's escrow fee related to this transaction. At closing, BUYER shall pay one-half of the closing agent's escrow fee, the applicable Washington Use Tax owing with respect to the water system personal property and equipment being purchased by BUYER.

5. POSSESSION. SELLER shall deliver possession of the subject property to BUYER on the date of closing.

6. DEFAULT AND ATTORNEYS FEES. In the event that BUYER or SELLER default in any contractual obligations or duties under the terms of this agreement, the non-defaulting party shall be entitled to reimbursement by the defaulting party of any court costs and attorneys' fees, which may have been reasonably incurred in the enforcement of the terms of this agreement, whether or not legal proceedings and/or appeals are actually instituted.

7. CONDITION OF PROPERTY. BUYER agrees to purchase the SVW in its present condition, "AS IS", without any representations or warranties from SELLER concerning the condition of the water system and/or any of its equipment, water sources, and the quantity and/or quality of the water from such sources.

8. CONVEYANCE. Title to SVW and the personal property assets of SVW shall be conveyed by a bill of sale in the form attached hereto as Exhibit "E", to be completed by the closing agent and executed at closing.

9. TAXES AND ASSESSMENTS. As to the water system that is the subject of this agreement, any applicable personal property taxes, governmental fees and assessments that may be owing with respect to the water system shall be prorated as of the date of closing so that any amount owing is paid current by SELLER to the date of closing. BUYER shall assume responsibility to pay any such amount that may become due after closing. Also, as stated above, at closing, BUYER shall pay the applicable Washington Use Tax owing with respect to the water system personal property and equipment being purchased by BUYER.

10. CONTINGENCY. The obligation of SELLER to sell, and of BUYER to purchase, the herein-described water system is expressly contingent upon the parties obtaining any necessary approval from the State of Washington and/or Island County related to transfers of water systems of the class and nature of the SVW, so that the sale and the closing of the sale of the subject water system fully complies with all applicable law and regulation. In the event that the herein-

contemplated transfer of the water system cannot be closed by the closing date in compliance with all applicable law and regulation, either SELLER or BUYER may terminate this agreement. Notice of such termination shall be provided in writing by the terminating party to the other party or to the closing agent. In the event of any such termination, there shall be no further obligation from either party to the other.

11. PERSONAL GUARANTY. John W. Morgan and Charlotte A. Morgan, husband and wife, as individuals and on behalf of their marital community, and Joel Marquardt, an unmarried person, as an individual, agree to guarantee the performance of the obligations of BUYER, Sea View Water LLC, under this agreement and under the herein-referenced promissory note and security agreement. Accordingly, at closing, they shall execute the said promissory note and security agreement as guarantors.

12. GENERAL PROVISIONS.

a. In the event of any question or dispute concerning this agreement, the laws of the State of Washington shall be applied for purposes of interpretation and enforcement.

b. Time is of the essence of this agreement.

c. There are no verbal or other agreements between SELLER and BUYER concerning the terms of this purchase and sale. This agreement constitutes the full understanding between BUYER and SELLER.

d. For the purposes of this agreement, signatures transmitted by telecopier or fax machine shall be considered to be original signatures.

SELLER:

BUYER:

Beatrice E Morgan
BEATRICE E. MORGAN

Sea View Water LLC a Washington limited liability company, by:

John W. Morgan 5/22/05
(name) (title) (date)

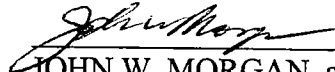
Address:

700 Scenic Heights Rd.
Oak Harbor, WA 98277

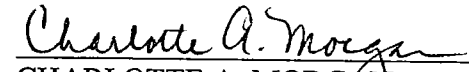
Joel Marquardt 5/22/05
(name) (title) (date)
Manager

Telephone: (360) 675-3459

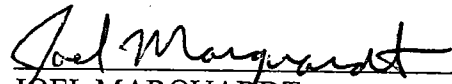
Individual guarantors of the obligations
of Sea View Water LLC:



JOHN W. MORGAN, as an
individual and on behalf of his marital
community



CHARLOTTE A. MORGAN, as an
individual and on behalf of her marital
community



JOEL MARQUARDT, as an
individual

AG93:M

EXHIBIT "A"

ASSETS OF THE SEA VIEW WATER CO.

CONSTRUCTION DRAWINGS
WATER RIGHTS
WELL NO. 1
WELL NO. 2
WELL NO. 3
PUMPHOUSE NO. 1
PUMPHOUSE NO. 2
NEW ROOF ON PUMPHOUSE NO. 2
WELLHOUSE NO. 1
WELLHOUSE NO. 2
WELLHOUSE NO. 3
ELECTRICAL CONTROLS, PH #1
ELECTRICAL CONTROLS, PH #2
AIR COMPR. CONTROLS, PH #2
AIR COMPR. CONTROLS, PH #1
10 HP PUMP, WELL NO. 1
10 HP PUMP, WELL NO. 2
10 HP PUMP, WELL NO. 3
7.5 HP BOOSTER PUMPS, TANK #1
7.5 HP BOOSTER PUMP, TANK #2
2 FILTERS, PUMPHOUSE NO. 1
3 FILTERS, PUMPHOUSE NO. 2
CHEMICAL FEED PUMP, PH #1
CHEMICAL FEED PUMP, PH #2
GREENSAND FOR FILTER #1, PH #2
DITTO, FILTERS #2 & 3, PH #2
DITTO, FILTERS #1 & 2, PH #1
315 GAL. PRESSURE TANK, PH #1
2 EA. 315 G. PRESS. TANKS, PH #2
AERATOR, STG. TANK #1
AERATOR, STG. TANK #2
STORAGE TANK #1
STORAGE TANK #2
DIV #1 & 2, 4200'-4" PVC MAIN
DIV #1 & 2, 1450'-2" MAIN
DIV #3, 500'-4" MAIN
DIV #3, 200'-2" MAIN
DIV #4, 5, & 6, 1500'-4" MAIN
800' EXTENSION 4" MAIN, W BCH RD
DIV #7, 1730'-4" MAIN
DIV #7, REPLCMT. OF 2-4" VALVES
DIV #2, REPLCMT. OF 2-4" VALVES
DIV #8, 2100'-4" MAIN
DIV #8, 360'-3" MAIN
DIV #8, 1880' -2" MAIN
FROM STG TANK #2, 500' -4" MAIN
DIV #9, 200'-2" MAIN
DIV #2, FIRE HYDRANT
DIV #7, FIRE HYDRANT
DIV #8, 2 FIRE HYDRANTS
DIV #9, 300'-6" MAIN
DIV #1 & 2 SERVICES (72)
DIV #3, SERVICES (9)
DIV #4, 5 & 6, SERVICES (13)
DIV #7, SERVICES (30)
DIV #8, SERVICES (49)
DIV #9, SERVICES (9)
2" SOURCE METER IN PH #1
NEW 2" METER IN PH #2
133 -3/4" SERVICE METERS
2-3/4" SERVICE METERS

4-3/4" SERVICE METERS
3-3/4" SERVICE METERS
7-3/4" SERVICE METERS
8-3/4" SERVICE METERS
5-3/4" SERVICE METERS
3-3/4" SERVICE METERS
7-3/4" SERVICE METERS
6-3/4" SERVICE METERS
2-3/4" SERVICE METERS
1-3/4" SERVICE METERS
1-3/4" SERVICE METERS
2-3/4" SERVICE METERS
1-3/4" SERVICE METERS
2-3/4" SERVICE METERS
1-3/4" SERVICE METERS
MAINTENANCE & OPERATIONS MANUAL

SUPPLIES, SPARE PARTS & EQUIPMENT

1 EA. 4" VALVE (UN-USED)
SPARE 10 HP PUMP & MOTOR
1 EA. 3/4" AIR RELEASE VALVE(IN STOCK)
5 EA. 3/4" METERS (RE-BUILT OR CALIBRATED)
3 EA. METER BOXES
11 EA. METER RESETTERS
28 EA. METER CONNECTORS
1 EA. SS SLVE. CLAMP, FOR 4" PIPE, 7 1/2" LG.
1 EA. 4" PVC COMPRESSION COUPLING
1 EA. 3" PVC COMPRESSION COUPLING
MISC. 3/4" TO 2" PVC FITTINGS
100 KG. POTASSIUM PERMANGANATE
1 EA. 3" UNION, GALVINIZED
METAL DETECTOR
WATER LEVEL MEASURING TAPE
TRASH PUMP
HAND TRUCK FOR TRASH PUMP
IRON TESTING KIT (DR100)
MANGANESE TESTING KIT (LR)
MANGANESE TESTING KIT (LR)
CHLORIDES TEST KIT, MODEL 8-P
13'(EXTENDED) AL. LADDER IN PH#1
DITTO IN PH#2

EXHIBIT "B"

PROMISSORY NOTE

FOR VALUE RECEIVED, on this ____ day of _____, 2005, SEA VIEW WATER LLC, a Washington limited liability company, referred to herein as "MAKER", promises to pay BEATRICE E. MORGAN, an unmarried person, as "HOLDER", or order, the sum of seventy-eight thousand seven hundred thirty-four and 00/100ths dollars, U.S. (\$78,734.00), together with interest at the rate of six percent (6%) per annum, computed on the diminishing principal balance. Interest shall commence from the date of this note.

MAKER shall pay monthly payments of principal and interest in the amount of one thousand four hundred and no/100ths dollars, U.S. (\$1,400.00), or more at MAKER'S election, commencing on or before the sixtieth (60th) day from the date of this note, and, thereafter, the same sum on or before the same day of each successive calendar month until all amounts owing under this note have been paid in full.

In any event, MAKER shall pay all amounts owing according to the terms of this note, including all remaining principal and unpaid interest, if any, not later than the sixth (6th) anniversary of the date of this note.

Except as otherwise provided in this note, at any time, MAKER may, at MAKER'S election, prepay all or a portion of the remaining principal indebtedness of this note without prepayment charge and with a savings of interest.

Payments shall be mailed or delivered to HOLDER at such place as HOLDER may designate in writing.

1. **ACCELERATION OF PRINCIPAL BALANCE AND INCREASE IN INTEREST ON DEFAULT:** If default is made in the payment of any amount required by this note, or default occurs in any covenant contained in the personal property security agreement securing this note, or defaults occur in any other covenant contained in such documents, the entire principal sum, accrued interest, reasonable attorney's fees and/or costs of collection shall at once become due and payable, at the election of HOLDER, and all such amounts shall bear interest at the rate of twelve percent (12%) per annum until the default is cured by payment and/or the recovery of personal property pursuant to any personal property security agreement in effect. Failure by HOLDER to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

2. **LATE PAYMENT CHARGE:** By signing this note, MAKER agrees with HOLDER that it would be impractical or extremely difficult to fix HOLDER'S actual damages in the event that any amount owing is not be paid within twenty (20) calendar days of the date it is due. Therefore, if the payment of any amount owing under this note, or any portion thereof, is

not paid within twenty (20) calendar days after the due date, a late payment charge shall be imposed in the amount of seventy-five dollars, U.S. (\$75.00). Said late payment charge shall be first deducted from any subsequent payments or monies received by the HOLDER of this note before the application of said payment to the interest and principal due and payable.

3. **COSTS OF COLLECTION; ATTORNEY'S FEES:**

(a) If this note is placed with an attorney and/or agent for collection of principal, interest, and/or any other amount required by the note, or for the purpose of enforcing any covenant in any personal property security agreement securing this note, MAKER shall pay the reasonable fees and expenses of such attorney or agent, even though no suit or action is instituted.

(b) If suit is brought to collect this note, HOLDER shall be entitled to collect from MAKER all reasonable costs and expenses of such suit and any appeal thereof, including, but not limited to, reasonable attorney's fees and court costs.

4. **SECURITY AGREEMENT:** The indebtedness under this note is secured by a security agreement affecting private water system personal property and equipment.

5. **INTERPRETATION:** This note is to be interpreted in all respects and enforced according to the laws of the State of Washington.

MAKER:

SEA VIEW WATER LLC,
a Washington limited liability company, by:

JOHN W. MORGAN

JOEL MARQUARDT

PERSONAL GUARANTORS: The undersigned, on behalf of themselves as individuals, and on behalf of their respective marital communities, hereby guarantee the performance of the obligations of MAKER in the above promissory note.

JOHN W. MORGAN

JOEL MARQUARDT

CHARLOTTE A. MORGAN

PN20:M

After Recording, Return to:

James L. Kotschwar
Attorney at Law
P.O. Box 1593
Oak Harbor, WA 98277

EXHIBIT "E"
WATER SYSTEM
BILL OF SALE AND ASSIGNMENT

IN CONSIDERATION of ten dollars, U.S. (\$10.00) in hand paid, and other valuable consideration, receipt of which is hereby acknowledged, Beatrice E. Morgan, an unmarried person, being the widow of Hubert L. Morgan ("Grantor"), hereby sells, assigns, transfers, grants, conveys, and delivers to Sea View Water, LLC, a Washington limited liability company, each and all of the following:

1. Well and Water System. All personal property, including fixtures and equipment, used in connection with the operation of a well and water system, known as "Sea View Water Company", and referred to herein as "SVW", the wells for which are situated on a portion of that parcel of real property, in Island County, Washington, described as Government Lot 4, Section 6, Township 32 North, Range 1 East, W.M., except that portion lying west of West Beach Road; and on Tract A, Sea View, Division No. 2, as recorded in volume 10 of plats, pages 64 and 65, records of Island County, Washington. The said water system serves those parcels of real property in Island County, Washington, that lie within the service area of Sea View Water Company delineated in the map attached to this Bill of Sale as Exhibit "1".

The personal property that is the subject of this conveyance and assignment includes, but is not limited to, any of the following owned by Grantor: water pump(s), well house(s), storage tank(s), meter(s), water lines or conduits that are presently in place, and all other appurtenances and facilities of the well and water system presently used in connection with SVW.

2. Licenses, Contracts, and Warranties. All of the Grantor's right, title, and interest in all licenses, certificates, governmental approvals, permits, service and maintenance contracts, leases, and warranties with regard to the ownership, maintenance, or operation of the water system or water system equipment.

3. Business Name and Business Records. Without warranty, Grantor's right, as said right may exist, to use the name "Sea View Water Company" in doing business, and all of Grantor's business records, including existing business information and lists relating to said water system, and the customers, creditors, and vendors/suppliers thereof. Grantor has informed Grantee that third parties, unrelated to Grantor or Grantor's water system, have formed Washington corporations with the name "Sea View Water, Inc." and "Sea View Water Service, Inc.", respectively.

Further, the Grantor declares and states the following:

1. Authority. The water system that is the subject of this conveyance and assignment is free and clear of any and all liens, security interests, encumbrances, or adverse claims, and Grantor has the full right, power, and authority to execute this Bill of Sale and Assignment.

2. Entire Understanding. This Bill of Sale and Assignment incorporates the entire agreement between the Grantor and the Grantee with regard to the transfer of the water system. There have been and are no covenants, agreements, representations, warranties, or restrictions between the parties with regard to this transfer other than those set forth herein. Specifically, Grantee acquires the said system in its "AS IS" condition, and Grantor makes no warranty, either express or implied, with regard to the water system, its equipment, and quantity or quality of water supply transferred herein for the Grantee's purposes.

3. Assumption of Obligations. This conveyance is expressly subject to the assumption by Grantee of Grantor's current and ongoing contractual obligations to water system users, and is also subject to payment in full by Grantee of the promissory note given to Grantor by Grantee in part payment of the purchase price for said water system.

DATED this ____ day of _____, 2005.

GRANTOR:

BEATRICE E. MORGAN

GRANTEE:

SEA VIEW WATER, LLC, a Washington limited liability company, by:

*Do NOT SIGN
UNTIL
CLOSING*

(name) (title) (date)

(name) (title) (date)

Individual guarantors of the obligations
of Sea View Water, LLC, by:

JOHN W. MORGAN, as an
individual and on behalf of his marital
community

CHARLOTTE A. MORGAN, as an
individual and on behalf of her marital
community

Do Not
SIGN
UNTIL
CLOSING

JOEL MARQUARDT, as an
individual

STATE OF WASHINGTON)
) ss.
County of Island)

On this ____ day of _____, A.D. 2005, before me, the undersigned,
a Notary Public in and for the State of Washington, duly commissioned and sworn personally
appeared BEATRICE E. MORGAN, to me known to be the individual described in and who
executed the foregoing instrument as the trustee of the referenced trust, and acknowledged to me
that she signed and sealed the said instrument as her free and voluntary act and deed for the uses
and purposes therein mentioned, on behalf of said trust.

WITNESS my hand and official seal hereto affixed the day and year in this certificate
above written.

Notary Public in and for the State of
Washington, residing at _____.
My commission expires: _____.

BOS:M

EXHIBIT 2

INCOME STATEMENT

SEA VIEW WATER COMPANY

For the Calendar Year 2004

Account	No.	Account Name	Water	Other	Total
	(a)	(b)	(c)	(d)	Company
					(e)
REVENUES					
1	400	Operating Revenue Accounts	\$ 45,289	\$ 0	\$ 45,289
2	471	Miscellaneous Revenue Accounts	0	0	0
3	474	Other Revenue Accounts	0	0	0
4		Utility Operating Revenue	\$ 45,289	\$ 0	\$ 45,289
EXPENSES					
5	401	Operating Expense Accounts	29,995	0	29,995
6	403	Depreciation Expense	3,488	0	3,488
7	406	Amortization Expense	2,500	0	2,500
8	408	Other Tax & License	0	0	0
9	409	Income Taxes	0	0	0
10		Utility Operating Expense	\$ 35,983	\$ 0	\$ 35,983
11		Utility Operating Income (Loss)	\$ 9,306	\$ 0	\$ 9,306
OTHER INCOME AND DEDUCTIONS					
Other Income:					
12	414	Gain (Loss) From Disposition Of Plant	0	0	0
13	415-416	Jobbing and Contract Work	0	0	0
14	419	Interest & Dividend Income	333	0	333
15	421	Nonutility Income	0	0	0
16		Total Other Income	\$ 333	0	333
Other Deductions:					
17	426	Miscellaneous Nonutility Expenses	0	0	0
18	427	Interest Expense	0	0	0
19	433	Extraordinary Income/Deduction	0	0	0
20		Total Other Deductions	\$ 0	0	0
21		Net Income (Loss)	\$ 9,639	\$ 0	\$ 9,639

COMPARATIVE BALANCE SHEET

SEA VIEW WATER COMPANY

For the Calendar Years 2003 & 2004

Line No.	Account No.	Account Name	2003 Previous Year	2004 Current Year
(L)	(a)	(b)	(c)	(d)
ASSETS:				
1	101	Utility Plant	\$ 316,737	\$ 311,434
2	104	Utility Plant Purchased or Sold	<u>0</u>	<u>0</u>
3	108	Less: Accumulated Depreciation	<u>85,334</u>	<u>88,822</u>
4	110	Accumulated Amortization	<u>112,243</u>	<u>114,734</u>
5	114	Utility Plant Acquisition Adjustment	<u>200</u>	<u>0</u>
6		Net Utility Plant (Add L1 thru L5)	\$ <u>119,360</u>	\$ <u>107,869</u>
7	124	Utility Investments	<u>0</u>	<u>0</u>
8	127	Special funds (Surcharges, Facility Charges)	<u>0</u>	<u>0</u>
9	131	Cash	<u>38,702</u>	<u>51,461</u>
10	141	Customer Accounts Receivable	<u>0</u>	<u>0</u>
11	151	Plant Materials and Supplies	<u>2,000</u>	<u>4,270</u>
12	162	Prepayments	<u>0</u>	<u>0</u>
13	186	Other Deferred Debits	<u>0</u>	<u>0</u>
14		Other Assets (Specify)	<u>0</u>	<u>0</u>
15		Total Assets (Add L6 thru L14)	\$ <u>160,062</u>	\$ <u>163,600</u>
EQUITY CAPITAL AND LIABILITIES:				
16	201-204	Capital Stock Issued	\$ <u>0</u>	\$ <u>0</u>
17	211	Other Paid In Capital	<u>0</u>	<u>0</u>
18	214-215	Retained Earnings	<u>11,944</u>	<u>24,703</u>
19	218	Proprietary Capital	<u>43,483</u>	<u>39,797</u>
20		Total Equity Capital (Add L16 thru L19)	\$ <u>55,427</u>	\$ <u>64,500</u>
LIABILITIES:				
21	224	Long-Term Debt	<u>0</u>	<u>0</u>
22	231	Accounts Payable	<u>0</u>	<u>0</u>
23	232	Notes Payable	<u>0</u>	<u>0</u>
24	235	Customer Deposits	<u>0</u>	<u>0</u>
25	236	Accrued Taxes	<u>0</u>	<u>0</u>
26	253	Other Deferred Credits	<u>0</u>	<u>0</u>
27	265	Miscellaneous Operating Reserves	<u>0</u>	<u>0</u>
28	271	Contributions In Aid Of Construction (CIAC)	<u>174,150</u>	<u>171,115</u>
29	272	Less: Accumulated Amortization Of CIAC	<u>112,243</u>	<u>114,743</u>
30		Other Liabilities (Specify) <u>hook-up fees</u>	<u>42,728</u>	<u>42,728</u>
31		Total Liabilities (Add L21 thru L30)	\$ <u>104,635</u>	\$ <u>99,100</u>
32		Total Equity Capital and Liabilities (Add L20 & L31)	\$ <u>160,062</u>	\$ <u>163,600</u>

SEA VIEW WATER COMPANY							
2004 ASSET LIST & DEPRECIATION SCHEDULE							
DESCRIPTION	YEAR BUILT	YRS OF SERV.	USEFUL LIFE	EST. COST	ANNUAL DEPREC.	YEARS LEFT	2,004 VALUE
MAINTENANCE & OPERATIONS MANUAL	2004	1	6	1000	167	5	833
CONSTRUCTION DRAWINGS	1968-90			500			500
WATER RIGHTS	1968-94			500			500
WELL NO. 1	1968	36	30	4000	133	-6	0
WELL NO. 2	1974	30	30	5000	167	0	0
WELL NO. 3	1978	26	30	8000	267	4	1,067
PUMPHOUSE NO. 1	1974	30	40	4000	100	10	1,000
PUMPHOUSE NO.2	1979	25	40	7000	175	15	2,625
NEW ROOF ON PUMPHOUSE NO. 2	2002	2	40	1950	49	38	1,853
WELLHOUSE NO. 1	1973	31	35	400	11	4	46
WELLHOUSE NO. 2	1974	30	35	450	13	5	64
WELLHOUSE NO. 3	1979	25	35	500	14	10	143
ELECTRICAL CONTROLS, PH #1	2003	1	20	753	38	19	715
ELECTRICAL CONTROLS, PH #2	1985	19	25	2000	80	6	480
AIR COMPR. CONTROLS, PH #2	1986	18	15	300	20	-3	0
AIR COMPR. CONTROLS, PH #1	1988	16	15	300	20	-1	0
10 HP PUMP, WELL NO.1	1974	30	20	2500	125	-10	0
10 HP PUMP, WELL NO.2	1974	30	20	2500	125	-10	0
10 HP PUMP, WELL NO.3	1999	5	20	5144	257	15	3,858
7.5 HP BOOSTER PUMPS, TANK #1	1974	30	20	4000	200	-10	0
7.5 HP BOOSTER PUMP, TANK #2	1999	5	20	1669	83	15	1,252
2 FILTERS, PUMPHOUSE NO. 1	1974	30	25	9000	360	-5	0
3 FILTERS, PUMPHOUSE NO. 2	1985	19	25	20000	800	6	4,800
CHEMICAL FEED PUMP, PH #1	1991	13	15	450	30	2	60
CHEMICAL FEED PUMP, PH #2	2000	4	15	450	30	11	330
GREENSAND FOR FILTER #1,PH#2	1989	15	10	1800	180	-5	0
DITTO, FILTERS #2 & 3, PH #2	1992	12	10	3600	360	-2	0
DITTO, FILTERS #1 & 2, PH #1	1992	12	10	4000	400	-2	0
315 GAL. PRESSURE TANK, PH #1	1974	30	25	400	16	-5	0
2 EA. 315 G. PRESS. TANKS, PH #2	1984	20	25	1000	40	5	200
AERATOR, STG. TANK #1	1974	30	40	500	13	10	125
AERATOR, STG. TANK #2	1980	24	40	500	13	16	200
STORAGE TANK #1	1973	31	40	5000	125	9	1,125
STORAGE TANK #2	1979	25	40	9000	225	15	3,375
DIV #1 & 2, 4200'-4"PVC MAIN	1969	35	60	10500	175	25	4,375
DIV #1 & 2, 1450'-2" MAIN	1969	35	60	2340	39	25	975
DIV #3, 500'-4" MAIN	1973	31	60	1250	21	29	604
DIV #3, 200'-2" MAIN	1973	31	60	360	6	29	174
DIV #4, 5, &6, 1500'-4" MAIN	1975	29	60	3750	63	31	1,938
800' EXTENSION 4" MAIN, W BCH RD	1972	32	60	2000	33	28	933
DIV #7, 1730'-4"MAIN	1976	28	60	4350	73	32	2,320
DIV #7, REPLCMT. OF 2-4" VALVES	1991	13	40	750	19	27	506
DIV #2, REPLCMT. OF 2-4" VALVES	1991	13	40	1000	25	27	675
DIV #8, 2100'-4" MAIN	1979	25	60	5250	88	35	3,063
DIV #8, 360'-3"MAIN	1979	25	60	720	12	35	420
DIV #8, 1880' -2" MAIN	1979	25	60	3240	54	35	1,890
FROM STG TANK #2, 500' -4" MAIN	1979	25	60	1250	21	35	729
DIV #9, 200'-2" MAIN	1990	14	60	800	13	46	613
DIV #2, FIRE HYDRANT	1978	26	40	800	20	14	280

DIV #7, FIRE HYDRANT	1976	28	40	800	20	12	240
DIV #8, 2 FIRE HYDRANTS	1979	25	40	1600	40	15	600
DIV #9, 300'-6"MAIN	1990	14	60	2400	40	46	1,840
DIV #1 & 2 SERVICES (72)	1969	35	40	3600	90	5	450
DIV #3, SERVICES (9)	1973	31	40	450	11	9	101
DIV #4, 5 & 6, SERVICES (13)	1975	29	40	650	16	11	179
DIV #7, SERVICES (30)	1976	28	40	1500	38	12	450
DIV #8, SERVICES (49)	1979	25	40	2450	61	15	919
DIV #9, SERVICES (9)	1990	14	40	450	11	26	293
2" SOURCE METER IN PH #1	1992	12	20	500	25	8	200
NEW 2" METER IN PH#2	1998	6	20	507	25	14	355
133 -3/4" SERVICE METERS	1978	26	35	11790	337	9	3,032
2-3/4" SERVICE METERS	1986	18	35	180	5	17	87
4-3/4" SERVICE METERS	1987	17	35	360	10	18	185
3-3/4" SERVICE METERS	1988	16	35	270	8	19	147
7-3/4" SERVICE METERS	1989	15	35	630	18	20	360
8-3/4" SERVICE METERS	1990	14	35	720	21	21	432
5-3/4" SERVICE METERS	1991	13	35	750	21	22	471
3-3/4" SERVICE METERS	1992	12	35	450	13	23	296
7-3/4" SERVICE METERS	1993	11	35	1050	30	24	720
6-3/4" SERVICE METERS	1994	10	35	900	26	25	643
2-3/4" SERVICE METERS	1995	9	35	180	5	26	134
1-3/4" SERVICE METERS	1996	8	35	90	3	27	69
1-3/4" SERVICE METERS	1997	7	35	90	3	28	72
2-3/4" SERVICE METERS	1998	6	35	180	5	29	149
1-3/4" SERVICE METERS	2001	3	35	90	3	32	82
2-3/4" SERVICE METERS	2002	2	35	180	5	33	170
1-3/4" SERVICE METERS	2003	1	35	90	3	34	87
WATER LEVEL MONITOR, WELL #3	1999	5	10	1916	192	5	958
3" RISER PIPE FOR WELL #3	1998	6	15	609	41	9	365
REPLACED CK. VALVE, WELL #3	2004	1	10	700	70	9	630
2 RADIO NUCLEIDES TESTS	2004	1	3	170	57	2	113
DOORS FOR PH #2	2002	2	20	282	14	18	254
INORGANIC CHEMICALS TEST	2004	1	3	578	193	2	385
NEW BOOSTER PUMP STORAGE TK#2	2004	1	20	720	36	19	684
REPLACEMENT PARTS FOR 2" METER PHSE#2	2004	1	20	380	19	19	361
REPLACED SCREEN WELL#3	2004	1	30	2255	75	29	2,180
REPLACED HEATER PH#2	2004	1	10	136	14	9	122
REPLACED ELECTRICAL CONTROLS PH#2	2004	1	20	2420	121	19	2,299
3" RISER PIPE WELL#3	2004	1	15	833	56	14	777
3" RISER PIPE STORAGE TANK #2	2004	1	15	100	7	14	93
INSULATION & COVER WELLHSES	2004	1	10	400	40	9	360
TOTALS OF CAPITAL ASSETS				\$190,932			\$66,991
SUPPLIES, SPARE PARTS & EQUIPMENT							
1 EA. 4" VALVE (UN-USED)	2000			269		IN STOCK	269
SPARE 10 HP PUMP & MOTOR	2001			2359		IN STOCK	2,359
1 EA. 3/4" AIR RELEASE VALVE(IN STOCK)	2000	3	15	75	5	12	60
5 EA. 3/4" METERS (RE-BUILT OR CALIBRATED)	2002		10	200		IN STOCK	200
3 EA. METER BOXES	2000			51		IN STOCK	51
11 EA. METER RESETTERS	1995			385		IN STOCK	385
28 EA. METER CONNECTORS	1995			112		IN STOCK	112
1 EA. SS SLVE. CLAMP, FOR 4" PIPE, 7 1/2" LG.	1995			30		IN STOCK	30
1 EA. 4" PVC COMPRESSION COUPLING	1996			8		IN STOCK	8
1 EA. 3" PVC COMPRESSION COUPLING	1996			6		IN STOCK	6

MISC. 3/4" TO 2" PVC FITTINGS	1994			50		IN STOCK	50
100 KG. POTASSIUM PERMANGANATE	2004			500		IN STOCK	500
1 EA. 3" UNION, GALVINIZED	2004			50		IN STOCK	50
WATER LEVEL MEASURING TAPE	1998	6	10	715	72	4	286
TRASH PUMP	1999	5	15	920	61	10	613
HAND TRUCK FOR TRASH PUMP	1999	5	15	30	2	10	20
METAL DETECTOR	2001	3	15	408	27	12	326
IRON TESTING KIT (DR100)	1989	15	10	195	20	-5	0
MANGANESE TESTING KIT (LR)	2004	1	10	385	39	9	346
MANGANESE TESTING KIT (LR)	1996	8	10	195	20	2	39
CHLORIDES TEST KIT, MODEL 8-P	1992	12	10	35	4	-2	0
13'(EXTENDED) AL. LADDER IN PH#1	1975	29	30	50	2	1	2
DITTO IN PH#2	2000	4	30	35	1	26	30
TRACTOR, BACKHOE, & ACCESSORIES	1997	7	10	27846	2,785	3	8,354
FILE CABINET	1984	20	30	100	3	10	33
DESK & CHAIR	1980	24	20	200	10	-4	0
DRAFTING TABLE	1968	36	30	200	7	-6	0
DELL COMPUTER	2003	1	5	928	186	4	742
SHARP COPY MACHINE	1990	14	10	1000	100	-4	0
TOTAL SUPPLIES & SPARE PARTS				\$37,337			\$14,872
LAND (TRACT A, SEA VIEW, DIV. NO. 2)				\$28,266			\$28,266
GRAND TOTALS				\$256,535			\$110,129

EXHIBIT 3

UNITED STATES OF AMERICA

The State of



Washington

Secretary of State

I, **SAM REED**, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF FORMATION

to

SEA VIEW WATER LLC

a/an WA Limited Liability Company. Charter documents are effective on the date indicated below.

Date: 4/5/2005

UBI Number: 602-490-405

APPID: 252394



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

A handwritten signature in cursive script that reads "Sam Reed".

Sam Reed, Secretary of State

INCOME STATEMENT
SEA VIEW WATER
Estimate for the Calendar Year 2005

Line No. (L)	Account No. (a)	Account Name (b)	Water (c)	Other (d)	Total Company (e)
REVENUES					
1	400	Operating Revenue Accounts	\$ 45,000	\$	45,000
2	471	Miscellaneous Revenue Accounts	<u> </u>	<u> </u>	<u> </u>
3	474	Other Revenue Accounts	<u> </u>	<u> </u>	<u> </u>
4		Utility Operating Revenue (Add L1 thru L3)	\$ 45,000	\$	45,000
EXPENSES					
5	401	Operating Expense Accounts	19,850	<u> </u>	19,850
6	403	Depreciation Expense	<u>3,450</u>	<u> </u>	<u>3,450</u>
7	406	Amortization Expense	<u> </u>	<u> </u>	<u> </u>
8	408	Other Tax & License	<u>1,350</u>	<u> </u>	<u>1,350</u>
9	409	Federal Income Taxes	<u> </u>	<u> </u>	<u> </u>
10		Utility Operating Expense (Add L5 thru L9)	\$ 24,600	\$	24,600
11		Utility Operating Income (Loss) (L4 minus L10)	<u>20,400</u>	<u> </u>	<u>20,400</u>
OTHER INCOME AND DEDUCTIONS					
Other Income:					
12	414	Gain (Loss) From Disposition Of Plant	<u> </u>	<u> </u>	<u> </u>
13	415-416	Jobbing and Contract Work	<u> </u>	<u> </u>	<u> </u>
14	419	Interest & Dividend Income	<u> </u>	<u> </u>	<u> </u>
15	421	Nonutility Income	<u> </u>	<u> </u>	<u> </u>
16		Total Other Income (Add L12 thru L15)	<u> </u>	<u> </u>	<u> </u>
Other Deductions:					
17	426	Miscellaneous Nonutility Expenses	<u> </u>	<u> </u>	<u> </u>
18	427	Interest Expense	<u> </u>	<u> </u>	<u> </u>
19	433	Extraordinary Income/Deduction	<u> </u>	<u> </u>	<u> </u>
20		Total Other Deductions (Add L17 thru L19)	<u> </u>	<u> </u>	<u> </u>
21		Net Income (Loss) (Add L11 plus L16 minus L20)	<u>20,400</u>	<u> </u>	<u>20,400</u>

May 27, 2005

ESTIMATED CASH FLOW FOR SEA VIEW WATER LLC IN 2005

(Based on Records for 2004 and historical averages for expenses with substantial annual fluctuations)

GROSS INCOME		\$45,000
EXPENSES		
Power	\$ 4,650	
Utility Taxes	\$ 2,300	
Property Taxes	\$ 225	
Office Supplies & Postage	\$ 600	
Laboratory Fees	\$ 800	
Insurance	\$ 2,000	
Fees and Licenses	\$ 1,125	
Supplies	\$ 500	
Repairs and Equipment	\$ 3,000	
Salaries	\$ 6,000	
Note Payments	\$16,800	
Contingency Fund	\$ 2,000	
Reserve Fund	<u>\$ 5,000</u>	
TOTAL		\$45,000

BALANCE SHEET
SEA VIEW WATER LLC
For the Calendar Year 2005

Line No. (L)	Account No. (a)	Account Name (b)	2004 Previous Year (c)	2005 Current Year (d)
ASSETS:				
1	101	Utility Plant	\$ _____	\$ _____
2	104	Utility Plant Purchased or Sold	_____	<u>66,991</u>
3	108	Less: Accumulated Depreciation	_____	_____
4	110	Accumulated Amortization	_____	_____
5	114	Utility Plant Acquisition Adjustment	_____	_____
6		Net Utility Plant (Add L1 thru L5)	\$ _____	\$ <u>66,991</u>
7	124	Utility Investments	_____	_____
8	127	Special funds (Surcharges, Facility Charges)	_____	_____
9	131	Cash	_____	<u>5,000</u>
10	141	Customer Accounts Receivable	_____	_____
11	151	Plant Materials and Supplies	_____	<u>5,743</u>
12	162	Prepayments	_____	_____
13	186	Other Deferred Debits	_____	_____
14		Other Assets (Specify) <u>Good will</u>	_____	<u>10,000</u>
15		Total Assets (Add L6 thru L14)	\$ _____	\$ <u>87,734</u>
EQUITY CAPITAL AND LIABILITIES:				
16	201-204	Capital Stock Issued	\$ _____	\$ _____
17	211	Other Paid In Capital	_____	_____
18	214-215	Retained Earnings	_____	_____
19	218	Proprietary Capital	_____	<u>9,000</u>
20		Total Equity Capital (Add L16 thru L19)	\$ _____	\$ <u>9,000</u>
21	224	Long-Term Debt	_____	<u>78,734</u>
		Interest Rate <u>6%</u>		
22	231	Accounts Payable	_____	_____
23	232	Notes Payable	_____	_____
24	235	Customer Deposits	_____	_____
25	236	Accrued Taxes	_____	_____
26	253	Other Deferred Credits	_____	_____
27	265	Miscellaneous Operating Reserves	_____	_____
28	271	Contributions In Aid Of Construction (CIAC)	_____	_____
29	272	Less: Accumulated Amortization Of CIAC	_____	_____
30		Other Liabilities (Specify)	_____	_____
31		Total Liabilities (Add L21 thru L30)	\$ _____	\$ <u>78,734</u>
32		Total Equity Capital and Liabilities (Add L20 & L31)	\$ _____	\$ <u>87,734</u>

SEA VIEW WATER L.L.C.							
2005 ASSET LIST & DEPRECIATION SCHEDULE							
DESCRIPTION	YEAR BUILT	YRS OF SERV.	USEFUL LIFE	EST. COST	ANNUAL DEPREC.	YEARS LEFT	2,005 VALUE
MAINTENANCE & OPERATIONS MANUAL	2004	1	6	1000	167	5	833
CONSTRUCTION DRAWINGS	1968-90			500			500
WATER RIGHTS	1968-94			500			500
WELL NO. 1	1968	36	30	4000	133	-6	0
WELL NO. 2	1974	30	30	5000	167	0	0
WELL NO. 3	1978	26	30	8000	267	4	1,067
PUMPHOUSE NO. 1	1974	30	40	4000	100	10	1,000
PUMPHOUSE NO.2	1979	25	40	7000	175	15	2,625
NEW ROOF ON PUMPHOUSE NO. 2	2002	2	40	1950	49	38	1,853
WELLHOUSE NO. 1	1973	31	35	400	11	4	46
WELLHOUSE NO. 2	1974	30	35	450	13	5	64
WELLHOUSE NO. 3	1979	25	35	500	14	10	143
ELECTRICAL CONTROLS, PH #1	2003	1	20	753	38	19	715
ELECTRICAL CONTROLS, PH #2	1985	19	25	2000	80	6	480
AIR COMPR. CONTROLS, PH #2	1986	18	15	300	20	-3	0
AIR COMPR. CONTROLS, PH #1	1988	16	15	300	20	-1	0
10 HP PUMP, WELL NO.1	1974	30	20	2500	125	-10	0
10 HP PUMP, WELL NO.2	1974	30	20	2500	125	-10	0
10 HP PUMP, WELL NO.3	1999	5	20	5144	257	15	3,858
7.5 HP BOOSTER PUMPS, TANK #1	1974	30	20	4000	200	-10	0
7.5 HP BOOSTER PUMP, TANK #2	1999	5	20	1669	83	15	1,252
2 FILTERS, PUMPHOUSE NO. 1	1974	30	25	9000	360	-5	0
3 FILTERS, PUMPHOUSE NO. 2	1985	19	25	20000	800	6	4,800
CHEMICAL FEED PUMP, PH #1	1991	13	15	450	30	2	60
CHEMICAL FEED PUMP, PH #2	2000	4	15	450	30	11	330
GREENSAND FOR FILTER #1,PH#2	1989	15	10	1800	180	-5	0
DITTO, FILTERS #2 & 3, PH #2	1992	12	10	3600	360	-2	0
DITTO, FILTERS #1 & 2, PH #1	1992	12	10	4000	400	-2	0
315 GAL. PRESSURE TANK, PH #1	1974	30	25	400	16	-5	0
2 EA. 315 G. PRESS. TANKS, PH #2	1984	20	25	1000	40	5	200
AERATOR, STG. TANK #1	1974	30	40	500	13	10	125
AERATOR, STG. TANK #2	1980	24	40	500	13	16	200
STORAGE TANK #1	1973	31	40	5000	125	9	1,125
STORAGE TANK #2	1979	25	40	9000	225	15	3,375
DIV #1 & 2, 4200'-4" PVC MAIN	1969	35	60	10500	175	25	4,375
DIV #1 & 2, 1450'-2" MAIN	1969	35	60	2340	39	25	975
DIV #3, 500'-4" MAIN	1973	31	60	1250	21	29	604
DIV #3, 200'-2" MAIN	1973	31	60	360	6	29	174
DIV #4, 5, & 6, 1500'-4" MAIN	1975	29	60	3750	63	31	1,938
800' EXTENSION 4" MAIN, W BCH RD	1972	32	60	2000	33	28	933
DIV #7, 1730'-4" MAIN	1976	28	60	4350	73	32	2,320
DIV #7, REPLCMT. OF 2-4" VALVES	1991	13	40	750	19	27	506
DIV #2, REPLCMT. OF 2-4" VALVES	1991	13	40	1000	25	27	675
DIV #8, 2100'-4" MAIN	1979	25	60	5250	88	35	3,063
DIV #8, 360'-3" MAIN	1979	25	60	720	12	35	420
DIV #8, 1880' -2" MAIN	1979	25	60	3240	54	35	1,890
FROM STG TANK #2, 500' -4" MAIN	1979	25	60	1250	21	35	729
DIV #9, 200'-2" MAIN	1990	14	60	800	13	46	613
DIV #2, FIRE HYDRANT	1978	26	40	800	20	14	280

DIV #7, FIRE HYDRANT	1976	28	40	800	20	12	240
DIV #8, 2 FIRE HYDRANTS	1979	25	40	1600	40	15	600
DIV #9, 300'-6"MAIN	1990	14	60	2400	40	46	1,840
DIV #1 & 2 SERVICES (72)	1969	35	40	3600	90	5	450
DIV #3, SERVICES (9)	1973	31	40	450	11	9	101
DIV #4, 5 & 6, SERVICES (13)	1975	29	40	650	16	11	179
DIV #7, SERVICES (30)	1976	28	40	1500	38	12	450
DIV #8, SERVICES (49)	1979	25	40	2450	61	15	919
DIV #9, SERVICES (9)	1990	14	40	450	11	26	293
2" SOURCE METER IN PH #1	1992	12	20	500	25	8	200
NEW 2" METER IN PH#2	1998	6	20	507	25	14	355
133 -3/4" SERVICE METERS	1978	26	35	11790	337	9	3,032
2-3/4" SERVICE METERS	1986	18	35	180	5	17	87
4-3/4" SERVICE METERS	1987	17	35	360	10	18	185
3-3/4" SERVICE METERS	1988	16	35	270	8	19	147
7-3/4" SERVICE METERS	1989	15	35	630	18	20	360
8-3/4" SERVICE METERS	1990	14	35	720	21	21	432
5-3/4" SERVICE METERS	1991	13	35	750	21	22	471
3-3/4" SERVICE METERS	1992	12	35	450	13	23	296
7-3/4" SERVICE METERS	1993	11	35	1050	30	24	720
6-3/4" SERVICE METERS	1994	10	35	900	26	25	643
2-3/4" SERVICE METERS	1995	9	35	180	5	26	134
1-3/4" SERVICE METERS	1996	8	35	90	3	27	69
1-3/4" SERVICE METERS	1997	7	35	90	3	28	72
2-3/4" SERVICE METERS	1998	6	35	180	5	29	149
1-3/4" SERVICE METERS	2001	3	35	90	3	32	82
2-3/4" SERVICE METERS	2002	2	35	180	5	33	170
1-3/4" SERVICE METERS	2003	1	35	90	3	34	87
WATER LEVEL MONITOR, WELL #3	1999	5	10	1916	192	5	958
3" RISER PIPE FOR WELL #3	1998	6	15	609	41	9	365
REPLACED CK. VALVE, WELL #3	2004	1	10	700	70	9	630
2 RADIO NUCLEIDES TESTS	2004	1	3	170	57	2	113
DOORS FOR PH #2	2002	2	20	282	14	18	254
INORGANIC CHEMICALS TEST	2004	1	3	578	193	2	385
NEW BOOSTER PUMP STORAGE TK#2	2004	1	20	720	36	19	684
REPLACEMENT PARTS FOR 2" METER PHSE#2	2004	1	20	380	19	19	361
REPLACED SCREEN WELL#3	2004	1	30	2255	75	29	2,180
REPLACED HEATER PH#2	2004	1	10	136	14	9	122
REPLACED ELECTRICAL CONTROLS PH#2	2004	1	20	2420	121	19	2,299
3" RISER PIPE WELL#3	2004	1	15	833	56	14	777
3" RISER PIPE STORAGE TANK #2	2004	1	15	100	7	14	93
INSULATION & COVER WELLHSES	2004	1	10	400	40	9	360
TOTALS OF CAPITAL ASSETS				\$190,932			\$66,991
SUPPLIES, SPARE PARTS & EQUIPMENT							
1 EA. 4" VALVE (UN-USED)	2000			269		IN STOCK	269
SPARE 10 HP PUMP & MOTOR	2001			2359		IN STOCK	2,359
1 EA. 3/4" AIR RELEASE VALVE(IN STOCK)	2000	3	15	75	5	12	60
5 EA. 3/4" METERS (RE-BUILT OR CALIBRATED)	2002		10	200		IN STOCK	200
3 EA. METER BOXES	2000			51		IN STOCK	51
11 EA. METER RESETTERS	1995			385		IN STOCK	385
28 EA. METER CONNECTORS	1995			112		IN STOCK	112
1 EA. SS SLVE. CLAMP, FOR 4" PIPE, 7 1/2" LG.	1995			30		IN STOCK	30
1 EA. 4" PVC COMPRESSION COUPLING	1996			8		IN STOCK	8
1 EA. 3" PVC COMPRESSION COUPLING	1996			6		IN STOCK	6

MISC. 3/4" TO 2" PVC FITTINGS	1994			50		IN STOCK	50
100 KG. POTASSIUM PERMANGANATE	2004			500		IN STOCK	500
1 EA. 3" UNION, GALVINIZED	2004			50		IN STOCK	50
WATER LEVEL MEASURING TAPE	1998	6	10	715	72	4	286
TRASH PUMP	1999	5	15	920	61	10	613
HAND TRUCK FOR TRASH PUMP	1999	5	15	30	2	10	20
METAL DETECTOR	2001	3	15	408	27	12	326
IRON TESTING KIT (DR100)	1989	15	10	195	20	-5	0
MANGANESE TESTING KIT (LR)	2004	1	10	385	39	9	346
MANGANESE TESTING KIT (LR)	1996	8	10	195	20	2	39
CHLORIDES TEST KIT, MODEL 8-P	1992	12	10	35	4	-2	0
13'(EXTENDED) AL. LADDER IN PH#1	1975	29	30	50	2	1	2
DITTO IN PH#2	2000	4	30	35	1	26	30
TOTAL SUPPLIES & SPARE PARTS				\$7,063			\$5,743
GRAND TOTALS				\$197,995			\$72,734

EXHIBIT 4

Adoption Notice

ADOPTION OF TARIFFS, ETC.

SEA VIEW WATER LLC

Hereby adopts, ratifies, and makes its own in every respect, as if the same had been originally filed by it, all tariffs, rules, notices, concurrences, provisions, authorities, powers of attorney or whatsoever other instruments filed with the Washington Utilities and Transportation Commission or its predecessors by Sea View Water Company, prior to July 1, 2005, the beginning of its possession. By this notice, it also adopts and ratifies all supplements or amendments to any of the above tariffs, etc., which have heretofore been filed with the Washington Utilities and Transportation Commission or its predecessors.

Tariff Pages Adopted

Transfer Authorized

All Pages

By Order No. _____

Issued June 1, 2005

Effective July 1, 2005

Issued by **Sea View Water LLC**

By **John Morgan** Title **Manager**

Address **22238 Criddle Lane Mount Vernon WA 98273**

EXHIBIT 5

SEA VIEW WATER COMPANY

700 Scenic Heights Road
Oak Harbor, WA 98277
(360)-675-3459

May 27, 2005

IMPORTANT NOTICE

Sea View Water Company has asked the Washington Utilities and Transportation Commission (WUTC) for permission to transfer ownership and operation of the water system to SEA VIEW WATER L.L.C. This transfer of ownership is contingent upon approval by the WUTC.

SEA VIEW WATER LLC was formed by John W. Morgan and Joel Marquardt. John Morgan, son of Hubert (Founder of Sea View Water Company) and Bea Morgan (present owner of Sea View Water Company), has assisted his mother in running the company since the death of Hubert in 2003. He is a certified water manager (WDM1), has taken a number of training courses, worked alongside Jim Arbuckle at the water system and hopes to pass tests in June for additional certifications (Basic Treatment Operator and Cross Connection Control Specialist.) Joel Marquardt has been a small business owner for 10 years and since becoming interested in the water purveying business has attended several courses, seminars and expositions. He is taking the certification test for Water Distribution Manager in June. Joel has been in training with Jim Arbuckle since January of 2005, aiding in the day to day operations. Jim Arbuckle, the water system manager for the last 20 years will remain in the position until the sale is completed and has consented to remain available as a consultant until John and Joel are completely at ease in the operations of the water company. In the event this transfer is approved by the WUTC, we anticipate the transition will be very smooth.

The anticipated effective date of this transfer is July 1, 2005.

The new owner, SEA VIEW WATER L.L.C., will adopt the entire tariff (rules of operation and rates for water service) currently filed with the WUTC. Your current water rates will not change as a result of this water system sale.

If you have any questions about how this sale may affect you, please call John Morgan at (360) 422-8025 or Joel Marquardt at (360) 632-1049 or Bea Morgan at (360) 675-3459.

The WUTC will hold an open meeting in Olympia on this sale and transfer request. If you would like to be notified of the WUTC open meeting date you may call the WUTC. If you cannot attend the meeting on this proposal and would like your comments reflected in the formal record you may write to the WUTC at the following address:

Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250
1-800-562-6150
comments@wutc.wa.gov