



Peninsula Light Company

A Mutual Corporation

P.O. BOX 78, GIG HARBOR, WA 98335-0078
 13315 GOODNOUGH DR. N.W.
 PHONE (253) 857-5950
 FAX (253) 857-3100

April 2, 2001

Board of Commissioners
 Washington Utilities and Transportation Commission
 1300 South Evergreen Park Dr SW
 P.O. Box 47250
 Olympia, WA. 98504-7250

RE: Acquisition of American Water Resources, Inc. Water Systems on the Pierce County Peninsula and in Kitsap and Mason County

Dear Sir or Madam:

Peninsula Light Company (PLC) has entered into a contract with American Water Resources (AWR) to purchase 21 systems in the Gig Harbor/Key Peninsula area of Pierce County, and in Kitsap and Mason Counties. See attached contract, Appendix A for list of systems.

We are sending a letter to all affected customers informing them of this change in ownership. The letter will answer questions about rates, governance etc.

Pursuant to WAC 480-143-150, "Statement required for nonpublic service company purchases", Peninsula Light Company, as it is a nonpublic service company, is providing the following information with respect to changes in rates, services or equipment that may affect the public interest.

RATES: PLC proposes to freeze the existing rate structure for these systems for until PLC reviews the entire system rates next year. The current outlook for power and regulatory costs are such that future water rates may be impacted. PLC uses conservation rates (i.e., inclining block rates for all owned, metered water systems). Capital improvements to individual systems are borne by the rate base of the benefiting system in the form of surcharges. We have done this to avoid cross subsidization among water systems. However, the Company's long range goal is to use uniform tariffs among its systems.

SERVICES: PLC feels that services to these systems will be improved. Customers will have one location to contact for 24 hour-per-day, seven-day-a-week services. PLC uses its own certified staff to maintain and operate systems. These employees all reside locally. No contractors are used for emergency calls or recurring maintenance. PLC employs its own Cross-Connection Specialists and is able to conveniently provide this service to members with irrigation systems.

PLC maintains both day and swing shifts thereby improving response time for all services.

The Company offers bill assistance programs including a low income, senior/disabled discount, "Project Help" assistance (voluntary donations are matched by PLC and distributed to needy families) and numerous bill paying options from credit cards to budget payment plans.

PLC is a leader in water conservation, is an active participant in watershed planning and regularly holds free, evening workshops in water conservation, appropriate landscaping and irrigation systems. No other water purveyor in our area can boast such a record.

The Company publishes a monthly newsletter which includes articles and update on water issues.

PLC has had no complaints to agencies about its services and is in compliance with all State and local regulations for systems it owns.

PLC also owns its own bank and is capable of financing water improvement projects or system expansions at rates far below commercial lending institutions. This fact has a positive impact on long range rates.

EQUIPMENT: Other than routine upgrades as needed, PLC has no plans for any equipment changes that might affect the public.

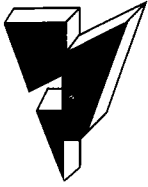
PLC will have representative(s) at the WUTC hearing. If staff or the Commission have any additional questions beforehand, please let us know. You may reach our Water Engineer, Lisa Raysby, at (253) 857-1598 or you may call me directly at (253) 857-1502.

Sincerely,



Robert Orton
Chief Executive Officer

Attachments



Peninsula Light Company

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April 2, 2001

Name
Address
City

RE: Peninsula Light Company's Proposal to Purchase Systems from American Water Resources Inc.

Dear New Prospective Customer:

Peninsula Light Company (PLC) has signed a purchase agreement to acquire the water system which serves your residence. The system is currently owned by American Water Resources (AWR), Inc. PLC is purchasing a total of 21 systems in the Gig Harbor/Key Peninsula area of Pierce County, and in Mason and Kitsap counties.

As AWR is a for-profit, regulated utility, the sale of these systems must be approved by the Washington Utilities and Transportation Commission (WUTC). These proceedings are public and you may obtain information about this transaction or present testimony at the hearing.

PLC is a member-owned, non-profit, locally regulated, rural electric cooperative. PLC is governed by a Board of Directors, elected by the membership. PLC is not regulated by the WUTC but is subject to the water quality regulations of the Washington State Department of Health, Department of Ecology and local county health authorities. PLC has been providing electricity services to members for over 75 years in western Pierce County and parts of Mason and Kitsap counties. PLC has been providing water service since 1995 and is the only, state-certified non-profit Satellite Water Management Agency in the area.

PLC employs three full-time certified Water Distribution Managers, Cross-Connection Specialists, Backflow Assembly Testers, a licensed Well Driller and Domestic Well Electrician. In addition, the Water Department Manager is a professional civil engineer with over eighteen years drinking water regulatory experience.

If the sale is approved, PLC shall keep the current water rates for your system in place for a period of one year from the date of sale. With the uncertainty of the wholesale electrical cost and associated impacts on the expense of operating water systems (electrical cost associated with well and booster pumps), PLC's future water rates may be impacted. It is the Company's ultimate goal to have a single tariff for all systems it owns, but this is some years off as different systems have varying financial obligations which would be subsidized by other systems under a single rate schedule.

In addition to being locally owned and operated, there are a number of other benefits associated with PLC ownership of your system. The Company offers several bill payment options, has low-income senior and disabled discounts and other assistance programs, and 24-hour 7-days-a-week emergency response.

If you have questions about this request and how it will affect you, please call (company name & office phone number). If you have questions about the approval process, you may contact the Washington Utilities and Transportation Commission at the following address:

Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250
1-800-562-6150 (toll free)
360-664-3604 (fax)
comments@wutc.wa.gov

If you would like to comment on this proposal, it is important for you to do so now. Comments must be submitted in writing or presented at the commissions open meeting to be considered as part of the formal record. The commission encourages your written comments, either in favor or opposition, regarding this proposal. All open meetings are held in Olympia, WA. If you would like to be added to the commissions mailing list to be notified of the open meeting date please call the toll-free number listed above and leave your name and complete mailing address.

You can find get copies of the filing, staff reports, meeting agendas, and meeting minutes from WUTC at:

For copies of documents filed with the WUTC call (360) 664-1299

For consumer complaints and information call (800) 562-6150 (toll free) or consumer@wutc.wa.gov

To comment on WUTC Issues call (800) 562-6150 (toll free) or comments@wutc.wa.gov

If you have any questions please call us at (253) 857-1511 or toll-free 1-888-809-8021 x 511; or call me directly at 857-1502. We look forward to serving you.

Sincerely,

Rob Orton
Chief Executive Officer