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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

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Kathy McCrary
Paralegal

July 24, 2002

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

Re: American Water Resources, Inc. – Docket No. UW-010417

Dear Ms. Washburn:

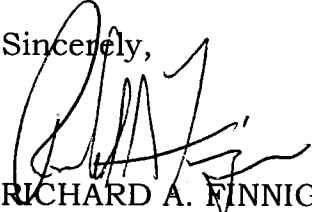
The purpose of this request is to ask that the Commission modify the Order it issued in Docket No. UW-010417, approving the sale. To comply with Commission rules, nineteen copies of this request are enclosed. The purpose of the requested modification is not to change the substantive import of the Commission's Order, but to reflect the accurate allocation of dollars based upon a review of depreciation records.

AWRI has recently undertaken a thorough review of its property records. Based upon that review, AWRI realized that the numbers initially reported to the Commission related to the Penn Light sale were inaccurate. Attached as Exhibit 1 is an analysis done by Ms. Julia Parker which shows the accurate computation of allowable gain based upon the Commission's approach as set forth in its Order in this docket. Based upon that analysis, AWRI is entitled to an additional allocation out of the existing Peninsula Light account in the amount of \$18,796.00.

AWRI requests that the Commission issue a supplemental order approving the recalculated allocation and the distribution of the sum of \$18,796.00 from the Penn Light account. These funds will not be used for a distribution to the shareholder. These funds will be used to pay accounts payable of AWRI.

The revised depreciation worksheets will be provided to Staff under separate cover. They are not being provided with this request because of the volume of material. Please address questions on the exhibit and the depreciation work papers to Ms. Parker at 360-748-0217.

Sincerely,



RICHARD A. FINNIGAN

RAF/km
Enclosure

cc: Virg Fox
Julia Parker
Jim Ward
Mary Tennyson

EXHIBIT 1

American Water Resources, Inc

Sale of Systems

Line no.

1 **Computation of Allocable Gain**

2	Sale Price	150,000		
3	Less Rate Base	<u>(56,421)</u>		
4	Gain on Sale	93,579		
5				
6	Present Value of Loss of Facility Charges	(43,173)		
7	Present Value of Economies of Scale	<u>(31,166)</u>		
8	Total Effect of Sale on Remaining Customers	(74,339)		
9				
10	Gain available for Allocation	19,240		

11

12 **Allocation based on Customers**

13				
14	Customers on purchased system	153		
15	Total Current Customer Base	<u>1,938</u>		
16	Percent of Total Customer Base	<u>7.89%</u>	<u>7.89%</u>	

17

18

19	Shareholders	1,519		
20	Customer	<u>17,721</u>		
21	Gain Allocated	19,240		

22

23 **Reconciliation of Sale Price**

24

25 Total Available to Shareholders

26

27	Allocated Gain	1,519				
28	Rate Base	<u>56,421</u>				
29	Total	57,940	57,940	39%	39,144	18,796

30

31

32 Total Available for Customer

33

34	Allocated Gain	17,721				
35	Present Value of Loss of Facility Charges	43,173				
36	Present Value of Loss of Economies of Scale	<u>31,166</u>				
37	Total	<u>92,060</u>	<u>92,060</u>	<u>61%</u>		
38	Sale Price	<u>150,000</u>	<u>150,000</u>	<u>100%</u>		

Proposed revision per most recent general ledger information.

American Water Resources, Inc

Sale of Systems

Line no.

1 Computation of Allocable Gain

2		Sale Price	150,000	
3		Less Rate Base	<u>(36,014)</u>	
4		Gain on Sale	113,986	
5				
6		Present Value of Loss of Facility Charges	(43,173)	Schedule 1
7		Present Value of Loss of Economics of Scale	<u>(31,166)</u>	Schedule 2
8		Total Effect of Sale on Remaining Customers	(74,339)	
9				
10		Gain available for Allocation	<u>39,647</u>	

11

12 Allocation based on Customers

13

14	Customers on purchased system	153	
15	Total Current Customer Base	<u>1,938</u>	
16	Percent of Total Customer Base	<u>7.89%</u>	<u>7.89%</u>

17

18

19		Shareholders	3,130
20		Customer	<u>36,517</u>
21		Gain Allocated	<u>39,647</u>

22

23 Reconciliation of Sale Price

24

25 Total Available to Shareholders

26

27		Allocated Gain	3,130	
28		Rate Base	<u>36,014</u>	
29		Total	<u>39,144</u>	39,144 26%

30

31

32 Total Available for Customer

33

34		Allocated Gain	36,517	
35		Present Value of Loss of Facility Charges	43,173	
36		Present Value of Loss of Economics of Scale	<u>31,166</u>	
37		Total	<u>110,856</u>	110,856 74%
38		Sale Price	<u>150,000</u>	<u>100%</u>