

MACKAYE HARBOR WATER COMPANY, INC.
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SECRETARY-TREASURER
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July 23, 2004

Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive Southwest
Post Office Box 47250
Olympia, Washington 98504-7250

Re: Docket No. 040375 - Increasing rate limits for non-regulated water companies

Dear Commissioners:

The figures I have on the implicit price deflator shows 98.432 for 1999 and 107.00 for 2004. This is an 8.7% increase which applied to the current limit of \$429 would result in a new limit of \$466 rather than the \$460 limit proposed. We would like to have the additional six dollars. We are not getting rich selling water. But, we are breaking even and with reasonable rate adjustments we are staying financially healthy enough so that service to our customers is secure.

For the past three years we have been trying to convert this system to a cooperative but have been unable to find enough subscribers willing to accept the responsibility of operating the system.

I would also suggest that the method of adjusting the limit to inflation be reviewed to see if it would be possible to make more timely adjustments. We have been relatively fortunate in having a low inflation level these past few years but that has not always been the case.

Sincerely yours



Patrick C. Roe
President