



Washington Water Service Co.

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Gig Harbor WA 98335
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**Rosario Utilities,
LLC**

1400 Rosario Road, Eastsound,
Washington 98245 (360) 376-2700
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Public Meeting Agenda

Date: Monday, April 2, 2007
Time: 6:30pm to 9:00pm
Location: Rosario Convention Center

Purpose – Rate Increase and Transfer of Ownership of Rosario Water System

Topics for Discussion:

- I. 6:30 to 6:45 Introductions**
- Rosario Staff
 - Washington Water Service Company
 - WUTC Staff on Phone
- II. 6:45 to 7:00 Utility Announcements**
- Impact on sewer customers
 - Water Right Transfers
- III. 7:00 to 7:30 Rate Case Information**
- Rate Case Process
 - Status of Rate Case
 - Basic Information on Why Rate Case is Needed
 - Impact Sale has on Rates
 - Status of Loan, Facilities Charge & Surcharge
- IV. 7:30 to 8:00 Who, What, and When**
- Who is Washington Water?
 - What is the Water System Transfer Process
 - When is the transfer going to happen?
- V. 8:00 to 8:45 Questions?**

REVENUE TOTALS

Customer	Current Average Rate	Curent Annual Monthly Revenue	Proposed Average Monthly Rate	Proposed Annual Revenue
Meter Rates	41.97	92,168.88	67.80	151,299.63
Master Meter	49.52	60,606.78	86.55	105,935.17
Rosario Resort	44.52	63,040.24	74.02	104,805.64
CH Inn	54.44	9,146.11	85.35	14,338.75
Condo	55.32	417.72	34.81	663.81
Sewer	32.27	387.27	51.41	616.95
		225,767.00		377,659.95
Required rate from Purchase Model				\$377,386
Commerical Monthly Average	\$46.64			

MASTER METER RATES

					7,500								
					MASTER METER								
						\$25.00	\$0.0022	\$0.0034	\$0.0047				
					Usage Data							Rates	
Month	Ave. Consumption per ERU	Total Consumption	Count	Usage 1	Usage 2	Usage 3	Base	Usage 1	Usage 2	Usage 3	Total Bill	Average Bill	
Jan	6,136	625,900	102	107,100	518,800	0	25.00	235.62	1,763.92	0.00	4,549.54	44.60	
Feb	6,721	685,500	102	107,100	578,400	0	25.00	235.62	1,966.56	0.00	4,752.18	46.59	
Mar	7,653	780,600	102	91,800	688,800	0	25.00	201.96	2,341.92	0.00	5,093.88	49.94	
Apr	7,827	798,400	102	76,500	721,900	0	25.00	168.30	2,454.46	0.00	5,172.76	50.71	
May	8,125	828,700	102	76,500	752,200	0	25.00	168.30	2,557.48	0.00	5,275.78	51.72	
Jun	5,912	603,000	102	306,000	297,000	0	25.00	673.20	1,009.80	0.00	4,233.00	41.50	
Jul	8,637	881,000	102	306,000	575,000	0	25.00	673.20	1,955.00	0.00	5,178.20	50.77	
Aug	10,744	1,095,900	102	306,000	789,900	0	25.00	673.20	2,685.66	0.00	5,908.86	57.93	
Sep	8,050	821,100	102	306,000	515,100	0	25.00	673.20	1,751.34	0.00	4,974.54	48.77	
Oct	7,189	733,300	102	76,500	656,800	0	25.00	168.30	2,233.12	0.00	4,951.42	48.54	
Nov	12,198	1,244,200	102	91,800	765,000	387,400	25.00	201.96	2,601.00	1,820.78	7,173.74	70.33	
Dec	2,604	265,600	102	91,800	173,800	0	25.00	201.96	590.92	0.00	3,342.88	32.77	
TOTALS		9,363,200		1,943,100	7,032,700	387,400		\$4,274.82	\$23,911.18	\$1,820.78	\$60,606.78	\$594.18	
							0.50	0.07	0.39	0.03			
							\$45.45	\$0.0032	\$0.0055	\$0.0066			
							3/4 Inch Meter						
							Usage Data						
Month	Ave. Consumption per ERU	Total Consumption	Count	Usage 1	Usage 2	Usage 3	Base	Usage 1	Usage 2	Usage 3	Total Bill	Average Bill	
Jan	6,136.27	625,900	102	306,000	319,900	0	45.45	1,591.20	1,759.45	0.00	7,986.55	78.30	
Feb	6,720.59	685,500	102	306,000	379,500	0	45.45	1,591.20	2,087.25	0.00	8,314.35	81.51	
Mar	7,652.94	780,600	102	306,000	459,000	15,600	45.45	1,591.20	2,524.50	102.96	8,854.56	86.81	
Apr	7,827.45	798,400	102	306,000	459,000	33,400	45.45	1,591.20	2,524.50	220.44	8,972.04	87.96	
May	8,124.51	828,700	102	306,000	459,000	63,700	45.45	1,591.20	2,524.50	420.42	9,172.02	89.92	
Jun	5,911.76	603,000	102	306,000	297,000	0	45.45	1,591.20	1,633.50	0.00	7,860.60	77.06	
Jul	8,637.25	881,000	102	306,000	459,000	116,000	45.45	1,591.20	2,524.50	765.60	9,517.20	93.31	
Aug	10,744.12	1,095,900	102	306,000	459,000	330,900	45.45	1,591.20	2,524.50	2,183.94	10,935.54	107.21	
Sep	8,050.00	821,100	102	306,000	459,000	56,100	45.45	1,591.20	2,524.50	370.26	9,121.86	89.43	
Oct	7,189.22	733,300	102	306,000	427,300	0	45.45	1,591.20	2,350.15	0.00	8,577.25	84.09	
Nov	12,198.00	1,244,200	102	306,000	414,000	0	45.45	1,591.20	2,277.00	0.00	8,504.10	83.37	
Dec	2,604.00	265,600	102	306,000	344,000	0	45.45	1,591.20	1,892.00	0.00	8,119.10	79.60	
TOTALS		9,223,400.00		3,672,000	4,935,700	615,700		\$19,094.40	\$27,146.35	\$4,063.62	\$105,935.17	\$1,038.58	
							52.51%	18.02%	25.63%	3.84%			
							100.00%						
							\$86.55				Monthly Average		

These months were adjusted down from 2006 usage due to what appeared to be higher than expected usage.

RESIDENTIAL METERED CUSTOMERS

F 3

		3,000	7,500														
		3/4 Inch Meter															
				Usage Data						Rates							
				Usage 1	Usage 2	Usage 3	Base	Usage 1	Usage 2	Usage 3	Base	Usage 1	Usage 2	Usage 3			
Month	Average use per ERU	Total Consumption	Count	Usage 1	Usage 2	Usage 3	Base	Usage 1	Usage 2	Usage 3	Base	Usage 1	Usage 2	Usage 3	Total Bill	Average Bill	
Jan	2.480	453,825	183	192,150	235,508	26,168	29.75	422.73	800.73	122.99	5,444.25	422.73	800.73	122.99	6,790.69	37.11	
Feb	2.633	481,930	183	192,150	246,313	43,467	29.75	422.73	837.46	204.29	5,444.25	422.73	837.46	204.29	6,908.74	37.75	
Mar	2.716	497,037	183	192,150	228,665	76,222	29.75	422.73	777.46	358.24	5,444.25	422.73	777.46	358.24	7,002.68	38.27	
Apr	2.723	498,380	183	164,700	283,628	50,052	29.75	362.34	964.34	235.24	5,444.25	362.34	964.34	235.24	7,006.17	38.29	
May	4.074	745,493	183	164,700	493,674	87,119	29.75	362.34	1,678.49	409.46	5,444.25	362.34	1,678.49	409.46	7,894.54	43.14	
Jun	3.915	716,408	183	549,000	150,667	16,741	29.75	1,207.80	512.27	78.68	5,444.25	1,207.80	512.27	78.68	7,243.00	39.58	
Jul	6.344	1,160,870	183	549,000	458,903	152,968	29.75	1,207.80	1,560.27	718.95	5,444.25	1,207.80	1,560.27	718.95	8,931.27	48.80	
Aug	7.563	1,384,050	183	549,000	626,288	208,763	29.75	1,207.80	2,129.38	981.18	5,444.25	1,207.80	2,129.38	981.18	9,762.61	53.35	
Sep	4.907	897,920	183	549,000	279,136	69,784	29.75	1,207.80	949.06	327.98	5,444.25	1,207.80	949.06	327.98	7,929.10	43.33	
Oct	3.776	691,060	183	164,700	447,406	78,954	29.75	362.34	1,521.18	371.08	5,444.25	362.34	1,521.18	371.08	7,698.85	42.07	
Nov	3.584	655,886	183	192,150	417,362	46,374	29.75	422.73	1,419.03	217.96	5,444.25	422.73	1,419.03	217.96	7,503.97	41.01	
Dec	3.574	653,986	183	192,150	415,652	46,184	29.75	422.73	1,413.22	217.06	5,444.25	422.73	1,413.22	217.06	7,497.26	40.97	
TOTALS		8,836,845.00		3,650,850	4,283,202	902,793		\$8,031.87	\$14,562.89	\$4,243.13	70.88%	\$8,031.87	\$14,562.89	\$4,243.13	\$92,168.88	\$503.66	
Monthly average	0.00	8,986,029.62		3,544,328	4,035,247	1,406,455		\$18,430.50	\$22,193.86	\$9,282.60	67.01%	\$18,430.50	\$22,193.86	\$9,282.60	\$151,299.63	\$813.58	
Monthly average						8,986,029.62		12.18%	14.67%	6.14%	100.00%	12.18%	14.67%	6.14%	\$67.80	Monthly Average	
				Usage Data													
				Usage 1	Usage 2	Usage 3	Base	Usage 1	Usage 2	Usage 3	Base	Usage 1	Usage 2	Usage 3	Total Bill	Average Bill	
Month	Average use per ERU	2006 Total Consumption	Count	Usage 1	Usage 2	Usage 3	Base	Usage 1	Usage 2	Usage 3	Base	Usage 1	Usage 2	Usage 3	Total Bill	Average Bill	
Jan	2,479.92	455,186	184	192,726	209,968	52,492	45.45	1,002.18	1,154.82	346.45	8,342.30	1,002.18	1,154.82	346.45	10,845.75	59.09	
Feb	2,633.50	484,826	184	193,305	233,217	58,304	45.45	1,005.18	1,282.69	384.81	8,367.33	1,005.18	1,282.69	384.81	11,040.01	59.97	
Mar	2,716.05	501,524	185	166,187	268,270	67,067	45.45	864.17	1,475.48	442.64	8,392.43	864.17	1,475.48	442.64	11,174.73	60.52	
Apr	2,723.39	504,388	185	138,904	292,386	73,097	45.45	722.30	1,608.13	482.44	8,417.61	722.30	1,608.13	482.44	11,230.47	60.64	
May	4,073.73	756,743	186	139,321	432,195	185,226	45.45	724.47	2,377.07	1,222.49	8,442.86	724.47	2,377.07	1,222.49	12,766.90	68.73	
Jun	3,914.80	729,400	186	558,956	119,311	51,133	45.45	2,906.57	656.21	337.48	8,468.19	2,906.57	656.21	337.48	12,368.45	66.38	
Jul	6,343.55	1,185,469	187	560,633	437,385	187,451	45.45	2,915.29	2,405.62	1,237.17	8,493.59	2,915.29	2,405.62	1,237.17	15,051.68	80.54	
Aug	7,563.11	1,404,956	186	557,285	593,356	254,295	45.45	2,897.88	3,263.46	1,678.55	8,442.86	2,897.88	3,263.46	1,678.55	16,282.55	87.65	
Sep	4,906.67	914,204	186	558,956	248,673	106,574	45.45	2,906.57	1,367.70	703.39	8,468.19	2,906.57	1,367.70	703.39	13,445.86	72.17	
Oct	3,776.28	705,704	187	140,158	395,882	169,664	45.45	728.82	2,177.35	1,119.78	8,493.59	728.82	2,177.35	1,119.78	12,519.55	66.99	
Nov	3,584.08	671,794	187	168,695	402,479	100,620	45.45	877.21	2,213.64	664.09	8,519.07	877.21	2,213.64	664.09	12,274.01	65.48	
Dec	3,573.69	671,857	188	169,201	402,125	100,531	45.45	879.84	2,211.69	663.51	8,544.63	879.84	2,211.69	663.51	12,299.67	65.42	
TOTALS		8,986,029.62		3,544,328	4,035,247	1,406,455		\$18,430.50	\$22,193.86	\$9,282.60	67.01%	\$18,430.50	\$22,193.86	\$9,282.60	\$151,299.63	\$813.58	
Monthly average	0.00					8,986,029.62		12.18%	14.67%	6.14%	100.00%	12.18%	14.67%	6.14%	\$67.80	Monthly Average	

There are four egregious inequities favoring the Resort and holders of "banked" water permits (the Resort and residents) which cause unfair higher costs for residential users which need to be rectified:

1. The use of arbitrary, unmeasured ERU's for determining the number of base rates to be paid by the Resort has not been changed to reflect actual water usage from the water metering ordered by the Commission. The use of base rates by the Resort during the 8 low tourist-volume months is needed to provide minimum water revenues to cover monthly water plant fixed costs related to providing peak months water volumes.

The Commission ordered Rosario at the last hearing to install meters to measure and account for their actual water usage. We have been told that six meters were installed for measuring Rosario water usage. Rosario base rates should be based on the peak guest count month of August since the water plant and its fixed costs are sized for servicing the peak guest period. The determinant for the base rate to be paid should reflect all Resort water usages. These usages include the restaurants, the Spa and its showers, the indoor and outdoor pools, hot tub, sauna, the marina, and and other water uses.

We recommend that for accounting simplicity, accuracy, and avoidance of an unfair shifting of Rosario-related costs to residential users, that the annualized fixed costs of the plant be

- a) apportioned between Rosario and the residents on the basis of the meter readings of all water used by Rosario, and
- b) be paid as a single monthly billing rather than on the basis of Health Department ERU's which are not regularly adjusted to reflect total Resort water usage.

The proposed rate increases need to be granted only temporary temporary until either the first demolition permits are issued or 25% of Resort-owned accommodations are closed to allow demolition of existing Rosario guest accommodations and their replacement with of a 146 unit private residence village.

The Resort and the wholly-owned Water Utility company are in advanced stages of being sold. The tentatively approved Master Plan for the Resort lands call for 455,000 square feet of new construction which includes 146 privately-owned fractional unit residences with a total of about 429 bedrooms, These 1000 to 2000 sqft units will include kitchen, multiple bathrooms and laundry facilities.

Accordingly at such time, as the Resort is closed or reduces guest operations, the Resort needs to be charged for their normal share of fixed costs since closing the Resort is a temporary business decision to increase profits from an expansion. The new Resort should pay equivalent charges during the construction period so that the uncovered fixed costs of the water plant do not result in a huge loss which must be made up by the residential users.

We bring this before the Commission at this time since we understand that as Customers we lack standing to obtain a hearing when the existing resort ceases full time operation but the fixed costs of the water plant continue. By making the proposed rate increase temporary, the rates would have to be revised. Alternatively, the commission could order that fixed costs of the water plant continue to be paid until the new Resort Community has been constructed and the residences fully sold.

3. The folding of the balance of Rosario's share of the outstanding loan (from the owners of Rosario to their water company subsidiary) for the Hydroxol Treatment Plant into the water rates is an unacceptable precedent since Rosario is about to be redeveloped as a private housing resort by a new owner and will require expansion of the water plant and resort distribution system. There is no basis for requiring residents to subsidize the new residential community paying for any plant expansion for the larger new resort in their water rates.

At the previous rate hearing, the RPOA asked that the monthly plant loan payment be raised since it was clear there would be both a shortfall and increased costs of interest on the loan (staff said no).

Suggested rate issues form the 23 item list to be presented to the Commission
Prepared by hhendrick May 20, 2007

1. A \$200,000 loan has funded piping upgrading - how much of this loan is being used to prepare for the increased water deliveries the future resort is expected to need? If piping is dual use (the Resort and the Residents), is the relative cost share determined by the volumes of water provided? Is there sufficient audit documentation to support charges to residents for the costs of the piping and the loan payoff share that will be the responsibility of the residents? Are the accounting procedures in place to allocate the costs of pipe replacement between the resort and residential users?
2. What is the base rate intended to accomplish. How was the proposed base rate determined? What is the relationship of the base rate to plant fixed and variable costs. If the base rate is to guarantee revenue from inactive or very low volume accounts, does the base rate fully cover plant and distribution costs related to water delivery to the account.?
3. Conservation rates are intended to discourage avoidable water uses and care to prevent monitor for water leaks and other water wastage. For the typical homeowner, less than 100 gallons per day in the lowest rate category is rather limiting for for a multiperson household. Wouldn't 125 gallons a day be more appropriate? At the high end should the penalty rate for over 7500 gallons a month be high enough to discourage unnecessary water use , say an addition .01 to .015?
4. Since the same employees work for the water plant and the sewer plant, how are payroll costs allocated? Is the allocation reliable. What about common materials and tools, etc.

April 4, 2007

Notes from Rosario Utilities/ Washington Water Service Company public meeting 4/2/07

Public Meeting held in Rosario Convention Center from 6:30pm to 9pm. The following notes are paraphrased—they are not word for word.

I. Introductions

- Chris Vierthaler introduced herself and Mike Ireland
- Mike Ireland introduced the staff from Washington Water Service Company—Dan Brown, Sue King, Judy Passey
- UTC staff introduced themselves via phone conference call—Jim Ward, Regulatory Analyst and John Cupp, Consumer Affairs

II. Utility Announcements

- Impact on sewer customers
 - No change in rates due to potential sale
- Water right transfers
 1. Until recently Rosario Resort owned the water rights
 2. A holding company was created and the water rights were transferred into this holding company.
 3. After sale, the holding company will sell part of the water rights
 4. In the master plan of the sale of the resort, the developer will be responsible for the costs of obtaining water rights
 5. There are concerns that the Cascade Lake, from which we get the water rights, will run dry. However, we only use 15% of the total water rights for domestic water, the balance is for hydro power. This total is equivalent to the top 4 feet of the lake—if there is a drought, we can use the top 6 feet of the lake.
 6. Rosario will never go below those rights given by the state.

III. Rate Case Information

- Sale and Transfer follows same process as UTC
- An UTC Auditor will Audit Rosario Utilities
- One public meeting will be held for public comments
- Another meeting will be held at UTC for customer comments
- Rate case process hasn't started yet
- Final papers are being prepared
- Basic info of why rate case is needed
 - Comparison of 2002 rate case and 2005-2006—income
 - 2005 lost 35,000 dollars
 - 2006 lost 45,151 dollars

- Increased costs are not due to any one expense, Depreciation is biggest due to past capital improvements. Rate case is required no matter what happens to system ownership.
- The sale will help control rates. With WWSC as the owner, there will be "economies of scale", and some of the operating costs will be spread over all of the WWSC customers. — Those costs not shared are specific to the operation of the treatment plant, which requires monitoring 7 days a week, and for response to emergencies on an island with limited access.
- As of January 15, 2007, the surcharge expired balance will be capitalized.
- Proposed revisions affect filing on customers based on 2006 usage
 - Current customer account -average bill is \$41.97
 - Revised customer account—average bill would be \$67.80
 - Wholesale water—average is \$49.52
 - Revised wholesale—average will be \$86.55
 - Rosario Resort—average is \$44.52
 - Revised Rosario Resort—average will be \$74.02
 - All categories have the same base

IV. Who, What, and When

- Who is Washington Water Service Company
 - WWSC was created in 1999 by merging two pre-existing water utility companies called Harbor Water Company and South Sound Utilities. Combined we have 257 water systems in 7 counties, which includes 57 managed systems. We have 45 employees, an engineering department in our SW office, a construction department in our NW office, and two field offices—one in Sequim and one in East King County.
 - We have been in the water business since 1970
 - We just received the highest award possible for an investor owned company from the State Department of Health called Grace Under Pressure for our quick responses during the wind storms in November and December of 2006 and by keeping our customers in water during those trying times when we had no phones, limited communication, no computers, and moving 110 portable generators to transport from system to system.
 - We have systems ranging in size from 3 to over 2000 customers.
 - We are a Washington Corporation with most decisions made here in Washington
 - We create a Capital Budget plan for each year
 - Our economies of scale :
 - Centralized billing here in Washington
 - Automated hand held meter reading devices, down load automatically
 - Specialized billing and customer account programming
 - Toll free customer service center here in Washington 24/7
 - Large customer base to spread common operating costs over

- We have an excellent relationship with regulators such as DOH and WUTC
 - We have strong financial strength through association with CWSG
 - We have access to assistance from CSWC for
 - Water Quality
 - Treatment
 - Engineering
 - We have the ability to make payments using a Visa/MasterCard and soon will have auto pay options and online account information services.
- What is the Water System Transfer Process?
 - This was addressed earlier and mentioned again by UTC at the end of the meeting.
 - When is the transfer going to happen?
 - Following 30 day official public notice, scheduled UTC hearings and approval.

V. Questions

- Gary Wyngarden
 - Question: "Welcome. I have issues with the sale of the water rights and water rights in the future and the existing base water right purchase. Is WWSC comfortable with the allocation to supply our needs?"
 - Answer by Mike—Yes
 - Question: If the resort master plan expansion is approved and funded, will the cost of those water rights be co-mingled with our existing water bill with the existing water rights transferred?
 - Answer by Mike—There are adequate water rights, but the owner of Rosario will have to buy them. We will not get a rate of return because it is a Contribution in Aid of Construction and this will not affect existing customers.
- Fred Munder
 - Question: I own a house and a lot—the lot does not have water—how would I get water to my lot?
 - Answer by Mike—To supply the water to the undeveloped lot (and other future customers), WWSC would have to purchase water rights from the Orcas Water Holding Company.
 - Question: What would the cost be?

- Answer by Mike: I don't know--. We will possibly be working with them on the water right issues.
- Question: I acknowledge the current infrastructure as old. Will that be upgraded?
- Answer by Mike: Every 6 years we do a Water System Plan (WSP) where the engineers look at what we have and what is needed. We have a 6 year minimal cost and also plan long term up to 20 years out.
- Statement by Gary: Knowing that California is publicly owned should we go short.
- Leonard Wood
 - Question: Will the remaining amount of the loan be capitalized?
 - Answer: Yes
 - What is the dollar amount of the original loan?
 - Answer by Chris: Approximately \$270,000
 - Question: Do we get credit for up-front payments?
 - Answer by Chris: We'll get back to you on that
 - Statement: The 2005-2006 depreciation has tripled since 2002
 - Answer by Chris: In May 2001 there was new plant
 - Question: Why then is it included in the 2002 calculation?
 - Answer: 2002 is based on the 2001 expenses.
 - Mike Ireland: --State Revolving Funds (SRF) are not included at full amount.

Steven Garrison

- Question: Since this is public information, what is the amount of the purchase?
- Answer by Mike: We have not purchased yet. It will be based on the rate base approval.
- Question: You said you set up a holding company--what is the name of the holding company?
- Answer by Chris: Orcas Water Holdings

- There was a bit of confusion and then Laurie Cameron of Oly Rose interjected:
We wanted to keep the water rights separate from the real estate so we created Orcas Water Holdings.

- Dean Stupke
 - Question: Does Washington Water Service Company have full responsibility for all the water rights?
 - Answer by Mike: We do not have full responsibility for all water rights.
 - Question: Who has responsibility for the reservoir?
 - Answer by Chris: The water right holders have responsibility for managing lake levels. We're creating a joint agreement for all water right holders to participate in reservoir and watershed management.
 - Question: Who has the responsibility of the water quality of the lake?
 - Answer by Chris: It will also be part of the joint agreement
 - Question: Who has the responsibility of the dam?
 - Answer by Chris: Whoever owns the resort--and there will be an agreement between water right holders and the resort owner to monitor and maintain the dam.

- Bea von Tobel
 - Statement: We have \$14,000 of unaccounted water due to a leak last year-- I think the 75% increase is pretty stiff.
 - Please stop by and see me tomorrow (statement to Mike Ireland)
 - Mike Ireland replies: OK

- Catherine Ascher
 - Question: I am confused about the water quality in the lake. I got a note from Chris about chemicals being added. What is this? And there is talk about adding more users -I am concerned about this. What will the new users do to the water quality of the water?
 - Answer by Mike: Water quality of the lake or at your faucet?
 - Statement by Catherine: At my faucet

- Answer by Mike: All customers have the right to know the quality of their water. The notices go out to all customers when there is a bacteria (coliform) hit, and what is being done about it. Sometimes the area with the positive bacteria hit needs to be chlorinated, so the customers need to know this.
- Question: What causes the bad sample?
- Answer by Mike: Sometimes on a stormy day the wind blows the rain sideways and could blow it through a vent on a reservoir, or if a sample is being taken and ONE DROP of rain gets into the bottle, it could cause a bad sample. State Department of Health has zero tolerance to coliform or bacteria so have 1 ppm in a sample will trigger a bad sample. One ppm is a very minute amount.
- Question by Chris: Could you be referring to the blue-green algae in the lake that we had? That's the only time we modified treatment and notified customers.
- Response by Catherine: No, that is not it.
- Answer by Mike: As for the new users, the treatment plant has to be upgraded to allow for any additional customers.
- Francie Petro (Highlands Assn customer)
 - Question: Are there any plans that will affect the facility fee we pay quarterly?
 - Answer by Chris: We don't charge a quarterly facility fee and the surcharge has been discontinued. Please Ask Bea von Tobel what the Highlands Assn charges its customers, the utility does not know.
- Stan Gimbert
 - Question: There are no fire hydrants on Cascade Way. Why?
 - Answer by Chris: There are no fire hydrants at all on the system. The pipes are not big enough. Possibly with future upgrades it will be possible to provide fire flow.
 - Stan: Be sure to look into that.
- Carl Capdeville—not on sign up sheet
 - Question: I am manager of Highlands Water System. How many members are there? How many customers?
 - Answer by Chris: There are 183 retail—I don't know ready to serve—there are 505 in our WSP, wholesale and retail.

- Question: That has never been clear to Highlands--will we still have to come to Rosario?
- Answer by Chris: We wholesale water to Highlands--the connection fee is different from that of our retail customers
- Question: I don't care about that. If I buy a lot, it would be added to the Highlands as a water user. How is this counted?
- Answer by Chris: It is an ERU--property owners in the Highlands may purchase water connections from the Assn board after the board has purchased it from Rosario.
- Question: Will Rosario Resort be buying water from Washington Water Service Company and will it be based on historic consumption?
- Answer by Mike: Rosario has 118 ERUs; additionally there are 183 retail residential connections; 102 for Highlands; 14 for condos, 1 for sewer, and 1 for the other condo.
- Question: Is the rate for the bulk the same as for Rosario?
- Answer by Mike: We will maintain same base rate.
- Question: Are all Rosario area customers tied into sewer system?
- Answer by Chris: No. -- The sewer system is basically for the resort, Moran State Park and the water treatment plant. There are only about 10 residential sewer customers.
- Question: Is there a separate rate for sewage?
- Answer by Chris: Yes
- Deb Carruth
 - Question: There are so many blank spots in the spread sheet. Were there no office supplies for 2005? I am concerned with the new rate being so high--a 50% increase with no improvements? I can't imagine what the rate increase WITH improvements would cost us!
 - Answer by Mike: we appreciate and understand your feelings.
 - It is not just Rosario. We realize it is hard but we scrutinize our costs before filing a rate increase. Rosario is unique, but with blending costs into ours, we gain economy of scale.

- Chris Vierthaler

- Are there any questions for UTC staff?

- Gary Wyngarden

- Question: Will there be a separate discussion for the rate increase? Five or six years ago UTC was here for a hearing—will there be a separate hearing?
- Answer by Jim Ward: If Rosario files separately, they will be looked at separately. If they file jointly, we will review jointly. The rate increase will be filed with the commissioners. There will be two tries to speak to UTC.
- Answer by Mike: This is just an informal meeting to get out the information to those who are interested.
- Answer by John Cupp: There is a 30-day notice of the rate increase and then a 30-day notice of the transfer. That notice will tell you how to comment to the Commission (UTC)

No more questions—meeting formally adjourned about 8:15. Mike, Chris, Sue and Dan met with interested customers to answer their questions following the meeting. Deb Carruth asked how she could remove the 'lime deposit' from her slate in her bathroom. We said we would find out and get back with her. Her phone number is [REDACTED]