

Southgate Water Systems, Inc.  
100 N. Fruitland St., Suite C  
Kennewick, WA 99336  
December 19, 2008

Washington State Utilities  
and Transportation Records Center  
P. O. Box 47250  
1300 S. Evergreen Park SW  
Olympia, WA 98504

STATE OF WASHINGTON  
UTIL. AND TRANSP.  
COMMISSION

2008 DEC 30 AM 9:26

Re: Water Rate Tariff Increase

Ladies and Gentlemen:

Southgate Water Systems, Inc. is filing the request for approval of a general rate increase to recover operating and capital costs associated with providing water service to be effective March 1, 2009. The following information is presented for your consideration of the rate increase.

1. Notice to customers outlining the rate changes and reasons for the increase. It has been three years since the last rates were established.
2. Projection of gross revenue using rates requested and 2007 water usage
3. Projection of income and expenses utilizing revenue from new rates and 2007 expenses less unusual repair item
4. Income statement for the year ended 12-31-07
5. Balance sheet of 12-31-06 and 12-31-07
6. Depreciation schedule for 12-31-07 on an income tax basis
7. Depreciation schedule for 12-31-07 on a straight line basis
8. Water revenues by customer for 12 months ended 12-31-07 and 9-30-08
9. Water usage by customer by month or quarter for 2007 and 2008 thru 9-30-08
10. Tariff page with third revision sheet no. 22 cancelling the second revision sheet no. 22 to be effective March 1, 2009.

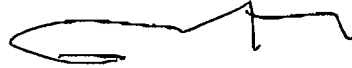
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During 2007 an electrical surge damaged well equipment which cost \$20,732 to repair. Southgate Water Systems purchased equipment of \$23,771.85 to prevent future damage of this kind (copy of invoice attached).

Please note that none of the financial reports include any provision for salary to Mr. Manuel or any return on his investment.

Please let us know if you need any additional information to process this application for rate increase. Thank you for your assistance.

Very Truly Yours,

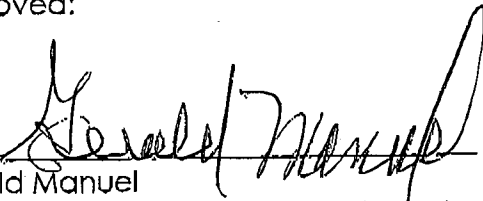


Robert E. Marple

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Enclosures

Approved:



Gerald Manuel  
President, Southgate Water Systems, Inc.