

## IMPORTANT NOTICE

This notice is to inform you that the Company has filed for approval from the Washington Utilities and Transportation Commission to increase its rates for your water system to encourage conservation and to address water rights issues. The systems affected by this filing are all either exceeding or are within 95% of exceeding their water rights limitations. If approved by the Commission, the conservation rate will be effective May 1, 2017.

The rates for residential customers with a 3/4 inch meter for the summer period in the third usage block (over 2,000 cubic feet in a billing period) will be increased from \$2.81 per 100 cubic feet or portion thereof to \$5.00 per 100 cubic feet or portion thereof. The summer period is defined as billings for usage May 1 through October 31, which are the June through November billing periods. This is a seventy-eight percent increase in rates for the conservation rate over the standard usage rate for block three.

### Rates

Monthly Rate	Current Rate	Proposed Rate
Base charge 3/4 inch meter	\$20.33	No change
Block 1: 0 – 700 cubic feet	\$1.36*	No change
Block 2: 701 – 2,000 cubic feet	\$2.31*	No change
Block 3: over 2,000 cubic feet	\$2.81*	\$5.00

\*per 100 cubic feet

(One cubic foot of water equals 7.48 gallons)

What this means to you will vary by customer. If you are on a 3/4 inch meter and do not use more than 2,000 cubic feet in a summer billing period, there will be no increase in rates. If you use more than 2,000 cubic feet in a summer billing period, the price for your use in the third block will be substantially higher on a per 100 cubic feet basis.

Because usage changes will affect total revenues, the Company cannot predict if additional revenue will be generated by this filing. However, if there is additional revenue provided by this filing that revenue will not go into the Company's general fund. Instead, the additional revenue will be deposited in a special, dedicated account. Additional revenue is considered earned above the \$2.81 rate for the standard usage block or the difference between \$2.81 and \$5.00.

The Company intends to use any additional funds, if any, for conservation purposes, including, but not limited to: conservation equipment, system modifications, software, surveys, conservation staffing, notices and other costs for this program and to obtain, where feasible, additional water rights to benefit affected water systems, which may also include, but is not limited to engineering, legal and fees of other consultant incurred in this process.

The commission has the authority to set final rates that may be lower or higher than the company's request, depending on the outcome of its investigation. You can submit comments by going to [www.utc.wa.gov](http://www.utc.wa.gov) and clicking "Submit a Comment," or by one of the following options:

Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
P.O. Box 47250, Olympia, WA 98504-7250  
E-mail: [comments@utc.wa.gov](mailto:comments@utc.wa.gov)  
Telephone: 1-888-333-WUTC (9882)

Commission staff will make a recommendation to the commissioners at an open meeting in Olympia, which is scheduled for 9:30 a.m. on April 28, 2017, and you will have an opportunity to comment in person at this meeting. If you are unable to attend the open meeting, you can participate by telephone by calling 360-664-1234 the day before the open meeting for instructions and to sign in.

A memo containing the staff recommendation will be available on the commission website about three days prior to the open meeting. To view the memo, go to [www.utc.wa.gov](http://www.utc.wa.gov). Click on the link near the bottom that says "Documents." Under "Open Meetings," click on "Agendas, meeting minutes, orders." When the open meeting date (see above) appears, click on the memo for this filing. This will take you to a page with the memo and any associated attachments.

The commission is committed to providing reasonable accommodation to participants with disabilities. If you need reasonable accommodation, please contact the commission at (360) 664-1132 or [human\\_resources@utc.wa.gov](mailto:human_resources@utc.wa.gov).

If you have any questions, please contact us at (888) 357-3276.

Sincerely,

H & R Waterworks, Inc.