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July 31, 2008

VIA E-MAIL AND HAND DELIVERY

David Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: Iliad Water Service, Inc. – Docket No. UW-060343 – Report

Dear Mr. Danner:

Pursuant to Paragraph 26 of the Settlement Agreement that was approved by the order of the Commission, Order 08, entered in this docket, Iliad Water Service, Inc. ("Iliad Water") hereby submits its compliance report. The report that is required is to detail for the treatment surcharge how many customers chose the one-time payment option, how many customers chose the monthly payment option and include a statement of the remaining loan balance due to Iliad, Inc. after Iliad Water applies the one-time payments to the loan balance due Iliad, Inc.

In compliance with that directive, Iliad Water reports that nine customers elected to make the one-time payment. Of the remaining customers, twenty-one customers affirmatively requested the monthly payment program. There are eight customers that have not responded. They are being billed the assessment on the monthly basis, but have refused to pay to date. There is one customer of these eight that has informally indicated that they will make a one-time payment. The Company will follow up with that customer, but that customer has not paid any amount to date.

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Based on the foregoing data, the Company has received lump sum payments of \$30,475.98. Taking into account the allocation for payment of utility taxes and attorney's fees as authorized by the Settlement Agreement, this has reduced the outstanding loan balance to Iliad, Inc. to \$94,901.58.

Thank you for your attention to this matter.

Sincerely,



RICHARD A. FINNIGAN

RAF/km

cc: Amy White (via e-mail)
Derek Dorland (via e-mail)