

SOUTHGATE WATER SYSTEMS, INC.
 2324 WAINWRIGHT PLACE
 WALLA WALLA, WA 99362
 TELEPHONE (509) 525-7301

IMPORTANT NOTICE

Date _____

- a. Southgate Water Systems, Inc. has filed for approval from the Washington Utilities and Transportation Commission to increase rates. If approved, the rates will be effective January 1, 2006.
- b. The current rate and proposed rates are shown below:

	<u>Current</u>	<u>Proposed</u>
Basic rate per month	\$48	\$55
Rate per 1,000 gallons in excess of 45,000 up to 60,000 gallons per month	30¢	\$1.50
Rate per 1,000 gallons in excess of 60,000 per month	30¢	\$3.00

- c. The increase in rates is necessary to cover operating costs, to provide water and maintain the water system, and recover a portion of the capital improvements. The increase in the rate for gallons used in excess of 45,000 per month and 60,000 per month should also encourage water conservation. Some of the major costs that Southgate Water Systems, Inc. incurs each year are set forth below:

- Maintenance of water system
- Pump repair and maintain utilities
- Engineering
- Water testing and chemicals
- Health Department fees and licenses
- Reading meters
- Billing services
- Legal & accounting
- Property and business taxes
- Office supplies and postage
- Insurance

- 1. During the past 4 years the system has required capital improvements of \$116,444 as shown below:

2004	Booster Pump	\$ 40,965
2003	Water Pump	27,638
2002	Water Pump	<u>42,841</u>
		<u>\$116,444</u>

2. The water rates in effect for the past four years just covered direct costs but did not provide any return on the capital of approximately \$600,000 invested in the water system or provide any funds for future capital replacement costs.
- d. If you have questions about the proposed filing and how it will affect you, please call Southgate Water Systems, Inc. at 509-525-7301. If you have questions about the rate making process, you may contact the Washington Utilities and Transportation Commission at the following address: WUTC, 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, WA 98504-7250; 1-800-562-6150 (toll free) or by e-mail comments@wutc.wa.gov.
- e. If you would like to comment on this proposal, it is important for you to do so now. Comments must be submitted in writing or presented at the commission's open meeting to be included as part of the formal record. The commission is interested in receiving your views regarding this proposal whether in favor or not. All open meetings are held in Olympia, WA. If you would like to be added to the commission's mailing list to be notified of the open meeting date, please call 1-800-562-6150 and leave your name, complete mailing address, the water company's name, and a description of the proposal you are interested in.

Sincerely,

Southgate Water Systems, Inc.

By


Gerald L. Manuel, President