

IMPORTANT NOTICE

Date: September 17, 2007

Iliad Water Service, Inc. has filed for approval from the Washington Utilities and Transportation Commission for an increase in basic service rates. If approved, the changes will take effect November 1, 2007.

	Current	Proposed
Monthly Flat Rate	\$23.13	\$56.19
Monthly Metered Base Rate (Including first 500 cubic feet of usage)	Cascade Crest Estates \$26.26	All metered customers \$59.52
Usage over 500 cubic feet	\$0.76 per 100 cubic feet	\$0.76 per 100 cubic feet

The flat rate applies to customers on the Alder Lake and Stavis systems. Once those customers are metered, the metered rate will apply.

This is an increase of approximately 143% and would produce annual revenue of \$60,822. The reason for the filing is to allow the Company to cover its operating expenses. The Company's recent history is that the revenue it receives does not cover operating expenses. The increase will pay for the operating costs of the Company. For the past several years, the Company has not had enough revenue to pay for all of the basic operating costs, such as power, water quality testing, fees for maintenance and repairs, and other expenses. This will be the Company's first rate increase in over 14 years.

If you have any questions about the proposed filing and how it will affect you, please call the Company at (800) 928-3750.

If you would like to comment on this filing, be added to the commission's mailing list, or have questions about the ratemaking process, please use the contact information below. You may also comment in person at the commission's open meeting in Olympia at 9:30 a.m. on October 10, 2007, or by using the "Public Comment" feature at the commission's web site, at <http://www.wutc.wa.gov>. The commission is scheduled to make a decision at its open meeting on October 24, 2007. If you are unable to attend an open meeting in person, the commission has a bridge line which enables you to participate or listen by telephone. Call 360-664-1234 for instructions the day before the open meeting.

Washington Utilities and Transportation Commission
Post Office Box 47250, Olympia, WA 98504-7250
E-mail: comments@wutc.wa.gov
Telephone: 1-800-562-6150

Sincerely,

Iliad Water Service, Inc.