



Aquarius Utilities, LLC

"At Your Service"

Diamond Point • Island Lake • Lynch Cove • Agate West

IMPORTANT NOTICE

May 22, 2009

Aquarius Utilities, LLC has filed with the Washington Utilities and Transportation commission for approval of a general rate increase. If approved, the rates will become effective on July 13, 2009, and customers would see the rates reflected in the August 2009 billing.

The rate filing is designed to produce additional revenue of \$50,000 per year, an increase of about 11 percent. The last general rate increase was filed in May 2008.

Based on a 3/4-inch meter and average customer usage of 567 cubic feet per month for 2008, the average monthly bill is expected to increase by \$4.95 (9.5%) to about \$56.50 per month. This monthly total also includes the \$8.70 DWSRF loan repayment surcharge approved in a separate filing in 2008.

This increase is being requested as a cost-of-living adjustment to recover operating cost increases over the past year. The cost categories which have seen significant increases include staff payroll and expenses, depreciation expense, insurance, interest on borrowed funds, water quality monitoring, state and county permitting costs, and waterworks material costs.

In the future, we plan to continue filing for cost-of-living rate adjustments on an annual basis. In doing so, we hope to achieve:

- (1) Smaller but expected rate increases;
- (2) Faster recovery of increased operating costs, allowing us to do a better job of keeping pace with expenses and thus serving our customers; and
- (3) A better ongoing understanding of the ever-changing rate making process.

We hope you understand and appreciate the benefits of a more frequent rate filing schedule. In spite of the slumping economy, operating costs continue to rise and we have a duty to respond in order to maintain an appropriate level of service to our customers.

A comparison of existing and proposed rates and charges is shown below:

(1) Monthly Rate:	Existing	Proposed
--Base charge, zero cubic feet		
-- 3/4" or smaller service	\$22.05	\$27.00
--1" meter service	36.82	41.77
--Usage charge for 3/4-inch or smaller meter:		
--1 – 500 cubic feet, per 100 cubic feet	\$3.55	\$3.55
--501 – 900 cubic feet, per 100 cubic feet	4.55	4.55
--901 – 1600 cubic feet, per 100 cubic feet	5.55	5.55
--Over 1600 cubic feet, per 100 cubic feet	7.85	7.85

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--Usage charge for 1-inch meter:

--1 – 835 cubic feet, per 100 cubic feet	3.55	3.55
--836 – 1503 cubic feet, per 100 cubic feet	4.55	4.55
--1504 – 2672 cubic feet, per 100 cubic feet	5.55	5.55
--Over 2672 cubic feet, per 100 cubic feet	7.85	7.85
(2) Ready-to-serve Service per month	22.05	27.00
(3) Unmetered Service per month	51.55	56.50
(4) Facilities Charge	1475.00	2950.00

If you have any questions about the proposed filing and how it will affect you, please call Aquarius Utilities, LLC at (360) 779-1565.

The commission has the authority to set final rates which may be different from the requested increase, based on the results of their investigation. 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 June 25, 2009 or by using the "Public Comment" feature at the commission's Web site at www.utc.wa.gov. The commission is scheduled to act on this proposal at its open meeting on June 25, 2009. 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 the day before the open meeting for instructions.

Washington Utilities and Transportation Commission
Post Office Box 47250
Olympia, WA 98504-7250
E-mail: comments@utc.wa.gov
Telephone: 1-888-333-WUTC (9882)

To view documents filed at the commission in this case, visit the Water Section web page at utc.wa.gov/water and click on Aquarius Utilities, LLC under "Active Cases".

We appreciate the opportunity to present this proposal for your review and comment.

Very truly yours,

Gregory G. Roats, P.E.
General Manager

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