



PORT LUDLOW
ASSOCIATES, LLC

Olympic Water and Sewer, Inc
360-437-2101
IMPORTANT NOTICE

September 16, 2010

Olympic Water and Sewer, Inc. (OWSI) has filed with the Washington Utilities and Transportation Commission (commission) for approval of a general rate increase. Our last rate change became effective in 2008 and was based upon 2007 operations. OWSI is requesting this increase to cover increases in operations costs including repair and maintenance, employee medical, water rights processing, and administrative services. In addition to increases to regular operations and maintenance costs, OWSI has experienced considerable expenses related to an attempted new source well which encountered hydrocarbon contamination during drilling. Costs for that project are ongoing. If approved, the new rates will become effective on October 20, 2010 to coincide with the beginning of the November/December billing cycle. The rate filing is designed to produce additional revenue of approximately \$182,097 per year for the company. This is an annual increase of approximately 25 percent.

Our average residential customer (using 800 cubic feet in winter and 1,900 cubic feet in summer) should see winter bills of \$54.50 every two months increase to \$57.70 (5.87%) and summer bills go from \$79.25 to \$104.45 (31.8%) if our proposal is approved. The rates for metered service are shown below. Rates presented below are per month; however we bill every two months. Individual bills will vary based on water use patterns.

Please note that this rate adjustment includes a realignment of the usage blocks, adding a new block that reflects average consumption for a low-volume user (0-400 cubic feet monthly) and will benefit these customers. The base rate has not changed. All of the revenue increase is proposed to be achieved through consumption charges and the realignment of the rate blocks. These rates, as presented, are proposed and require commission approval prior to being placed into effect.

Meter Size	CURRENT			PROPOSED	
	Base Charge (no change)	Usage Block Monthly	Rate per cubic foot	Usage Block monthly	Rate per cubic foot
¾"	\$18.25 (\$36.50 bi-monthly)	0-1,000 cubic feet over 1,000 cf	\$0.0225 \$0.0335	0-400 401-950 over 950	\$0.0265 \$0.0425 \$0.0525
1"	\$30.48 (\$60.96 bi-monthly)	0-1,670 cf over 1,670 cf	\$0.0225 \$0.0335	0-670 671-1,590 over 1,590	\$0.0265 \$0.0425 \$0.0525
1- ½"	\$60.77 (\$121.54 bi-monthly)	0-3,330 cf over 3,330	\$0.0225 \$0.0335	0-1,330 1,331-3,200 over 3,200	\$0.0265 \$0.0425 \$0.0525
2"	\$97.27 (\$194.54 bi-monthly)	0-5,330 over 5,330	\$0.0225 \$0.0335	0-2,130 2,131-5,000 over 5,000	\$0.0265 \$0.0425 \$0.0525
3"	\$182.50 (\$365.00 bi-monthly)	0-10,000 over 10,000	\$0.0225 \$0.0335	0-4,000 4,001-9,500 over 9,500	\$0.0265 \$0.0425 \$0.0525

Notes: one cubic foot = 7.48 gallons
Usage blocks are shown monthly. Multiply usage by two to obtain bi-monthly billing amounts.

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If you have any questions about the proposed filing and how it will affect you, please call OWSI at 360-437-2101 or email 'OWSI@portludlowassociates.com'.

The commission has the authority to set final rates that may be either lower or higher from OWSI's request, depending on the results of its investigation. Commission staff will make a recommendation to the commissioners at an open meeting in Olympia, which is scheduled for 9:30 a.m. on October 14, 2010. You will have an opportunity to comment in person at this meeting. If you are unable to attend the open meeting, 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. You can also comment by using the "Public Comment" feature at the commission's web site at 'utc.wa.gov', or by using the contact information below.

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
Telephone: 1-888-333-WUTC (9882)

Sincerely,



Larry Smith
President
Olympic Water and Sewer, Inc.