



October 7, 2011

IMPORTANT NOTICE

Washington Water Service Company has filed for approval from the Washington Utilities and Transportation Commission (commission) to increase rates \$1,737,800 annually, representing an increase of 21.8% compared to 2010 revenues.

The company's last general rate increase occurred in 2009. The company has not received the level of revenue expected from that increase. In addition, there have been increases in operating costs. Approximately 13.6% of the proposal relates to increases in operating costs. If approved, the new rates will be effective on November 10, 2011. The tables below show the effect on the average customer's monthly bill.

<u>Average Customer</u>	<u>Existing Monthly Bill</u>	<u>Proposed Monthly Bill</u>
Residential Customer using 1,000cf	\$42.73	\$52.05
Non-Metered Customer	\$44.67	\$52.05

Residential Service - Existing Rates

Meter Size	Base Rate	1st Block (cubic feet)	1st Usage Rate ¹	2nd Block (cubic feet)	2nd Usage Rate ¹	3rd Block (cubic feet)	3rd Usage Rate ¹
3/4-inch ²	\$17.43	0-653	\$2.38	654-2,056	\$2.84	Over 2,056	\$3.22
1-inch	\$29.11	0-1,091	\$2.38	1,092-3,434	\$2.84	Over 3,434	\$3.22
1 1/2-inch	\$58.04	0-2,174	\$2.38	2,175-6,846	\$2.84	Over 6,846	\$3.22
2-inch	\$92.40	0-3,480	\$2.38	3,481-10,958	\$2.84	Over 10,958	\$3.22
3-inch	\$174.30	0-6,530	\$2.38	6,531-20,560	\$2.84	Over 20,560	\$3.22
4-inch	\$291.08	0-10,905	\$2.38	10,906-34,335	\$2.84	Over 34,335	\$3.22
6-inch	\$580.42	0-21,745	\$2.38	21,746-68,465	\$2.84	Over 68,465	\$3.22

Residential Service - Proposed Rates

Meter Size	Base Rate	1st Block (cubic feet)	1st Usage Rate ¹	2nd Block (cubic feet)	2nd Usage Rate ¹	3rd Block (cubic feet)	3rd Usage Rate ¹
3/4-inch ²	\$19.95	0-600	\$2.95	601-1,600	\$3.60	Over 1,600	\$4.85
1-inch	\$33.32	0-1,000	\$2.95	1,001-2,672	\$3.60	Over 2,672	\$4.85
1 1/2-inch	\$66.43	0-2,000	\$2.95	2,001-5,328	\$3.60	Over 5,328	\$4.85
2-inch	\$106.33	0-3,200	\$2.95	3,201-8,528	\$3.60	Over 8,528	\$4.85
3-inch	\$199.50	0-6,000	\$2.95	6,001-16,000	\$3.60	Over 16,000	\$4.85
4-inch	\$332.57	0-10,000	\$2.95	10,001-26,672	\$3.60	Over 26,672	\$4.85
6-inch	\$664.93	0-20,000	\$2.95	20,001-53,328	\$3.60	Over 53,328	\$4.85

¹ - Based on per 100 cubic feet or fraction thereof.

² - or smaller

The company has proposed to increase the Standby Fee from the current rate of \$17.43 per month to \$19.95, and to eliminate Schedule 3.2, the Island Fee that is applied to customers of Orcas Island only.

This filing also proposes to create a Water Revenue Adjustment Mechanism and a Water Cost Balancing Account. These items would be used if the company receives more or less revenue than its revenue requirement target, and, with commission approval, would create surcharges or credits, depending on whether there was over or under recovery of the revenue requirement target.

Approximately 2 percent of the Company's annual revenue goes toward the required preparation and updating of Water System Planning (WSP) documents that describe, assess and forecast Washington Water's managerial, operational and financial organization, capacities and performance. Some documents are companywide representations while others address individual water systems. WSP documents approved by the Department of Health and final draft forms are available for review. Public comments relative to these documents, which include the Company's Water Use Efficiency measures and performance, may be made directly to the Company.

The commission has the authority to set final rates that may be either lower or higher from the company'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 November 10, 2011. You may comment in person at this meeting. If you are unable to attend the open meeting, the commission has a telephone line that enables you to participate or listen. Call 360-664-1234 for instructions the day before the open meeting. You may also comment by using the "Public Comment" feature at the commission's web site at www.utc.wa.gov or by using the contact information below.

Washington Utilities and Transportation Commission
1300 S Evergreen Park Drive SW
Post Office Box 47250
Olympia, WA 98504-7250
E-mail: comments@utc.wa.gov
Telephone: 1-888-333-WUTC (9882)

If you have any questions about the proposed filing and how it will affect you, please call the company at (253) 851-4060.

Sincerely,

Washington Water Service Company
PO Box 336
Gig Harbor, WA 98335