

IMPORTANT NOTICE

Date: October 25, 2012

Dear Customer:

H&R Waterworks, Inc. has requested that the Washington Utilities and Transportation Commission (commission) allow it to implement a surcharge to recover the annual fee assessed for the Group B water systems permit. The amount of the surcharge that is requested is eighteen cents per month for the first year and thirteen cents a month thereafter. It is the intent of the company to roll the surcharge into general rates at the company's next general rate case filing. If approved, the surcharge will appear beginning on the December 2012 billing.

The commission has the authority to approve or disapprove the request. The commission can establish a different rate, which may be either lower or higher than the Company's request. 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 29, 2012. You may comment in person at this meeting. The UTC is committed to providing reasonable accommodation to participants with disabilities. If you need reasonable accommodation, please contact the commission at (360) 664-1132 or human_resources@utc.wa.gov. 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 "Submit a 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)

If you have further questions about the surcharge, please contact H&R Waterworks, Inc. at (360) 357-3277.

Sincerely,

H&R Waterworks, Inc.