

NOTICE OF RATE INCREASE

Date: April 19, 2010

Deer Meadows Water Company, Inc. has filed for approval from the Washington Utilities and Transportation Commission for an increase in basic service rates. The filing is expected to generate approximately \$114,234 in additional revenue on an annual basis. If approved, the rates will become effective May 20, 2010.

This filing is designed to allow the Company to cover its costs of operation. Costs are increasing such as the cost of property tax, power costs and payroll. In addition, two major customers who were expected to generate substantial water revenue closed operations. The increase represents approximately an 80% increase in overall revenues. The proposal is to increase rates as set out on the following table:

	<u>3/4" Meter</u>	
	<u>Current</u>	<u>Proposed</u>
	<u>Per Month</u>	<u>Per Month</u>
Base Rate with 0 cubic feet	\$26.25	\$48.25
Usage per 1,000 gallons	.46	1.06

The proposed rates represent an 84% increase to the base rate and a 130% increase in the usage rate. The Ready to Serve charge also increases from \$26.25 to \$48.25. The filing establishes a new NSF check charge of \$25 and a new site visit charge of \$75. The reconnection charge increases from \$25 to \$75.

If you have any questions about the proposed filing and how it will affect you, please call the Company at 509.348.0186.

The commission has the authority to set final rates that may vary 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 May 13, 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,

Deer Meadows Water Company, Inc.