

SOUTHGATE WATER SYSTEM CO.

February 27, 2017

SOUTHGATE WATER SYSTEM, INC. IMPORTANT NOTICE

Southgate Water System, Inc. has applied to the Washington Utilities and Transportation Commission ("Commission") for a surcharge of \$16.50 per month. The purpose of the surcharge would be to raise funds to be able to address well and pump failures. The surcharge will expire once \$55,000.00 plus federal and state taxes have been raised.

While normally wells are facilities that have long lives and pumps usually last around fifteen years, in the case of the water structure that provides service for the Southgate customers, there have been a number of recurring problems that have required the company to borrow substantial sums of money. The company does not have the capability to borrow any more money and needs to raise funds so that when the next event happens it will have the money available to maintain service to you.

As background, Well No. 1 was established in 1983. Recently there have been pump and motor replacements in 2002, 2003, 2007, 2010 and 2015. Well No. 2 was established in 1992 and then work was done to increase the size and the depth in 1995. For Well No. 2 there were pump and motor replacements and other events in 2001, 2008, 2011 and 2014.

If approved, this surcharge would take effect on April 1, 2017 and remain in effect until \$55,000.00 is collected plus state and federal taxes.

The commission has the authority to set final rates that may be lower or higher than the company's request, depending on the outcome of its investigation. You can submit comments by going to www.utc.wa.gov and clicking "Submit a Comment," or by one of the following options:

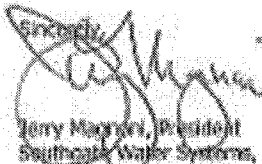
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250, Olympia, WA 98504-7250
E-mail: comments@utc.wa.gov
Telephone: 1-800-333-WUTC (9882)

Commission staff will make a recommendation to the commissioners at an open meeting in Olympia, which is scheduled for 9:30 a.m. on March 30, 2017 and you will have an opportunity to comment in person at this meeting. If you are unable to attend the open meeting, you can participate by telephone by calling 360-664-1234 the day before the open meeting for instructions and to sign in.

A memo containing the staff recommendation will be available on the commission website about three days prior to the open meeting. To view the memo, go to www.utc.wa.gov. Click on the link near the bottom that says "Documents." Under "Open Meetings," click on "Agendas, meeting minutes, orders." When the open meeting date (see above) appears, click on the memo for this filing. This will take you to a page with the memo and any associated attachments.

The commission 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 have any questions, please do not hesitate to call us at 360-753-1101.


Jerry Maggioni, President
Southgate Water Systems, Inc.