

## IMPORTANT NOTICE

Date: January 28, 2009

South Bainbridge Water System, Inc. has filed for approval from the Washington Utilities and Transportation Commission (commission) for an increase in basic service rates. If approved, the changes will take effect March 1, 2009.

This is an increase of 47.73% and would produce additional annual revenue of \$225,804. The reason for the filing is to allow the company to cover its operating expenses. It is currently not receiving sufficient revenue to pay for labor, testing and other operating expenses. The Company's recent history is that the revenue it receives does not cover operating expenses.

The following table shows the existing rate and the proposed rate. Note that all usage rates are per 100 cubic feet (1 cubic foot = 7.48 gallons).

|                    | <u>Existing Rate</u> | <u>Proposed Rate</u> |
|--------------------|----------------------|----------------------|
| Base Rate          | \$ 20.00             | \$ 29.55             |
| 0-500 cu. feet     | \$ .70               | \$ 1.03              |
| 501-1200 cu. feet  | \$ 1.15              | \$ 1.70              |
| 1201-1800 cu. feet | \$ 3.00              | \$ 4.43              |
| 1801-3200 cu. feet | \$ 4.00              | \$ 5.90              |
| Over 3200 cu. feet | \$ 4.90              | \$ 7.25              |

Master metered units currently pay \$20.00 and \$18.00 for each additional unit as the base rate. Those rates are proposed as \$29.55 and \$26.60, respectively. The Ready-to-Serve Service is currently \$17.50 per month and is proposed to go to \$25.85 per month.

The company is unable to pay its bills and is asking for an immediate, temporary increase of its current monthly Base Rate from \$20.00 to \$25.72, and its current monthly Ready to Serve charge from \$17.50 to \$23.22. The company proposes that this increase become effective March 1, 2009, and would be subject to commission staff's review of the entire rate proposal.

If you have any questions about the proposed filing and how it will affect you, please call the Company at 206-842-4299.

If you would like to comment on this filing, be added to the commission's mailing list, or have questions about the ratemaking process, please use the contact information below. You may also comment in person at the commission's open meeting in Olympia at 9:30 a.m. on February 12, 2009, or by using the "Public Comment" feature at the commission's Web site, at <http://www.utc.wa.gov>. The commission is scheduled to make a decision at its open meeting on February 26, 2009. If you are unable to attend an open meeting in person, 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.

Washington Utilities and Transportation Commission  
Post Office Box 47250, Olympia, WA 98504-7250  
E-mail: <http://www.utc.wa.gov/comment>  
Telephone: 1-888-333-WUTC (9882)

Sincerely,

South Bainbridge Water System, Inc.