

## IMPORTANT NOTICE

Date: September 15, 2012

Dear Customer:

Scenic Shores Water Company has filed for approval from the Washington Utilities and Transportation Commission (commission) for a general rate increase. This filing will produce approximately \$8,341 in additional annual revenue. This represents a 33 percent increase in the Company's overall annual revenue. If approved, the new rates would become effective October 20, 2012.

The purpose of this filing is to recover the Company's cost of operation as allocated to the area outside the Association. This includes recovery of Department of Revenue utility tax of 5.029 percent and other costs of operation that exceed revenues, such as power, testing and maintenance. The proposed rate design increases usage from \$0.02 per cubic foot after the first 1000 cubic feet to \$0.028 per cubic foot after the first 1000 cubic feet. This represents the same usage rate paid by Association members serviced by the Company and is a 40% increase in that usage rate. The rate for the first 1000 cubic feet of \$9 would increase to \$11.50. This represents the same usage rate paid by Association members serviced by the Company and is a 27.7% increase in that usage rate. The base rate is increasing from \$42.50 per month to \$46.75. This represents a 10% increase in that rate. A table explaining the current rates and the proposed rates is set out below:

### Current Monthly Rates

Base Rate: \$42.50  
Usage: \$9.00 for the first 1000 cubic feet  
Premium Usage: \$0.02/cf. after the first 1000 cubic feet  
Public Utility Tax: \$0.00

### Proposed Monthly Rates

\$46.75  
\$11.50 for the first 1000 cubic feet  
\$0.028/cf. after first 1000 cubic feet  
5.029% of total bill

The commission has final 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 October 11, 2012. You may 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 "Submit a Comment" feature at the commission's Web site at [utc.wa.gov](http://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](mailto:comments@utc.wa.gov)  
Telephone: 1-888-333-WUTC (9882)

If you have further questions about the surcharge, please contact Scenic Shores Water Company at (360)-878-2204.

Sincerely,

Scenic Shores Water Company