

FRAGARIA LANDING WATER COMPANY, INC.
PO BOX 20429
SEATTLE, WA 98102
(800) 928-3750

IMPORTANT NOTICE

Date: February 7, 2007

Fragaria Landing Water Co. (Fragaria) has entered into a Settlement Agreement with the Staff of the Washington Utilities and Transportation Commission concerning the Company's rate design and overall rates.

The Commission initiated a proceeding to examine the level of rates charged by the Company to its Fragaria Landing water system customers. As a result of that investigation, the Commission staff concluded that the Company was not over earning. Commission Staff did ask the Company to make a change to its rate design. Under the Commission Staff's rate design proposal, some customers may pay more and some customers may pay less depending upon their usage. The Company is willing to agree to the rate design developed by Commission Staff. The rate design is set out below:

Old Design

Base Rate: \$32.85 (includes 750 cubic feet)
Usage > 750 cubic feet: \$3.00/100 cubic feet

New Design

Base Rate: \$25.00 (no usage included)
0-750 cubic feet: \$1.40/100 cubic feet
751-4000 cubic feet: \$2.70/100 cubic feet
Over 4000 cubic feet: \$3.20/100 cubic feet

Commission approval of the agreement is required before the rates become effective.

In order to ensure that this is a revenue-neutral filing, the Company will track revenues received on an average per-customer basis for one year following the effective date of the new rates. If too much revenue is raised by the new rates, there will be a credit to customers. If too little revenue is raised by the new rates, then there will be a surcharge to be paid by the customers.

Enclosed is a copy of the Commission Notice that provides you with an opportunity to provide comment. Please note that written comment must be filed by February 22, 2007. Please note that the Notice states that you may appear to provide comments in person in Olympia on February 22, 2007, at 5:30 p.m. If you are unable to attend in person, the Commission has a bridge line which enables you to participate or listen by telephone. Call 360-664-1234 for instructions before 5:00 p.m. on February 22.

If you have any questions for the Company, please contact us directly at (206) 282-4200.

Written comments should be submitted to the Commission at the following address: WUTC, 1300 S. Evergreen Park Drive, SW, PO Box 47250, Olympia, WA 98504-7250, by e-mail: comments@wutc.wa.gov, or by using the "Public Comment" feature at the commission's web site, at <http://www.wutc.wa.gov>. Please reference Docket No. UW-060662.

Sincerely,

Fragaria Landing Water Co.