

Rosario Utilities, L.L.C.

1400 Rosario Road, Eastsound, Washington 98245 (360) 376-2700 Fax (360) 376-2289

NOTICE OF RATE INCREASE

May 10, 2007

Rosario Utilities has asked the Washington Utilities and Transportation Commission (WUTC) for authority to increase rates. We requested to raise our annual revenue by \$148,095 or 62%. The last change in rates became effective August 1, 2002.

The proposed rates would increase the average bill, 7,500 gallons of use per ERU, by approximately \$30.43 per month, or \$1.01 cents per day, per ERU. The rate increase is needed to offset higher operating costs and to capitalize capital improvements completed, but not totally paid by the surcharge, which has been eliminated. Those improvements were needed to meet increasingly stringent water quality standards. Additionally, aging plant has been replaced to improve the reliability of our water systems.

A portion of the rate increase request reflects the costs of retaining qualified, well-trained personnel who are certified by the Washington State Department of Health and dedicated to providing the best customer service possible. Higher certification and license requirements for staff have recently been required by the Health Department. Increases in the costs of all areas of business operation, including purchased power, state fees & licenses, water quality monitoring, water plant backwash fees, supplies/maintenance/repair, transportation/fuel, property taxes, and especially insurance, make up the balance of the requested increase.

If approved, the new rate would become effective July 1, 2007.

Rosario Utilities understands and is sensitive to the impact of rate increases. We are continually looking for ways to cut operating costs and are committed to operating as efficiently as possible while providing excellent customer service and a reliable water supply that meets all water quality standards. In line with this, in anticipation of approval for the upcoming sale of the water system to Washington Water Service Company, we have consolidated some costs, to benefit from, the economies of scale anticipated by the proposed purchase.

The proposed changes are summarized as follows:

BULK CUSTOMERS (ORCAS HIGHLANDS AND OTTER'S LAIR, PER ERU)

	<u>CURRENT RATE</u>		<u>PROPOSED RATE</u>
Base rate – 0 gallons	\$25.00	Base rate – 0 gallons	\$38.45
1 – 3,000 gallons, per gal.	\$0.0022	1 – 3,000 gallons, per 100 gal.	\$0.52
3001 – 7500 gallons, per gal.	\$0.0034	3001 – 7500 gallons, per 100 gal.	\$0.55
7501 or more gallons, per gal	\$0.0047	7501 or more gallons, per 100 gal.	\$0.66
Bill, per ERU calculated on 7,500 gal. /mo	\$49.71		\$80.14

If you have questions about the filing and how it will affect you, please call Rosario Utilities at (360) 376-2700. Visit Washington Water Service Company's website at www.wawater.com for status updates regarding the rate increase and upcoming sale.

The WUTC has the authority to set final rates which may be different from the requested increase, based on the results of their investigation. If you would like to comment on this filing, be added to the WUTC's mailing list, or have questions about the ratemaking process, please use the contact information below. You may also comment in person at the WUTC's open meeting in Olympia tentatively scheduled at 9:30 a.m. on May 23, or by using the "Public Comment" feature at the UTC web site, at <http://www.wutc.wa.gov>. The commission is tentatively scheduled to act on this proposal at its open meeting on June 6th. 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.

Washington Utilities and Transportation Commission
Post Office Box 47250, Olympia, WA 98504-7250
E-mail: comments@wutc.wa.gov
Telephone: 1-800-562-6150

To view documents filed at the WUTC in this case, visit the Water Section web page at <http://www.wutc.wa.gov/water> and click on Rosario Utilities under “Active Cases.”

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The proposed rates would increase the average bill by \$12.00 month, or 40 cents per day. The rate increase is needed to offset higher operating costs and to capitalize capital improvements completed, but not totally paid by the surcharge, which has been eliminated. Those improvements were needed to meet increasingly stringent water quality standards. Additionally, aging plant has been replaced to improve the reliability of our water systems.

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READY TO SERVE CUSTOMERS

	<u>CURRENT RATE</u>	<u>PROPOSED RATE</u>
No water usage	\$12.00	\$24.00

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The proposed rates would increase the average bill, 4,000 gallons of use per ERU, by approximately \$25.30 per month, or 84 cents per day. The rate increase is needed to offset higher operating costs and to capitalize capital improvements completed, but not totally paid by the surcharge, which has been eliminated. Those improvements were needed to meet increasingly stringent water quality standards. Additionally, aging plant has been replaced to improve the reliability of our water systems.

A portion of the rate increase request reflects the costs of retaining qualified, well-trained personnel who are certified by the Washington State Department of Health and dedicated to providing the best customer service possible. Higher certification and license requirements for staff have recently been required by the Health Department. Increases in the costs of all areas of business operation, including purchased power, state fees & licenses, water quality monitoring, water plant backwash fees, supplies/maintenance/repair, transportation/fuel, property taxes, and especially insurance, make up the balance of the requested increase.

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The proposed changes are summarized as follows:

RETAIL RESIDENTIAL AND COMMERCIAL CUSTOMERS, PER ERU

<u>CURRENT RATE</u>		<u>PROPOSED RATE</u>	
Base rate – 0 gallons	\$29.75	Base rate – 0 gallons	\$43.20
1 – 3,000 gallons, per gal.	\$0.0022	1 – 3,000 gallons, per 100 gal.	\$0.52
3001 – 7500 gallons, per gal.	\$0.0034	3001 – 7500 gallons, per 100 gal.	\$0.55
7501 or more gallons, per gal	\$0.0047	7501 or more gallons, per 100 gal.	\$0.66
Bill calculated on 4,000 gal./mo	\$39.85		\$65.15

Your actual bill will vary based on your consumption.

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