

NOTICE OF RATE INCREASE

Date: December 19, 2011

Northwest Water System has filed for approval from the Washington Utilities and Transportation Commission (commission) for an increase in basic service rates. The filing is expected to generate approximately \$4,000 in additional revenue on an annual basis. If approved, the rates will become effective on February 1, 2012.

The filing is a straight pass-through of the increase in the water utility rates adopted by the City of Everett. The City increase means that the base rate will increase by approximately 5.8% for the base rate; the usage blocks also increase by 5.8 percent. The table below sets out the current and proposed rates:

	<u>Base Rate/Month</u>	<u>0-1,200 cu. ft.</u>	<u>>1,200 cu. ft.</u>
Current Rate	\$33.15	\$0.04658/cu.ft.	\$0.07558/cu. ft.
Proposed Rate	\$35.07	\$0.04928/cu. ft.	\$0.07996/cu. ft.

This tariff filing does no more than pass through the City's rate increase. There is no additional profit or cost recovery for the Company.

If you have any questions about the proposed filing and how it will affect you, please call Northwest Water System at 1-800-928-3750.

The commission has the authority to set rates that may vary from the company's request, depending on the outcome of its investigation. Commission staff will make a recommendation to the commissioners at an open meeting in Olympia, which is scheduled for 9:30 a.m. on January 26, 2012. You will have an opportunity to 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 by telephone. Call 360-664-1234 the day before the open meeting for instructions and to sign in. You can also comment by using the "Public Comment" feature at the commission's web site, at utc.wa.gov, or by using the contact information below.

Washington Utilities and Transportation Commission
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Telephone: 1-888-333-WUTC (9882)

Sincerely,

Northwest Water System