

CAMANO HILLS WATER CO., INC.
P.O. BOX 2703
STANWOOD, WA 98292
(360) 387-6409

NOTICE OF RATE INCREASE
6 Inch Meter Service Customers Only

March 31, 2010

Higher costs and economic slowdowns continue to contribute to sluggish business trends. Camano Hills Water Company (CHWC) is not insulated from the economic pressures facing many businesses today. Therefore, CHWC has filed for approval from the Washington Utilities and Transportation Commission to add a 6 inch rate to our rate schedule that was approved on February 10, 2010. This rate was overlooked when did our filing with the Commission in January of 2010. If approved, the rates will be effective on May 1, 2010 and reflected on your May billing.

We understand and are sensitive to the impact of rate increases, which is why we are continually looking for ways to cut operating costs and operate as efficiently as possible while providing excellent customer service and a reliable water supply that meets water quality standards.

We were encouraged by the commission to standardize our rates when Sunny Hill Water Customers were to become CHWC customers and reduce our metered base rate to \$25 with a zero allowance and five block tier usage rates. Previous to this we were charging \$30 per month with up to 1,600 cubic feet of water and 4 additional rate tiers. Sunny Hill Customers then became CHWC customers and went from a flat rate of \$330 yearly to the new rates. The total expected annual revenue generated by this increase is expected to be \$3,500 or 3.6%.

Many of our customers were concerned about the frequency of power outages that affect Camano Island. In July 2008 CHWC brought on line a diesel generator at a cost of \$45,524.49. This year, due to a decrease in production from our well located in the main pumphouse at Camano Hills Estates we had to invest \$21,000 to replace the well pump and jet the well. We are currently in the process of doing an intertie with our Sunny Hill well and facility. The Sunny Hill well is both a high quality and quantity producer, insuring our customers with a dependable, safe water supply for the future. Increases in the costs of all areas of business operation such as, power, fuel, insurance, the costs of chemicals used for treatment, increased testing requirements and fees, make up the balance of the requested increase.

The requested rate increase will allow us to continue to replace and improve the facilities and equipment necessary to provide you with reliable water service and meet increasingly stringent water quality standards for Washington State.

	<i>Current Rate</i>	<i>Proposed 6 Inch Meter Rate</i>
<i>Base Rate (0 cubic feet)</i>	25.00*	\$765.90
<i>0 to 31,635 cubic feet</i>		\$3.30
<i>31,636 to 73,261 cubic feet</i>		\$4.30
<i>Greater than 73,262 cubic feet</i>		\$7.30

**Per ERU Unit*

If you have questions about the proposed filing and how it may affect you, please call Camano Hills Water Co. at (360) 387-6409.

The commission has the authority to set final rates that may vary from the company's request, depending on the results of its investigation. Commission staff will make a recommendation to the commissioners at an open meeting in Olympia, which is scheduled for 9:30 am Thursday April 29th. 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 or listen

by telephone. Call 360-664-1234 for instructions the day before the open meeting. 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
1300 S. Evergreen Park Drive SW
P.O. Box 47250, Olympia, WA 98504-7250
E-mail: comments@utc.wa.gov
Telephone: 1-888-333-WUTC (9882)*

Sincerely,

*Laurel Holbeck, Secretary
Camano Hills Water Company*