

ALDERLAKE WATER COMPANY  
PO BOX 20429  
SEATTLE, WA 98102  
(800) 928-3750

August 18, 2004

Dear Alderlake Water System Customers:

In December 2000 – January 2001 the Alderlake water system ran out of water due to an unusually low water level at Alderlake. A deeper well was drilled and during this timer water was trucked in until the new well was approved for use by the Department of Health.

Department of Health also required special testing of the water to determine whether disinfection treatment would be necessary under the E.P.A. regulations.

The water company was requested by Department of Health to hire a professional engineer to prepare engineering submittals of the well improvements and provide engineering for approval of the installation of a disinfection water treatment facility that would meet Department of Health and E.P.A. standards.

The engineering for these improvements have been approved by the Department of Health. The Department of Health is now requiring the installation of the facilities.

The water company is in the process of obtaining financing for these improvements.

Under the terms and conditions provided for in the Alderlake Water Company's Water Service Agreement. Any future up grades required by the Governmental Agency having jurisdiction of the water system; catastrophes; Acts of God; or replacement of non-reoccurring expenses; then these costs will be reimbursed by all customers on a pro rata basis which will be billed as a separate charge by assessment.

The engineer's estimated cost for the improvements is \$116,770.00.

The improvement assessment per customer total capital cost of \$116,770.00 divided by the 35 water customers will equal \$3,336.00 per customer.

Each customer will be required to make arrangements with the water company to pay for the improvement assessment.

There are a couple of alternates that you have available to pay the assessment fee. The basic assessment, which is in the amount of \$3,336.00 can be paid in one of two ways:

1. If you wish to pay cash, then the amount owing will be \$3,036.00. In other words, a cash payment will allow you to obtain a discount of \$300.00. To take advantage of this offer, the cash payment must be made no later than 30 days. After signed agreement.

2. Alternately, you can pay over time in which case you will not receive any discount. To pay over time, assuming that you make no down payment, you will be required to make a minimum monthly payment of approximately \$45.00. The obligation will be amortized over a 10 year period.

For the water company to better evaluate the customer's desire for financial arrangement we have enclosed a water customer response form to be filled out and returned in the self-addressed envelope. Please advise which of the options you wish to elect by marking one of the boxes.

If we do not hear from you within the next 30 days we will assume that you wish to make monthly payments in which case we will be sending out to you the documents you will need to sign and return.

If you have any questions or need further information, please call (206) 282-4200.

Sincerely,

David Dorland

**AIDERLAKE WATER COMPANY**  
PO BOX 20429  
SEATTLE, WA 98102  
(206) 282-4200 day  
(800) 928-3750 eve

August 18, 2004

**Alderlake Water Company**  
**Financial Response**

Please check and return in self-addressed envelope.

1. \_\_\_\_\_

If you wish to pay cash, then the amount owing will be \$3,036.00. In other words, a cash payment will allow you to obtain a discount of \$300.00. To take advantage of this offer, the cash payment must be made no later than 30 days. After signed agreement.

2. \_\_\_\_\_

Alternately, you can pay over time in which case you will not receive any discount. To pay over time, assuming that you make no down payment, you will be required to make a minimum monthly payment of approximately \$45.00. The obligation will be amortized over a 10 year period.

From: \_\_\_\_\_

Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Phone

ALDERLAKE WATER COMPANY  
PO BOX 20429  
SEATTLE, WA 98102  
(800) 928-3750

September 10, 2004

Dear Alderlake Water System Customers:

Thank you for your responses to the financial survey.

A number of customers misinterpreted the letter as being a billing or agreement. This is NOT the case. The letter was to inform all customers of the needed improvements for the water system and a financial survey to be returned to help determine the costs for financing the accrued costs and new improvement.

As noted in the letter the cost was the engineers estimate and the assessment fee was an approximate amount.

Once all costs are received and approved by the WUTC an exact assessment fee will be presented to all customers.

As of to date we have received 19 responses. If you have not responded, please send your survey form in as soon as possible.

If you have any questions, please call 800-928-3750 or 206-282-4200.

Sincerely,

Alderlake Water Company