



# Aquarius Utilities, LLC

*"At Your Service"*

Diamond Point • Island Lake • Lynch Cove • Agate West

## IMPORTANT NOTICE

July 29, 2008

On July 10, 2008, Aquarius Utilities, LLC (Company) received approval from the Washington Utilities and Transportation Commission (commission) for a general rate increase of \$32,000 per year for operating expenses and miscellaneous capital improvements since 2002. The average customer bill will increase by \$3.12, which equates to a 7.2 percent increase or 1.2 % per year since 2002.

The commission reduced the base charge from \$30.95 to \$22.05 and increased the usage rates, so customers using less than 575 cubic feet per month will see a reduction in their average monthly bill. For your average monthly usage, please contact our office.

Our May 2008 newsletter outlined plans to construct four (4) improvement projects to address documented needs in each of our water systems as follows:

Water System	Project No.	Project Title
Diamond Point	2007-002	Storage Tank Upgrade Project
Island Lake	2007-004	Storage Tank Project
Lynch Cove	2007-005	Source and Storage Project
Agate West	2007-001	Source and Storage Upgrade Project

The project for your neighborhood is described on the attached Project Fact Sheet. Please read this material to learn what upgrades are planned and how they will benefit you, as repayment of the needed \$2,056, 215 in improvement loans will have a financial impact on all customers.

A loan has been approved through the Drinking Water State Revolving Fund (DWSRF), administered by the Public Works Board (PWB), with excellent terms of 1.5% interest over 20 years. However, the PWB recently implemented a new policy which requires loan recipients to begin collecting loan repayment funds prior to construction, and before loan contract execution.

The PWB requirement puts us in the awkward position of having to ask our customers to support another rate increase, on the heels of our last rate increase. The PWB has given the Company until September 9, 2008 to secure commission approval of an increase in rates to support loan repayment.

To meet this new PWB requirement, the Company has asked the commission for approval of a water rate surcharge to generate an average of \$101,308 in additional revenue per year, which is equal to the average annual loan payment for the four DWSRF projects. If approved, the surcharge will become effective on September 15, 2008, and customers will see new rates in the October 2008 billing. The proposed surcharge schedule is as follows:

Years	Surcharge Amount (per month per customer)
Sept. 15, 2008 to Dec. 31, 2008	\$4.00
Jan. 1, 2009 to Dec 31, 2028	\$8.70

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## IMPORTANT NOTICE (continued)

July 29, 2008

To limit the amount of the proposed surcharge, the Company will pay \$10,000 or more per year toward loan repayments, and will earmark \$13,600 per year in funds from new customer connections. Approval of this surcharge will allow the Company to qualify for DWSRF loans to fund the improvement projects.

The Company is doing its part to replace and upgrade the aging water infrastructure. The four additional projects will provide important upgrades which include increased reliability, fewer outages, improved water quality, higher service pressure and better flow, increased storage for emergency conditions, and increased security to protect our facilities from vandalism and terrorism.

Our goal is to continue providing you with safe, reliable drinking water for future years. Your active support for the proposed surcharge is vital. Without the surcharge, the improvement loans will not go forward, the projects funded by them will not be built, and critical water facilities will continue to age and experience increasing problems. The future condition of the water system is in your hands, and your support will be sincerely appreciated.

If you have any questions about the proposed filing and how it will affect you, please call Aquarius Utilities, LLC at (360) 779-1565. Company staff is available to meet with you at your convenience.

If you would like to comment on this filing, be added to the commission's mailing list, or have questions about the ratemaking process, please use the contact information below. You may also comment in person at the commission's open meeting in Olympia at 9:30 a.m. on August 14.

Washington Utilities and Transportation Commission

Post Office Box 47250, Olympia, WA 98504-7250

Telephone: 1-800-562-6150

Web-site: <http://www.utc.wa.gov>

Comments: [comments@utc.wa.gov](mailto:comments@utc.wa.gov)

The commission is scheduled to make a decision at its open meeting on August 28. 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 the day before the open meeting.

Again, we urge you to read the attached Project Fact Sheet, which describes improvements the proposed surcharge will fund and how you will benefit. We appreciate the opportunity to present this proposal for your review and comment.

Very truly yours,

Gregory C. Roats, P.E.  
Engineer/Manager

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