

**King Water Company**  
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November 30, 2011

To: Our Customers

Annual letter

As reported last year, the Water Use Efficiency (WUE) rule became law and required water production and usage information to be provided to the state for all Group A water systems – 15 or more connections or more than 25 full time residents. We included this information in your 2010 Consumer Confidence Report, which was sent out to your system in June of this year and forwarded to the state.

As part of the process, we thought it would be interesting to compare the average daily usage for all of our systems to see if meter installation confirmed that there was generally a water use reduction. The data were calculated by taking total usage for the year and dividing by the number of days and number of houses to give an average daily usage per household.

The top 25 water systems used more than 240 gallons per day per household; of these systems, only 4 had service meters installed. This data supports the fact that installing (and reading) meters effectively reduces the amount of water used by customers.

The benefits of reduced water usage are:

- less wear and tear on your equipment (hence lower maintenance costs);
- lower utility costs; and
- for systems with not enough approved connections for build out, a reduction in average daily usage also gives you additional “free” connections. This is because average daily usage is used to compute the number of service connections allowed by the state. If you lower average daily usage you may be able to get additional connections without capital improvements or upgrades.

Based on our analysis, I encourage all communities to install meters, read them and distribute usage data to your community, even if you decide not to bill for usage. As a reminder, house meters must be installed by January 22, 2017 – installation during the winter months is not ideal due to the weather causing delays with the remediation of the surrounding property. This effectively means installation by the end of fall 2016.

Fees

For services that are not covered by our monthly contract rates, we review our hourly billing rates on an annual basis to account for increases in labor costs, gasoline and other overhead costs; we make every effort to keep our rate increases as reasonable as possible.

King Water Company, October 31, 2009.

Accordingly, effective January 1 2012, we will be raising our labor rates for certain additional services (examples are repairs, reservoir cleaning etc.). The new labor rates will be:

- Emergency call-outs on weekends and holidays will be billed at \$80.00 per person per hour (**no increase**).
- Emergency call-outs during weekdays, which cannot be accommodated as part of our normal round schedule, will be billed at \$70.00 per person, per hour, for field staff (**no increase**).
- Our normal hourly rate will be \$56.00 (previously \$53.00) per hour for field personnel and \$75.00 (previously \$73.50) per hour for our Operations Manager.
- Repairs requiring the use of the backhoe will be charged at \$100 per half day, plus labor.
- Reservoir cleaning is based on the amount of time to set up and leave a site, plus the time to clean the reservoir. For safety reasons, two personnel must be on site while the reservoir is being cleaned. Use of the pressure washer will remain at \$60.00 per day.
- Because of the 25% increase in gas costs over the last year, we have to increase meter reading services to \$2.00 (previously \$1.60) per meter read.

If you have any question on any of the matters raised above please do not hesitate to call us. Thank you for your continued business and putting your trust in King Water to manage your water system.

Sincerely,



Clive Defty, Owner