

May 24, 2022

**RE: Customer Notice
 General Rate Case Filing with the Oregon Public Utility Commission**

This notice is to inform customers that South Coast Water Company (“Utility”) has filed a general rate revision with the Oregon Public Utility Commission (“PUC”). This notice provides general information regarding the proposed changes and the effect it will have on customers’ bills if approved by the PUC.

Proposed Rate Adjustment

South Coast Water Company prepared a general rate case filing based on PUC rate case methodology and submitted the rate case to the PUC on May 23, 2022. The 2022 rate case filing proposes an increase in rates over a two-year period. The average monthly bill will increase 38.37% in Year 1 and will then increase 38.89% in Year 2. The proposed rate adjustment is requested to go into effect on January 1, 2023.

We anticipate the proposed rate adjustment will change average monthly water service costs as follows:

Service Size	Current Cost	Proposed Cost Year 1 (Beginning 1/1/2023)	Proposed Cost Year 2 (Beginning 1/1/2024)
Residential 5/8” & 3/4”			
Base Rate (\$/month)	\$36.00	\$39.32	\$54.51
Volumetric Rate (\$/100 gal)	\$0.24	\$0.55	\$0.76
Average Monthly Bill	\$47.36	\$65.54	\$91.02

With the cost of living rising across the board, South Coast Water Company does not submit this proposed rate adjustment lightly. We have proposed to the PUC that the rate adjustment be phased in over a two-year period, with the first increase not taking place until 2023.

Why the Proposed Rate Adjustment?

South Coast Water Company has not increased water rates since 2008. Over that period, operating costs for the utility, such as labor costs, vendor costs, supply, and chemical costs, all have increased in line with CPI inflation – or 34.3% over 14 years.

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South Coast Water Company has also made significant capital investments into the system to improve water quality and reliability as well as to enhance customer service support. Some of these improvements include:

- Switching Water Sources from Siltcoos Lake to Woahink Lake
- Construction of a New Treatment Plant & Storage Tanks
- Demolition of Old Treatment Plant
- Treatment Plant Site Security & Vulnerability Improvements
- Installation of New Customer Meters
- New Website & Customer Billing Platform

These capital improvements, combined with the increase in operating costs over the last 14 years, results in the need to adjust water rates to generate higher revenue for the utility.

Oregon PUC Rate Case Process & Customer Participation

South Coast Water Company hosted two Open Houses in 2021 to discuss the water system, recent capital investments, operating cost increases, lack of rate increase since 2008, and the need to adjust rates to provide for financial viability of the Utility. As discussed in the Open Houses, we encourage customers to participate in the PUC rate case process. We anticipate the PUC rate case process may take 6 months to complete.

Copies of the Utility's application, testimony, and exhibits are available at South Coast Water Company's main office. To receive a copy, please write to or email:

South Coast Water Company
PO Box 6620
Portland, OR 97228
customerservice@puttman.com

The calculations and statements contained in the Utility's filing and this notice are not binding on the PUC.

Customers may request to receive notice of the time and place of any hearing on the proposed rate adjustment by contacting the Public Utility Commission of Oregon, Administrative Hearings Division, at 503-378-6678.

South Coast Water Company is glad to provide additional information about the proposed rate adjustment filing. If you are interested, please contact customer service at 971-703-4242 or email customerservice@puttman.com.

Sincerely,
South Coast Water Company

Copies to:

1. PUC Administrative Hearings Division, PO Box 1088, Salem OR 97308-1088
2. City of Dunes City, 82877 Spruce St., Westlake, OR 97493