

to bring all of our charges completely in line with the Village of Port Austin's charges beginning January 1, 2005. These will result in increased billing for most users. While HWSC would like to find a way to avoid charging more, these higher rates are necessary to pay ongoing sewer and utility bills, and to repair old and defective sewer and water pipes. The first bill that will be affected by these changes will be the January/February 2005 bill, mailed in early March 2005. The rates will be:

1. Metered water and sewer rates will continue to be charged at the same rate as before. The meters are read by the Port Austin Area Sewer and Water Authority every two months. The charges are:
 - a. Water charge: \$3.60 per 1000 gallons of metered water usage
 - b. Sewer charge: \$6.04 per 1000 gallons of metered water usage
2. A minimum "Ready to Serve" water charge of \$44.72 every two months will be added in addition to the metered water charge. Users of larger quantities of water with 1.25" or 1.5" meters pay \$156.52 and those with 2" meters pay \$299.62 every 2 months.
3. The minimum sewer charge is \$24.16 every two months (based on 4000 gallons minimum usage). If the sewer charge in point 1, above, is less than \$24.16, a minimum sewer charge will be added to make the total sewer charge equal to \$24.16.
4. Turn-on and turn-off charges for delinquent accounts are \$10 each. Any turn-on or turn-off requests outside of business hours will be charged \$15.
5. Freeze plate repairs to meters will be charged at \$50 each. These are caused by water users allowing their water meters to freeze without draining out the water beforehand.
6. A 10% late charge will be added to all bills that become past due. Bills are due on the 15th of the second month after the close of the billing period. Water and sewer users are responsible to keep us informed of their correct billing address. If a bill is still unpaid when the next bill is due, a shut-off warning notice is sent. If the first bill is not paid by the time the second bill is due, then service will be shut off. In summary, users typically have about 40 to 45 days to pay their bills before the 10% penalty is assessed, and 100-105 days to pay before service is shut off. Once service is shut off, it will not be restored until all outstanding bills, including turn-on and turn-off fees have been paid. Property liens, debt collection and civil infraction laws may also be invoked in the process of collecting past-due bills for services rendered.

Late Bill Payment Example

A person used \$110 worth of water and sewer during January/February. He received a bill for \$110 in early March. If this bill is not paid by April 15, a 10% late charge of \$11 will be added. If this bill remains unpaid when the bill for March/April is mailed in early May, a shutoff notice will be given with the bill. If payment is not received by June 15, the second bill due date, service will be shut off. Service will not be restored until all bills, turn-off and turn-on fees are paid.

~~Users that do not have meters will be charged the minimum \$69.88 for two months. We hope to install meters in all units as time permits.~~

The \$44.72 "Ready to Serve" water charge and the \$24.16 minimum sewer charge applies in the same conditions as in the Village of Port Austin. All units that have at one time been connected to our water and sewer lines, and do not have an alternate water and sewer source, are required to pay these charges. The one exception to this is for units where the building(s) with service have been destroyed. Such units will, however, be required to pay a one-time connection fee of \$3900 if a new building is built that requires service.

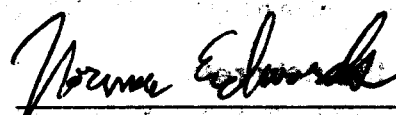
The September/October and November/December bills will use the same rates as the May/June and July/August bills: the metered rates as outlined in point 1, above, with a \$30 minimum "Ready to Serve" charge. In every case, these are less than the new rates.

Thank you very much for your cooperation. Please write or call if there are any questions.

Signed,



William Buckman, President



Norman Edwards, Secretary Treasurer