



Phantom Hills Water Co.
101 International Drive (406) 523-1600
Post Office Box 16630 (406) 523-1215 fax
Missoula, Montana
USA 59808

August 1, 2011

Re: Rate Increase for Phantom Hills Water Company Customers

Dear Customer:

This letter is intended to serve as notice that the Missoula City Fire Department ("Fire Department"), effective July 1, 2011, will no longer pay fire hydrant fees for Phantom Hills Water Company ("PHWC") customers. This decision by the Fire Department is a result of a 2006 decision from the Montana Public Service Commission concerning fire flow charges. A full copy of the decision is available on the Montana Public Service Commission's website.

As a result of the Fire Department's decision, PHWC customers will be responsible for sharing the cost, equally, of the fire hydrant fees. You will notice an increase in your monthly bill due to the itemized charge for any applicable fire hydrant fee.

If you have any questions, please contact Valisa Pancake at (406) 523-1600.

Sincerely,

A handwritten signature in blue ink that reads "Johnna Eisenmann".

Johnna Eisenmann
Director, Asset Management