NOTICE OF WATER RATE INCREASE AND PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on April 17, 2018, the Board of Directors (the "Board") of Absarokee Water & Sewer District, Montana (the "District"), adopted a Resolution of Intention of the Absarokee Water & Sewer District, Montana to Modify and Increase Rates for the Users of the Water System.

The District has determined to undertake certain improvements to its water system (the "System") and anticipates issuing a series of water system revenue bonds to pay the costs of those improvements, to fund a reserve for the bonds, and to pay costs of issuance. The Board has determined it will be necessary for the District to collect sufficient revenues to pay debt service on the bonds, to pay the costs associated with the operation and maintenance of the System, and to establish appropriate reserves.

The District utilizes an equivalent dwelling unit methodology for imposing rates and charges, which is based on the size of the meter servicing each connection. A ¾ inch service, which is the standard service for single family residential users, is 1 Equivalent Dwelling Unit ("EDU"). The District currently charges users of the System a monthly service fee of $23.10 per EDU (the "Monthly Service Fee") per EDU as shown in the table below:

Meter Size	Cost per EDU	Multiplier	Monthly Service Fee
¾"	$23.10	1.00	$23.10 for 4,000 gallons
1"	$23.10	1.79	$41.35 for 7,000 gallons
1 ½"	$23.10	4.55	$105.03 for 17,863 gallons
2"	$23.10	7.14	$164.93 for 28,000 gallons

In addition to the Monthly Service Fee, the District charges users of the System a monthly usage fee of $2.63 per 1,000 gallons of water or portion thereof used per user per month over the gallons included in the Monthly Service Fee as shown above (the "Usage Fee"). The monthly charge for the use and availability of the System is the sum of the Monthly Service Fee and the Usage Fee (such sum, the "Monthly Charge").

The District also charges users of the System a flat fee of $12.00 per connection per month to pay costs of capital improvements to the System (the "Capital Improvement Fee").

Effective as of July 1, 2018, the Board proposes to increase the Monthly Service Fee by $31.00 per EDU, resulting in a proposed monthly service fee of $54.10 per EDU as show in the table below (the "Proposed Monthly Service Fee"):

Meter Size	Cost per EDU	Multiplier	Proposed Monthly Service Fee
¾"	$54.10	1.00	$54.10 for 4,000 gallons
1"	54.10	1.79	$96.84 for 7,000 gallons
1 ½"	54.10	4.55	$246.15 for 17,863 gallons
2"	54.10	7.14	$386.27 for 28,000 gallons

The current Usage Fee would remain the same. The District proposes to discontinue charging the Capital Improvement Fee.

The monthly charge for the use and availability of the System is proposed to be the sum of the Proposed Monthly Service Fee and the Usage Fee (such sum, the "Proposed Monthly Charge").

For connections to the System with a ¾" service line, and assuming the use of 4,000 gallons per month, the Proposed Monthly Charge represents an increase of approximately 54% over the existing rate. For connections to the System with a 1" service line, and assuming the use of 7,000 gallons per month, the Proposed Monthly Charge represents an increase of approximately 82% over the existing rate. For connections to the System with a 1½" service line, and assuming the use of 17,863 gallons per month, the Proposed Monthly Rate represents an increase of approximately 110% over the existing rate. For connections to the System with a 2" service line, and assuming the use of 28,000 gallons per month, the Proposed Monthly Rate represents an increase of approximately 118% over the existing rate.

On May 9, 2018, commencing at 7:00 p.m. at the District office, located at 9 N. Montana Avenue in Absarokee, Montana, the Board will conduct a public hearing and pass upon all protests against the proposed water rate increase.

Further information about the proposed rate increase may be obtained by contacting BILL DAHL or Lori Good of the District at 406-328-4748

Done by Order of the Board of Directors of Absarokee Water & Sewer District, Montana, this 17th day of April, 2018.

/s/ Lori Good
Secretary/Bookkeeper

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Mail: April 26, 2018