

LAS QUINTAS SERENAS WATER COMPANY

P.O. Box 68

Sahuarita, Arizona 85629

Telephone: 520.625.8040 Facsimile: 520.648.3520

May 24, 2004

Dear LQS Customer;

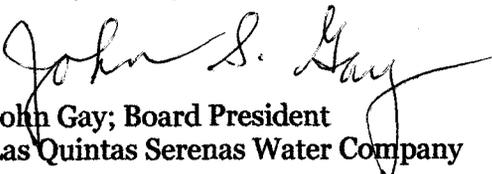
On March 9, 2004 Las Quintas Serenas Water Company applied to the Arizona Corporation Commission for an increase in the company's rates and charges due to increases in the cost of doing business, the need to upgrade/expand the company's facilities and equipment to meet our community's needs, and to comply with applicable state and federal regulations.

Las Quintas Serenas Water Company has not asked for a rate increase since 1984. During the intervening period of time, all profits were reinvested into the company. However, we have reached the point where we can no longer postpone increasing our rates.

We have enclosed a copy of the Public Notice of Hearing on the Rate Application for your information.

Please note, as specified in the Notice, that copies of the submitted Rate Application and proposed tariffs are available in our office for your review. As we do not have set business hours, should you want to inspect these documents, please contact the office to make an appointment, (520) 625-8040.

Thank you for your patronage.


John Gay; Board President
Las Quintas Serenas Water Company

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PUBLIC NOTICE OF HEARING ON THE RATE APPLICATION OF LAS QUINTAS SERENAS WATER COMPANY Docket No. W-01583A-04-0178

On March 9, 2004, Las Quintas Serenas Water Company ("Company") filed an application with the Arizona Corporation Commission for an increase in its rates. Copies of the Company's application and proposed tariffs are available at its office by appointment, as the Company does not have set office hours, and at the Commission's offices for public inspection during regular business hours.

The Commission will hold a public hearing on this matter beginning **October 13, 2004 at 10:00 a.m.** at the Commission's offices, Room 222, 400 West Congress Street, Tucson Arizona. Public comments will be taken on the first day of the hearing.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. Persons desiring to intervene must file a written motion to intervene with the Commission no later than **August 15, 2004**. The motion to intervene must be sent to the company or its counsel and to all parties of record, and shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different from the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case. You will not receive any further notice of this proceeding unless you request it.

If you wish to make written comments objecting to, or supporting this application, mail them to:

Arizona Corporation Commission
Attention: Docket Control
Re: Las Quintas Serenas Water Company
W-01583A-04-0178
1200 W. Washington Street
Phoenix, Arizona 85007

If you have any questions about this application, or want further information on intervention, you may contact the Consumer Services Section of the Commission at 1200 W. Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Yvonne McFarlin at YmcFarlin@admin.cc.state.az.us, the ADA Coordinator, voice phone number 602/542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.