



**2009 Proposed Rate Adjustments
April 2009**

Introductions and Contacts

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Necessity for Rate Adjustments

- Increased operating and maintenance expenses since the last rate adjustment more than 4 years ago
- Costs to repair and upgrade pipes and treatment plants
- Decreased investment income due to declines in interest rates
- Decreased revenues
- No measurable addition of new customers for the past 2 years

Cost Savings Measures

- Reduced workforce by 7½ positions (4.2%)
- No wage increases for 2009
- Extensive energy management program (savings >\$0.5 million annually)
- Spending controls
- Substantial reductions in capital spending (~\$30 million annually)
- Reduce short-term interest expense to <1%

Rate Adjustment Plan

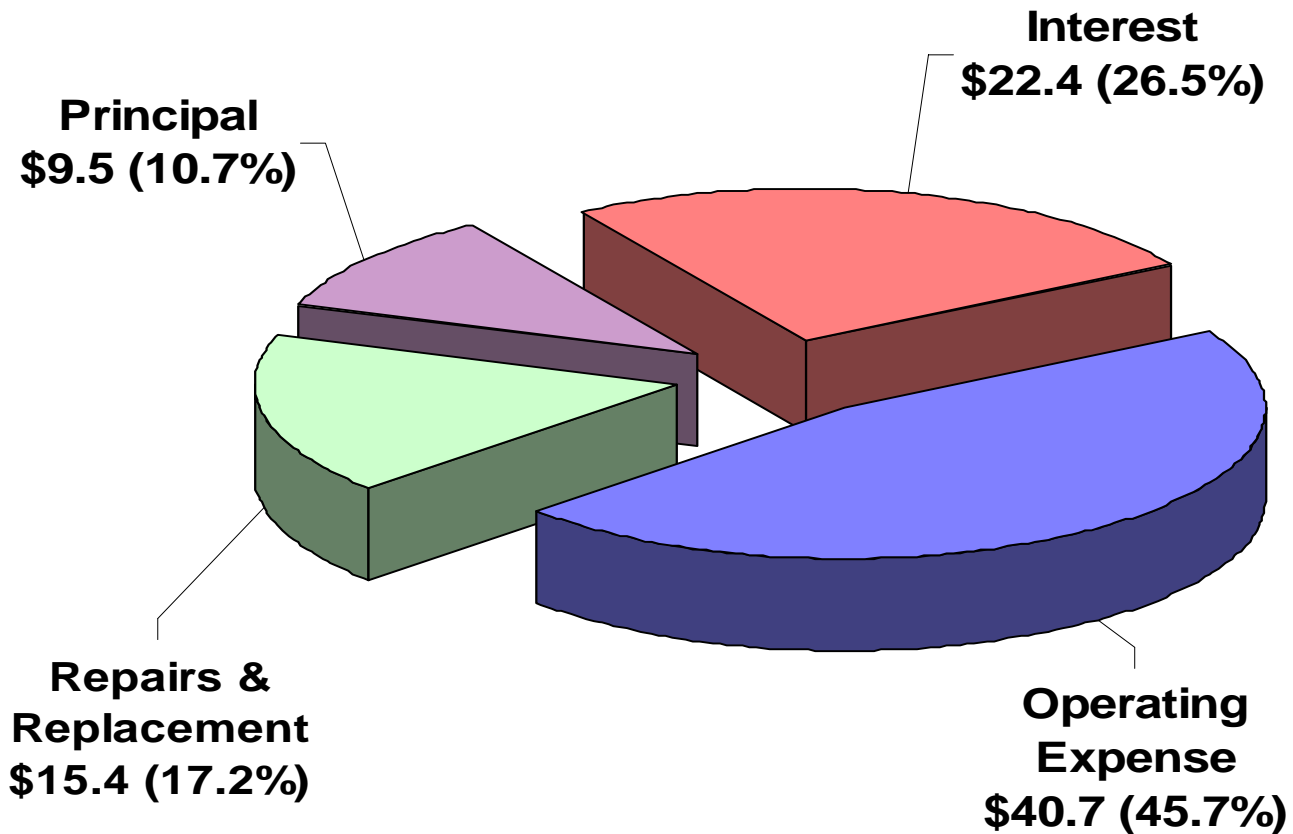
Phase One – Implement June 2009

Rates proposed to be adjusted to increase total revenues from ~\$73 to ~\$77 million

Phase Two – Implement June 2010

Rates proposed to be adjusted to increase total revenues from ~\$77 to ~\$81 million

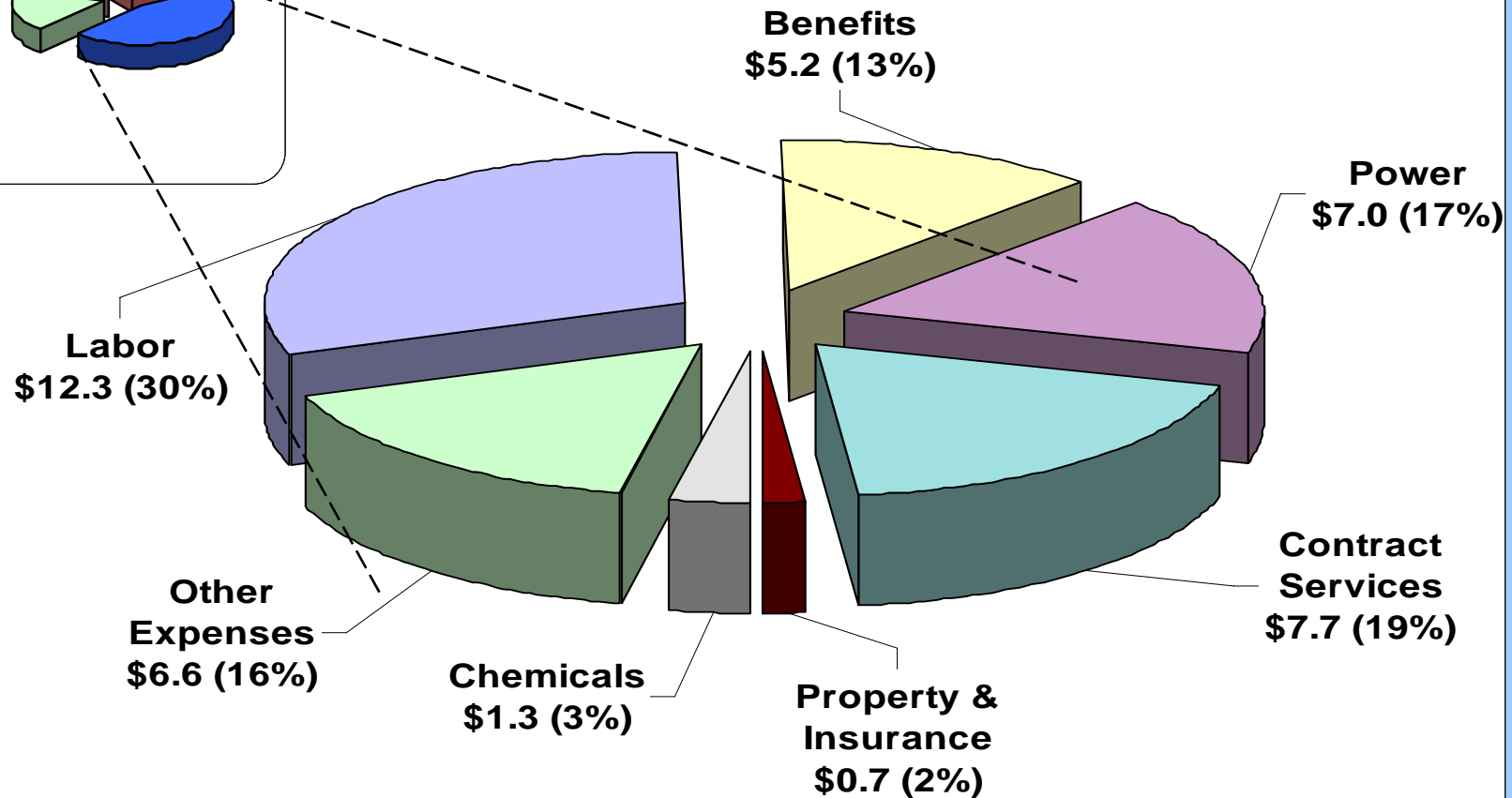
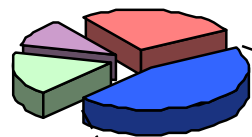
Total Costs to Serve Customers



NOTE: Dollars in millions; total \$88.1 million

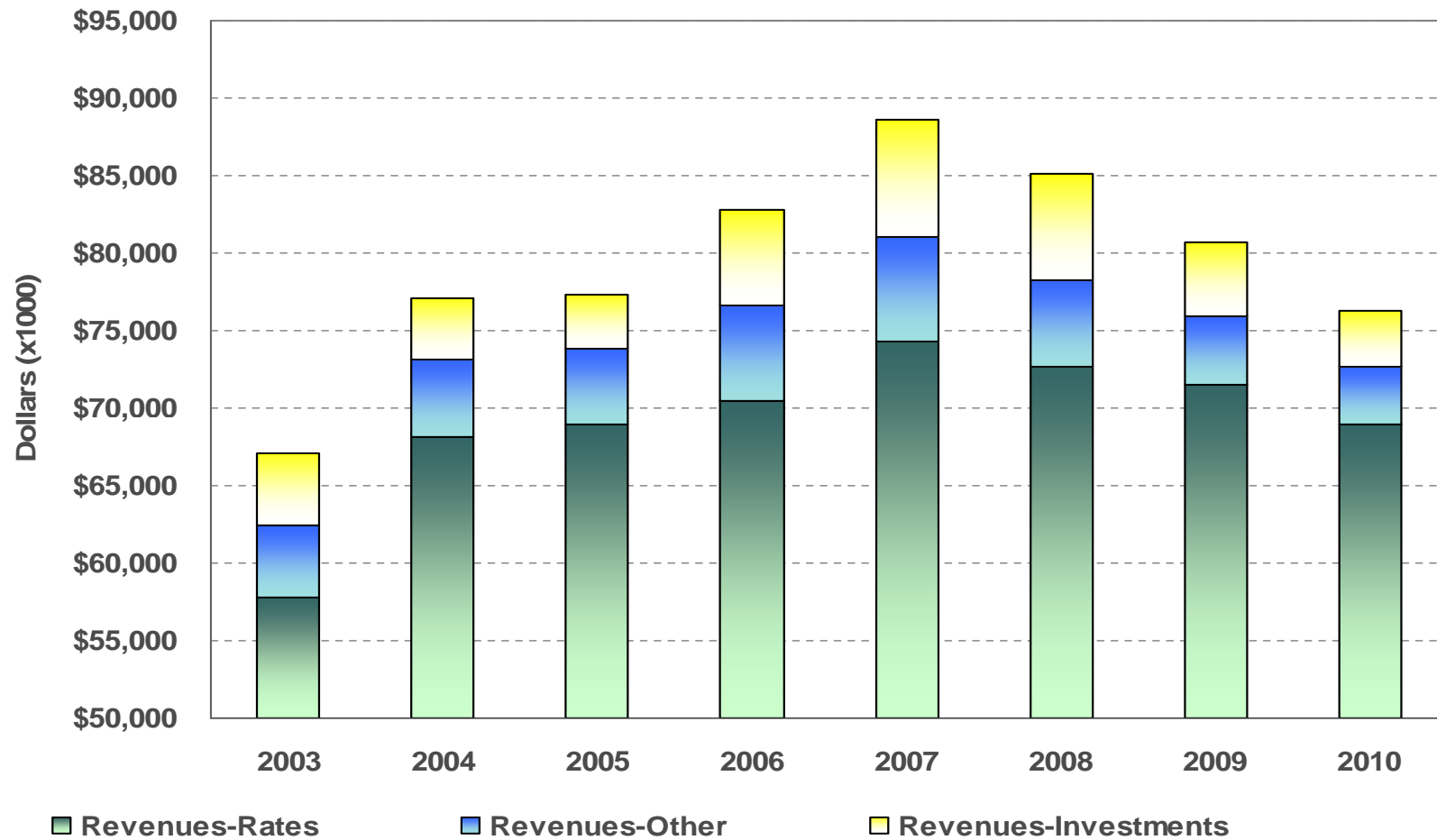
Operating Expenses

\$40.7 MILLION OPERATING EXPENSE BY CATEGORY



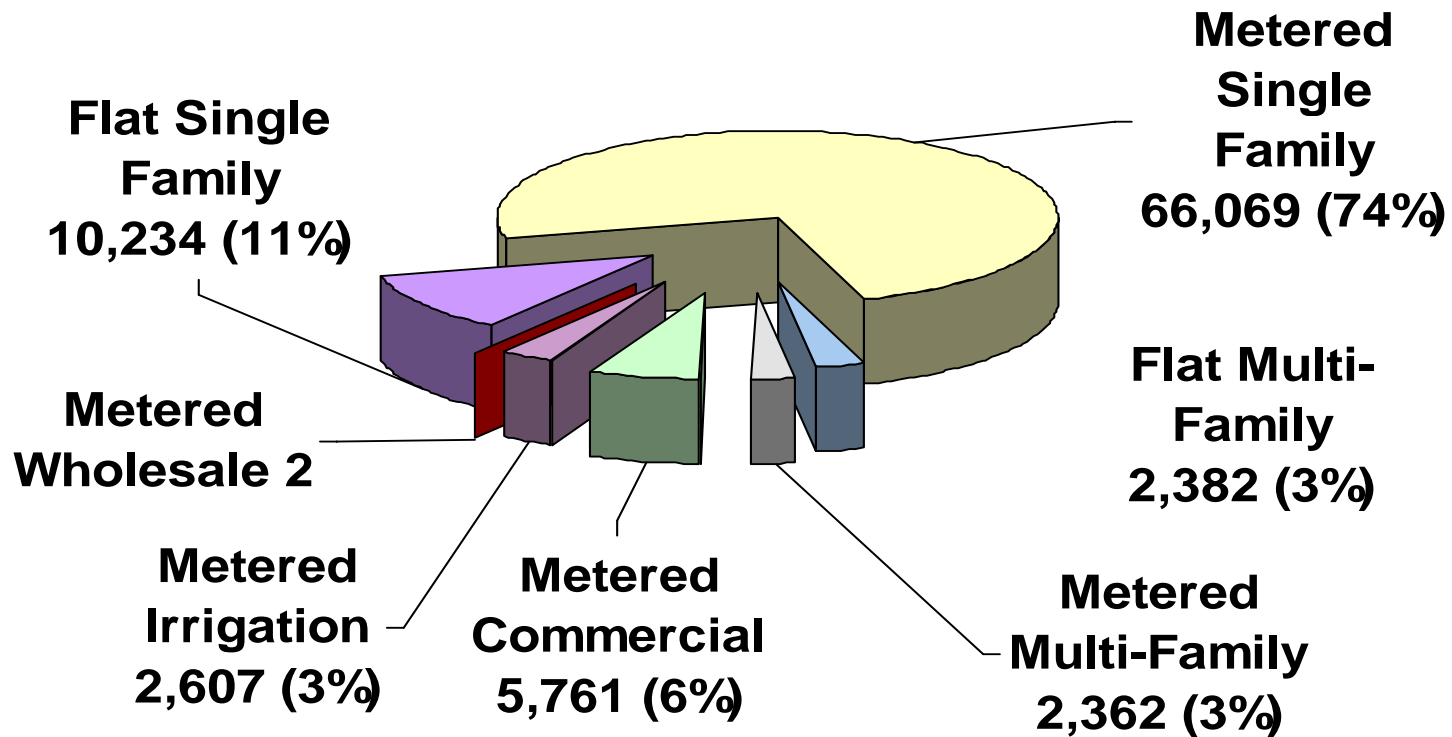
NOTE: Dollars in millions

Changing Revenues



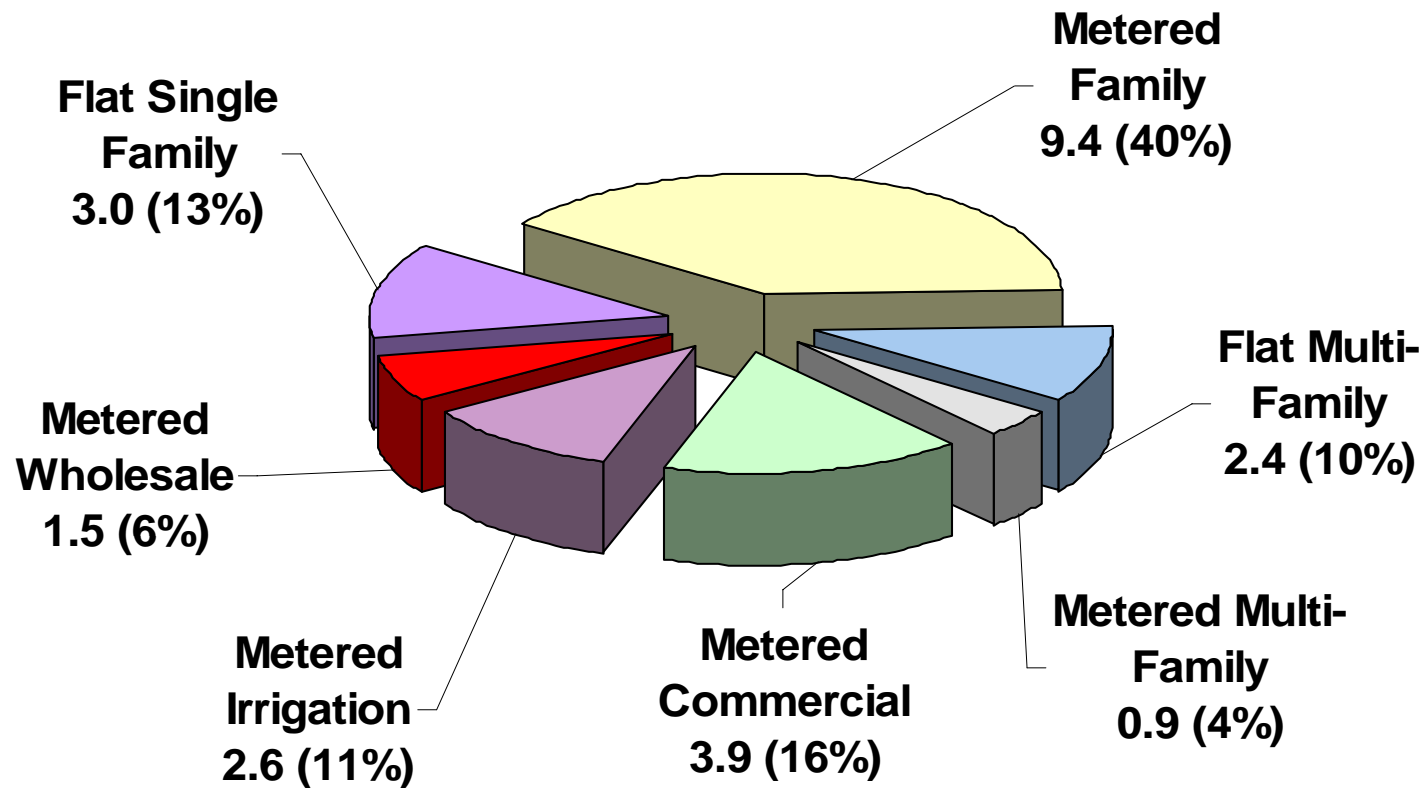
Number Of Water Services

89,417 SERVICES at DEC 2008

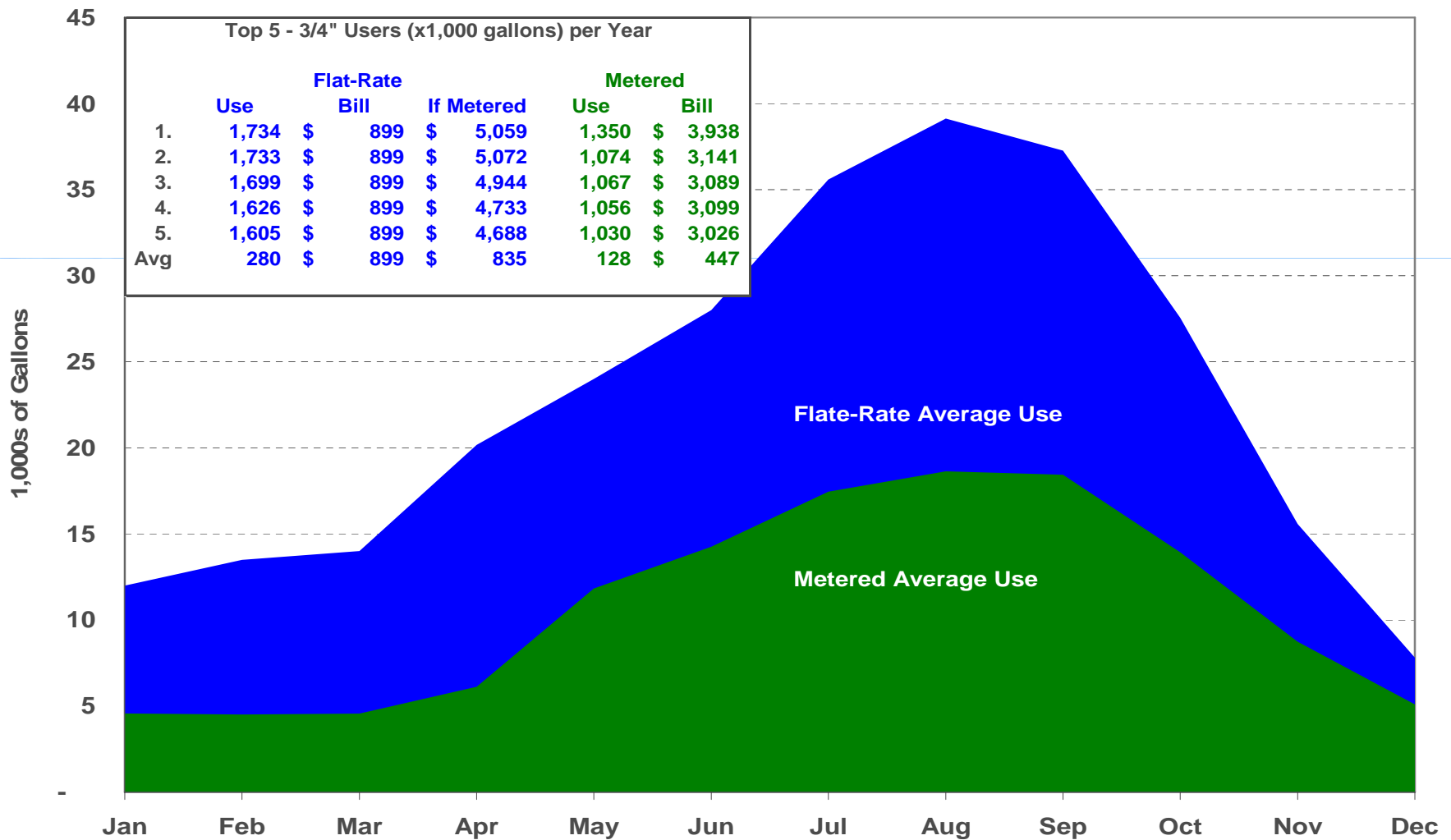


Water Use By Customer Class

**USERS OF APPROXIMATELY 23.8 BILLION GALLONS
(2008)**



Comparison of 3/4" Single Family Meter & Flat Rate Water Use



Average Monthly Bills

	Average Monthly Bill Current Rates	Average Monthly Bill Proposed Rates	Change	Percent Change
¾" Metered Rate Single Family Residence	\$39.42	\$41.05	1.63	4.13%
¾" Flat Rate Single Family Residence	\$74.90	\$86.50	11.60	15.49%



Questions