



Approved Water Rates Questions & Answers

Effective for all billings after March 1, 2008

1) How much more can I expect to pay for water as a result of these approved changes in rates?

For an average residential customer using 800 cubic feet (CCF) of water per month, the bill will increase \$2.03 after March 1st, and \$1.29 after October 1st.

This represents an 8.29% and 4.87% increase, respectively.

1 CCF = 748 gallons of water

2) How are water rates set and why are they increasing?

All of NPU utility rates are cost based. Any change in one or more of these factors affects water rates.

- * The number of customers we serve
- * The amount of water sold
- * The amount of water lost due to leaks or main breaks
- * Expenses for treatment chemicals and the energy to run and heat the water treatment plants
- * Ongoing treatment plant and distribution system maintenance and repairs

These increases are being driven by initiatives, which support local and regional water supply planning. Implementing a strategic supply plan protects Norwich's water interests for the long-term. It also ensures that all of southeastern Connecticut is in the best position to support long-term growth and development. In short, it's a good thing; although it comes with a price tag. Shifting supplies and customers has resulted in total costs being spread over fewer customers. At the same time, with the help of a federal watershed protection grant, NPU is in negotiations to purchase watershed land which, if developed, could affect the integrity of the city's largest water supply, Deep River reservoir in Colchester.

3) What planning does NPU do to enhance the use, protection and management of Norwich's water supplies?

NPU's water supply planning takes into consideration several important factors:

Planning for the Future Projecting how much water Norwich needs today, in the future, including contingencies for drought, is a major part of the planning process. This summer's drought required implementing some of the emergency operations and

communications procedures outlined in the plan. Had dry conditions continued, Norwich's plan would ensure that water remains available for as long as possible.

Ensuring Reliability Water supply planning also ensures water quality and system reliability. The network of pipes, pump stations, tanks and treatment facilities must be maintained to ensure that quality water is available whenever you need it. In some areas, Norwich still relies on water mains that are close to 100 years old, but still are in fine working condition! In these instances, we work hard to find the balance between smart preventive maintenance and proactive pipe replacement that insures quality, reliability, and low rates.

Protecting the Watershed Protecting the "watershed," or the lands around the reservoirs is important too. Eastern Connecticut has seen development increasing over the past ten years. Making sure that the lands around Norwich's reservoirs are not placed at risk for contamination protects the community's interests for today and tomorrow.

Anticipating Firefighting Needs Finally, there are places in Norwich where supply demands have outpaced distribution system capabilities. NPU works closely with developers, fire officials and the planning department to make recommendations about where pipeline capacity for firefighting purposes should be upgraded. Generally, it is the developer driving the demand who bears responsibility for the cost of these upgrades. NPU leadership is working closely with other city leaders including fire officials to ensure that local building and fire regulations are updated to ensure adequate firefighting supplies.

4) Did the drought cause NPU to raise rates?

No – the drought did not affect local water rates. Yet the drought and the strain placed on local supplies emphasized the importance of a planned strategic approach to water supply management for Norwich and the region.

5) Which customers is NPU losing?

For proprietary reasons, NPU is never in the position to discuss specifics about individual customer accounts, however in total these customers represent a loss of revenue correlating to over 11 million gallons per month.

6) Why did NPU seek a two-tiered approach to implementing this water increase?

One of NPU's goals is always to provide utility rates that are as low as possible for as long as possible. Since the proposed October increase isn't needed until October, we felt it is in the best interest of our customers to avoid the higher percentage over the summer months.

7) What is NPU doing to cut expenses and control costs to minimize the need for future increases?

NPU is committed to providing our customers with drinking water that is better than federal quality standards. While many of the expenses associated with maintaining our facilities are not controllable, like chemical costs for example, there are significant things we have done and are pursuing to reduce costs to you.

Energy Efficiency Energy efficiency measures have been implemented at all of our treatment facilities and pumping stations. Remember that our water treatment facilities are located outside of Norwich and are subject to much higher energy costs (NPU electric rates are on average 20% lower). Installing efficient lighting in addition to high efficiency motors and pumps has been helpful in reducing those costs.

Centralized Monitoring All NPU facilities are monitored real-time from a central location. Aside from ensuring reliability, this also helps control operational costs by reducing the number of on-site personnel needed 7 days a week.

Recycling Residual Water After reservoir water is treated and sent into the distribution system for customer use, there is always some residual, which contains a mixture of natural organic matter and reservoir water. NPU is currently designing a new system that will allow us to recycle the remaining reservoir water without just throwing it away with the organic matter. This not only will maximize the use of our supplies but also greatly reduce current disposal costs.

8) I have more questions...

It's important to us that you understand what you are paying for your utilities. If you would like more information, please call NPU at 887-2555 or email your questions and comments to communitymatters@npumail.com.