DEPARTMENT OF PUBLIC UTILITIES

2012 Financial Challenges

2012

Rate Increase

Per 1,000 Gallons

Water *$0.05*

Authority *$0.29*

Typical Bill

For 5,000 gallons

In 2011—$35.28

In 2012—$36.98

Water Fund

Expense	2011	2012
Operating	$ 3,633,476	$ 3,656,387
Capital	$ 286,119	$ 600,000
Debt	$ 833,171	$ 775,000
General Fund	$ 859,236	$ 941,522
Total	$ 5,602,602	$ 5,973,161

Sewer Fund

Expense	2011	2012
Operating	$ 2,158,550	$ 2,158,609
Capital	$ 404,000	$ 454,000
HRRSA	$ 4,453,900	$ 5,841,505
General Fund	$ 763,008	$ 790,398
Total	$ 7,781,469	$ 9,246,524

Operating Expenses:

Teamwork efforts to maintain an efficient operations platform have allowed up to prepare a budget that proposes less than 1% (0.4%) increase in combined water and sewer funding. For an example of the on-going efforts, see our achieved 936,771 kilowatt hours savings in electrical usage on our website.

Debt Expenses:

Our Finance Department has successfully refinanced several outstanding bonds and allowed us to reduce our water fund debt by $58,000 annually.

Capital Expenses:

The challenge of the future will be our need to raise capital for:

- Completion of our Eastern Raw Waterline Project: see website for more information.
- Continual retirement of assets as they reach the age of their useful life. The 2012 budget will recognize the depreciation of assets in the amount of $3,250,000, yet our combined capital funding will only reach $1,054,000. We are undertaking new asset management strategies to assure that future service levels will remain at our current high standards.

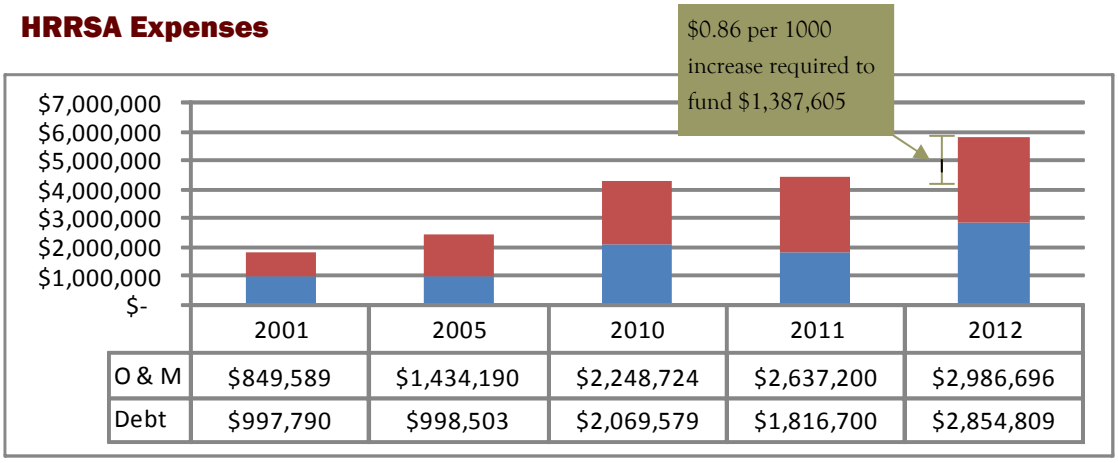
HRRSA

Shown below are our contributions to regional wastewater plant that have progressed treatment levels from advanced biological levels in 2001 to enhanced nutrient removal in 2012; the former to protect local water quality and the latter to protect the Chesapeake Bay. The proposed 2012 increase in authority charges are driven by this cause; the same increase is expected in 2013 and 2014.

See "News and Updates" on our website

http://www.harrisonburgva.gov/index.php?id=650

HRRSA Expenses



	2001	2005	2010	2011	2012
O & M	$849,589	$1,434,190	$2,248,724	$2,637,200	$2,986,696
Debt	$997,790	$998,503	$2,069,579	$1,816,700	$2,854,809

O & M - Operating and Maintenance

Harrisonburg's Perspective Leadership in Water and Sewer

Rates

We (Harrisonburg Department of Public Utilities) recognize within our business model that our customers want services provided with cost effective management and reasonable rates. Lets take a look at applicable rates.

Rate Structure

The current rate structure to our customers is a composition of several approaches that have existed throughout the water industry history:

- Lifeline: The first 2,500 gallons provides a low rate with purpose to discount an amount of water that is required for basic subsistence.
- Declining Block: This structure is used for water and authority and favors a buyer's market by giving discounts to large users. This format was predominate in the U.S. throughout the twentieth century but has predominantly gone by the wayside.
- Uniform: This structure is used for seasonal water and all sewer. Sewer is $2.00 per 1000 gallons whereas seasonal adds $0.24 per 1000 gallons during only the five months between July and November. The latter engages a conservation perspective that typically coincides to Harrisonburg's simultaneous pattern of higher demand and environmentally sensitive water supply conditions.

To alter the rate structure, we must balance current day environmental values against the discounts that our current customers enjoy. To alter the rate amounts, financial perspectives must be considered.

In Comparison

The summary below shows that from 2010 data we remain as a competitive leader for rates when compared to similar providers in neighbor markets and statewide.

WATER	Customers	5000 gal	1 M gal
Harrisonburg 2010	10,876	$ 12.08	$ 2,001
Harrisonburg 2012	10,876	$ 12.33	$ 2,051
Rockingham County	3,265	$ 14.89	$ 3,507
Staunton	8,365	$ 19.43	$ 3,886
WVWA (Roanoke)	51,831	$ 21.25	$ 3,225
Virginia Average	>50,000	$ 21.60	n/a
Waynesboro	7,583	$ 21.65	$ 3,562
Virginia Average	<50,000	$ 24.03	n/a
Augusta County SA	15,379	$ 25.62	$ 3,829
Winchester	9,785	$ 27.81	$ 4,407
Virginia Average	>5,000	$ 29.14	n/a
Charlottesville	12,579	$ 37.50	$ 6,704

SEWER	Customers	5000 gal	1 M gal
Harrisonburg 2010	10,876	$ 19.56	$ 3,844
Rockingham County	3,614	$ 23.15	$ 4,630
Harrisonburg 2012	10,876	$ 24.65	$ 4,861
WVWA (Roanoke)	47,588	$ 26.75	$ 3,778
Virginia Average	>50,000	$ 27.53	$ 3,778
Virginia Average	>5,000	$ 28.66	n/a
Staunton	7,706	$ 29.74	$ 5,950
Charlottesville	12,469	$ 32.25	$ 5,653
Virgina Average	<5,000	$ 35.23	n/a
Winchester	9,810	$ 35.85	$ 7,170
Augusta County SA	9,758	$ 38.91	$ 6,454
Waynesboro	7,001	$ 38.95	$ 5,611

Harrisonburg Water System Business Model

Stakeholders → What They Value

AUTHORITIES / REGULATORS

Federal, State and Local

OUR CUSTOMERS

Residential, Commercial, Industrial, Institutional, City Municipal, Apartments

- Safe drinking water
- Water in quantity desired
- Water that looks and tastes good
- Minimal impacts from interrupted services
- Cost effective operations and reasonable rates
- Courteous, accurate, and responsive service
- Environmentally responsible operations
- Fire protection and insurance rates