

Draft March 10, 2009

**Wastewater Treatment Division Comparison of Forecast Assumptions
2009 Adopted Rate, 2009 Adopted Budget and 2010 Preliminary Base Case**

	2008 Est. / Unaudited	2009	2010	2011	2012	2013	2014
Operating Expense							
Preliminary Base Case	98,000	103,739	109,858	118,793	127,923	133,476	139,179
2009 Adopted Budget	100,500	103,739	109,858	118,793	127,923	133,476	139,179
Difference (current minus adopted)	(2,500)	-	0	0	0	0	0

Capital Expenditures							
Preliminary Base Case	475,879	478,035	335,726	188,779	156,751	119,935	130,988
2009 Adopted Budget	457,442	487,253	344,944	188,779	156,751	119,935	130,988
Difference (current minus adopted)	18,437	(9,218)	(9,218)	0	(0)	-	(0)

CIP Accomplishment Rate							
CIP Accomplishment Rate Brightwater	101%	95%	95%	95%	95%	---	---
CIP Accomplishment Rate Non-Brightwater	81%	85%	85%	85%	85%	85%	85%
2009 Adopted Budget, Brightwater	95%	95%	95%	95%	95%	---	---
2009 Adopted Budget, Non-Brightwater	85%	85%	85%	85%	85%	85%	85%

Bond Interest Rate							
Preliminary Base Case	5.32%	6.00%	6.00%	6.25%	6.25%	6.25%	6.25%
2009 Adopted Budget	5.32%	6.00%	6.00%	6.25%	6.25%	6.25%	6.25%
Difference (current minus adopted)	0%	0%	0%	0%	0%	0%	0%

PRELIMINARY
DATE: _____

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	2008 Est. / Unaudited	2009	2010	2011	2012	2013	2014
Variable Debt Interest Rate							
Preliminary Base Case	3.00%	2.50%	2.50%	2.75%	3.00%	3.00%	3.00%
2009 Adopted Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Difference (current minus adopted)	0.00%	-0.50%	-0.50%	-0.25%	0.00%	0.00%	0.00%

Investment Interest Rate							
Preliminary Base Case	3.20%	1.70%	1.45%	1.65%	2.30%	2.85%	3.15%
2009 Adopted Budget	3.00%	2.80%	2.70%	2.65%	2.65%	2.65%	2.65%
Difference (current minus adopted)	0.20%	-1.10%	-1.25%	-1.00%	-0.35%	0.20%	0.50%

Rate Stabilization Reserve Balance							
Preliminary Base Case	19,750	27,150	12,400	6,200	-		
2009 Adopted Budget	19,750	26,850	22,400	11,200	-		
Difference (current minus adopted)	-	300	(10,000)	(5,000)	-	-	-

Bond Reserve							
Preliminary Base Case	110,268	151,561	144,504	139,069	147,131	153,388	159,031
2009 Adopted Budget	112,153	166,576	171,598	162,665	170,090	175,023	180,640
Difference (current minus adopted)	(1,885)	(15,015)	(27,095)	(23,596)	(22,959)	(21,635)	(21,609)

RCEs							
Base Case Total RCEs	706,846	705,079	694,503	691,030	694,485	703,166	711,956
Percent Change	0.5%	-0.2%	-1.5%	-0.5%	0.5%	0.5%	1.2%
2009 Adopted Budget Total RCEs	706,515	706,515	708,281	710,052	713,602	718,597	723,771
Percent Change	0.5%	0.0%	0.2%	0.2%	0.5%	0.5%	0.7%
Total Difference (current minus adopted)	331	(1,436)	(13,779)	(19,022)	(19,117)	(15,431)	(11,815)

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	2008 Est. / Unaudited	2009	2010	2011	2012	2013	2014
Connections							
New Connections - Preliminary Base Case	11,400	7,500	6,000	6,000	9,000	11,000	12,500
New Connections - Adopted Budget & Rate	9,800	9,000	9,200	9,600	10,000	10,200	10,200
Difference (current minus adopted)	1,600	(1,500)	(3,200)	(3,600)	(1,000)	800	2,300

Capacity Charge							
Capacity Charge Rate	\$46.25	\$47.64	\$49.07	\$50.54	\$52.05	\$53.62	\$55.22
2009 Adopted Budget	\$46.25	\$47.64	\$49.07	\$50.54	\$52.05	\$53.62	\$55.22
Total Difference (current minus adopted)	-	-	-	-	-	-	-

Rate Stabilization Use (000's)							
Base case	3,000	(7,400)	14,750	6,200	6,200	-	-
2009 Adopted Budget	3,000	(7,100)	4,450	11,200	11,200	-	-
Difference Stabilization Use	0.00	(300)	10,300	(5,000)	(5,000)	0	0

		2009	2010	2011	2012	2013	2014
Monthly Sewer Rate							
Preliminary Rate Forecasts	\$27.95	\$31.90	\$31.90	\$37.00 - \$38.25	\$40.50 - \$42.00	\$43.00 - \$44.50	\$43.00 - \$44.50
2009 Adopted Budget Rate	\$27.95	\$31.90	\$31.90	\$35.33	\$38.84	\$41.41	\$41.88
Difference Rate (current minus adopted)	\$0.00	\$0.00	\$0.00	\$1.67 - \$2.92	\$1.66 - \$3.16	\$1.59 - \$3.09	\$1.12 - \$2.62