

Dear Customer

The following information pertains to your account with Russellville-Whitesburg Utility District. Recently, the District approved a rate increase for its nearly 7,000 customers located in Hamblen, Hawkins, and Greene Counties.

How much:

	December 31, 2011	January 1, 2012
Minimum Rate		
1st 2,000 Gallons	\$14.00 + tax	\$18.00 + tax
All Over Rate		
2,001 Gallons and Up	\$4.70 + tax (per 1,000 gals)	\$4.90 + tax (per 1,000 gals)
Upgrade		
All gallons	\$0.23 + tax (per 1,000 gals)	\$0.30 + tax (per 1,000 gals)

How does RWUD compare to other Utility Districts?

Utility	2,000 gals	5,000 gals	10,000 gals
Alpha-Talbott	\$16.00	\$28.60	\$49.60
Bean Station	\$18.30	\$31.35	\$53.10
Chuckey-Cross Anchor	\$17.77	\$34.27	\$61.77
Claiborne County	\$17.06	\$32.06	\$57.06
East Sevier	\$26.75	\$32.75	\$47.75
Glen Hills	\$21.10	\$33.65	\$58.51
Hallsdale-Powell	\$23.89	\$46.18	\$83.33
Knox-Chapman	\$18.99	\$36.12	\$64.67
Luttrell-Blaine-Corryton	\$17.56	\$34.60	\$62.85
New Market	\$21.70	\$40.90	\$72.90
North Greene	\$24.18	\$42.18	\$72.18
Northeast Knox	\$15.10	\$27.40	\$47.90
Old Knox	\$16.46	\$29.27	\$44.52
Persia	\$22.49	\$48.74	\$92.49
Shady Grove	\$22.75	\$39.25	\$66.75
Witt	\$24.58	\$45.43	\$80.18
RWUD (January 1, 2012)	\$18.00	\$34.20	\$60.20
2010 Average in East TN (Knoxville region)		\$32.40	
2011 Average in East TN (Knoxville region)		\$34.00	

Note: 1) Amounts above do not include taxes, surcharges, maintenance, upgrades, sewer, etc.

2) Averages based on Utility Rate Survey from East Tennessee Development District and direct contact with utility

Who will be affected by the rate increase?

Our customer base is 98% residential and 2% commercial/industrial. All residential homes will have a 5/8 or 3/4 inch service connection while commercial/industrial accounts will generally have larger service connections.

	<u>Increase in:</u>	<u>Base Rate</u>	<u>All Over Rate</u>	<u>Upgrade</u>
5/8 or 3/4 inch services		Yes	Yes	Yes
1 inch or larger services		No	Yes	Yes

How much will my bill go up exactly?

Every person’s usage is unique but the table below can give you a good idea as to what to expect.

Average Use (gallons):	2,000	5,000	7,500	10,000
Base rate:	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00
All Over rate:	\$ 0.00	\$ 14.70	\$ 26.95	\$ 39.20
Upgrade:	\$ 0.60	\$ 1.50	\$ 2.25	\$ 3.00
Estimated Total : (water only)	\$ 18.60	\$ 34.20	\$ 47.20	\$ 60.20

** All non-water items and taxes are not included

When will I see a change in my water bill?

The rate increase is effective January 1, 2012. However, due to our meter reading process, the increase will not show on customer bills until the bill due February 10, 2012.

If I am on sewer service, will my sewer bill go up also?

NO. Currently, RWUD bills and collects monies for sewer service for the City of Morristown, Town of Bulls Gap, and Town of Mosheim and we have not been notified of any upcoming rate increases as of November 1, 2011. All rates for sewer service are established by the City or Town serving your area.

Why are the rates increasing?

Many of the earliest service areas in the District were constructed over 50 years ago. With this aged infrastructure, the capacity and reliability within these areas has been reached and is in need of replacement and/or rehabilitation.

So, we have adopted a 10 Year Capital Improvement Plan to better identify the mains in these older service areas with the greatest short-term and long-term needs and the funding mechanism(s) to implement. According to Wikipedia, a Capital Improvement Plan is “a short-range plan, usually four to ten years, which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan”.

These service areas are the primary target for the additional monies from the rate increase. The improvements to the mains in these areas will greatly increase capacity and reliability as well as improve hydraulic performance.

Since its founding in 1957, RWUD serves the nearly 7,000 customers in Hamblen, Hawkins, and Greene Counties with nearly 250 miles of main lines (that is equal to driving from Bulls Gap to Nashville!!). Our responsibility to YOU, the customer, is to provide quality water to all areas within our service boundary, 24 hours a day, 7 days a week, with a distribution system that will provide for all of YOUR needs NOW and in the FUTURE.

Specifically, what are the projects to be funded with the rate increase dollars?

100% of rate increase dollars will go toward funding the short-term improvements.

Short-Term Improvements (Year 1 – Year 4 of Capital Improvement Plan)

- 1) Replacement of galvanized mains in various locations (3 miles in length)
- 2) Replacement of cast iron main along Highway 11E from Morris Boulevard to near Hawkins County line (6 miles in length)
- 3) Miscellaneous main rehabilitation in various locations (2 miles in length)
- 4) Installation of new water storage tank
- 5) Meter replacement program

Typically, long-term improvements (as shown below) are somewhat flexible in timeframe but are necessary to continued performance. Therefore, these projects are shown for future planning and will be re-evaluated at a later time.

Long-Term Improvements Needs (Year 5 – Year 10 of Capital Improvement Plan)

- 1) Additional main rehabilitation in various locations (1 mile in length)
- 2) Replacement of cast iron main along Highway 11E from Jaybird Road to Morris Boulevard (2.5 miles in length)
- 3) Construction of new mains for duplicity (8 miles in length)
- 4) Miscellaneous main replacement/rehabilitation (35 miles in length)
- 5) Replacement of two storage tanks
- 6) Office/shop expansion

What can I do to lower my bill?

The easy answer is to use less water but that may be “easier said than done”. So, here are a couple of ways to make it easier:

1) Update/replace these fixtures

Indoor usage: Toilets - 30%; shower/showerheads - 17%; faucets - 15%

2) Check for leaks and make necessary repairs

a) 9 out of 10 leaks DO NOT come to the surface.

b) Your meter has “slow-leak” indicator that can help you determine if you have an on-going leak (a leaking garden hose) or an intermittent leak (running toilet).

For more info check out, <http://www.epa.gov/watersense/> for many more conservation ideas.

