

January 2012

Dear Fellow Customers of Lakewood Water District,

As published in *The News Tribune* and *The Suburban Times*, the final 2012 Budget for the District was presented to your Board of Commissioners for review and approval on December 15, 2011. After a very challenging budget process, including many cuts and decreases in planned projects and maintenance programs, the Board agreed to a needed rate increase effective January 1, 2012. For a good number of our residential customers, this will mean another \$1.02 per month. We have budgeted only the absolutely necessary Capital and Replacement & Rehabilitation projects in 2012 that will help maintain our good maintenance and operation standards, so we can continue to have a reliable system by which to deliver your good, clean, safe water.

The first bills to reflect the rate increase will be received after March 1, 2012, to give you and all our customers a 60-day notice. A typical two-month billing for our residential customers is \$25.20 for 1500 cubic feet of water consumed. That bill will now reflect an increase of approximately \$2.04 and become \$27.24 every two months, for an increase of \$1.02 per month. A comparison of our present rate structure with the new rates is below.

Last year our 2011 Budget also included a rate increase; however, another wet, cold spring and summer coupled with a still struggling economy almost zeroed out the rate increase and left the District with revenues insufficient to offset the expenses necessary to maintain the District and its infrastructure to ensure safe, uninterrupted delivery of your water. That was after your District staff worked hard throughout the year to control expenses, holding expenses below budget by 4.5 percent.

Please note under "Announcements" the notice regarding the presentation of the final 2012 Budget and additional budget information on our website at www.lakewood-water-dist.org.

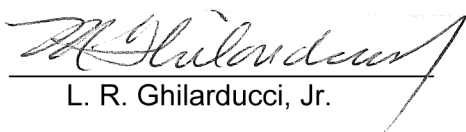
Lakewood Water District Rates


Water Consumption	Current Rates	Increase	New Rates
0-800 cubic feet	\$18.55 (min. rate)	\$1.48	\$20.03 (min. rate)
801-2000 cubic feet	\$ 0.95/ccf	\$0.08	\$1.03/ccf
2001 and over	\$ 1.30/ccf	\$0.10	\$1.40/ccf

The graph on the back of this page shows how our new rates compare to neighboring utilities. As you can see, we continue to be committed to offering you the lowest rates in the region while not compromising service or the quality of your water system.

As always, it is our committed mission to provide our community with a safe, clean, reliable water supply as efficiently and cost effectively as possible. We hope this letter and the enclosed rate comparison information have answered any questions you may have. If you have remaining questions, concerns, or suggestions on how we can improve our service to you, please call us at 588-4423.

Sincerely,
Your Board of Commissioners


L. R. Ghilarducci, Jr.


W. W. Philip


John S. Korsmo, Jr.