

January 2013

Dear Fellow Customers of Lakewood Water District,

As published in *The News Tribune*, the final 2013 Budget for the District was presented to your Board of Commissioners for review and approval on December 20, 2012. After a very challenging budget process, the Board decided it could no longer underfund several maintenance programs that have been deferred in the past budgets and agreed to a needed rate increase effective January 1, 2013. For a good number of our residential customers, this will mean another \$1.08 per month. We have budgeted the necessary Capital and Replacement & Rehabilitation projects in 2013 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 2013 Budget includes staffing to perform system maintenance that has been deferred in past years but is needed to maintain the system reliability our customers have come to expect.

Please note under "Announcements" the notice regarding the presentation of the final 2013 Budget and additional budget information on our website at www.lakewood-water-dist.org.

The first bills to reflect the rate increase will be received after March 1, 2013, to give you and all our customers a 60-day notice. For example, a typical two-month billing at 1500 cubic feet of water used for our residential customers is presently \$27.24. That bill will now reflect an increase of approximately \$2.16 and becomes \$29.40* every two months, for an increase of \$1.08 per month. A comparison of our present rate structure with the new rates is below.

*To calculate that new 1500 cubic feet bi-monthly water bill, you'd take \$21.63 (the new minimum base rate which includes the first 800 cubic feet of water) + 7 x \$1.11 (for the remaining 700 cubic feet at \$1.11 per 100 cubic feet) which equals \$7.77; and then \$21.63 + \$7.77 = \$29.40.


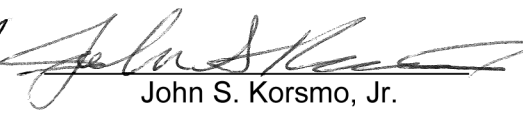
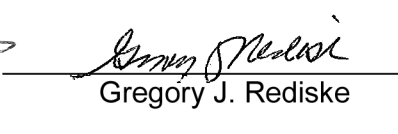
Lakewood Water District Rates

Water Consumption	Current Rates	Increase	New Rates
0-800 cubic feet	\$20.03 (min. rate)	\$1.60	\$21.63 (min. rate)
801-2000 cubic feet	\$ 1.03/ccf	\$0.08	\$1.11/ccf
2001 and over	\$ 1.40/ccf	\$0.11	\$1.51/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. John S. Korsmo, Jr. Gregory J. Rediske