

## November 2009 Unaudited Financial Summary

Presented during the December 22, 2009 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the November 2009 Financial Statements by reviewing the Customer and Department Reports. On the Customer Report, Ms. Ferguson highlighted that there were two small growth areas in November. New development continued to show some gains on Daniel Island where 157 water accounts were added during the same period – a 4% increase. The number of accounts billed in West Ashley increased by 182 accounts. All of the other service areas were slightly down for the number of active accounts billed. The overall number of water accounts billed increased from 105,904 to 106,110 representing a 0.2% increase. The retail wastewater accounts billed increased from 47,569 to 47,857 reflecting an increase of 288 accounts.

Ms. Ferguson next reviewed the Operational Department Report which indicated a decrease in the number of new service applications. The number of new service applications in November decreased by 22 to equal 61 total requests for water service – a 27% change. The year-to-date installations total 950 and are projected to be 1,036 for the year based on the current trend. This will be the lowest number of new water service installations since 1981 when 907 were installed. The water pumped into the system from the Hanahan Water Treatment Plant was 6% below last year's total.

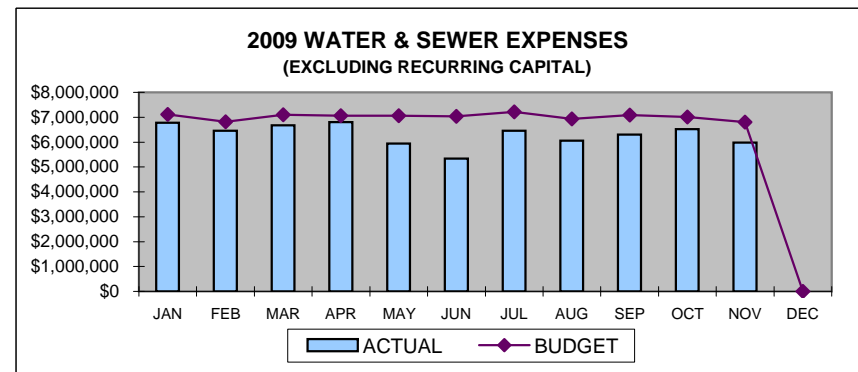
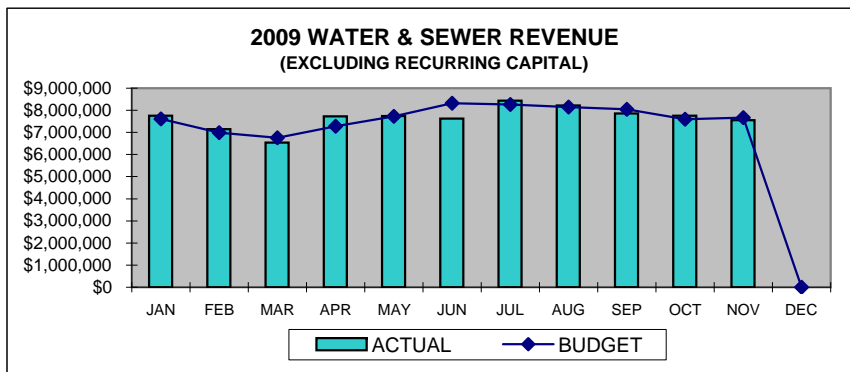
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales increased by 3% in November 2009 to equal \$591,734. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$315,707 which decreased by \$6,853 from 2008. Sales to Dorchester County, our second largest customer, totaled \$112,106 representing an 11% decrease as a result of changing several of their accounts to the municipal wholesale rate. Overall water sales are up by 1% when compared to the same period sales in 2008. Retail wastewater sales were 7% above the same period sales for 2008. Mr. Ropp noted that the year-to-date impact fee collections totaled \$1,822,396 compared to the annual budget of \$3,691,960.

The total income was under budget for the month by 1%. Water sales were under budget by 1% or \$54,275. Wastewater sales were under budget by 8% or \$299,650. Income from all sources was under the monthly revenue budget by \$104,188. Water and wastewater expenses were under budget by \$317,540 (14%) and \$197,114 (12%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$312,456 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 159% for the year. This ratio exceeds our budget of 141%, but is lower than we have experienced in previous years.

**CHARLESTON WATER SYSTEM  
STATEMENT OF REVENUE & EXPENSES  
WATER & WASTEWATER UTILITY  
FOR THE MONTH OF NOVEMBER 2009**

12/17/2009

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,021,831	\$3,967,556	(\$54,275)
2	WASTEWATER SALES	3,640,148	3,340,498	(299,650)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(514,854)	(423,867)	90,987
4	NET SALES REVENUE	<u>7,147,125</u>	<u>6,884,187</u>	<u>(262,938)</u>
5	OTHER UTILITY INCOME	398,406	590,638	192,232
6	DOD REVENUE	69,226	49,340	(19,886)
7	INVESTMENT INCOME - OPERATING FUNDS	47,309	33,713	(13,596)
8	<b>TOTAL INCOME</b>	<b><u>7,662,066</u></b>	<b><u>7,557,878</u></b>	<b><u>(104,188)</u></b>
9	CONTRIBUTED CAPITAL	801,114 (1)	801,114	0
10	COMBINED TOTAL INCOME	<u>8,463,180</u>	<u>8,358,992</u>	<u>(104,188)</u>
11	WATER O&M EXPENSE (2)	(2,228,266)	(1,910,726)	317,540
12	WASTEWATER O&M EXPENSE (2)	(1,614,198)	(1,417,084)	197,114
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,990,509) (3)	(2,990,509) (4)	0
14	NET RECURRING RESERVE FUNDS	0	0	0
15	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b><u>(6,832,973)</u></b>	<b><u>(6,318,319)</u></b>	<b><u>514,654</u></b>
16	NET DEBT SERVICE	(2,967,483)	(2,655,027)	312,456
17	<b>MONTHLY BALANCE FROM OPERATIONS</b>	<b><u>(\$1,337,276)</u></b>	<b><u>(\$614,354)</u></b>	<b><u>\$722,922</u></b>

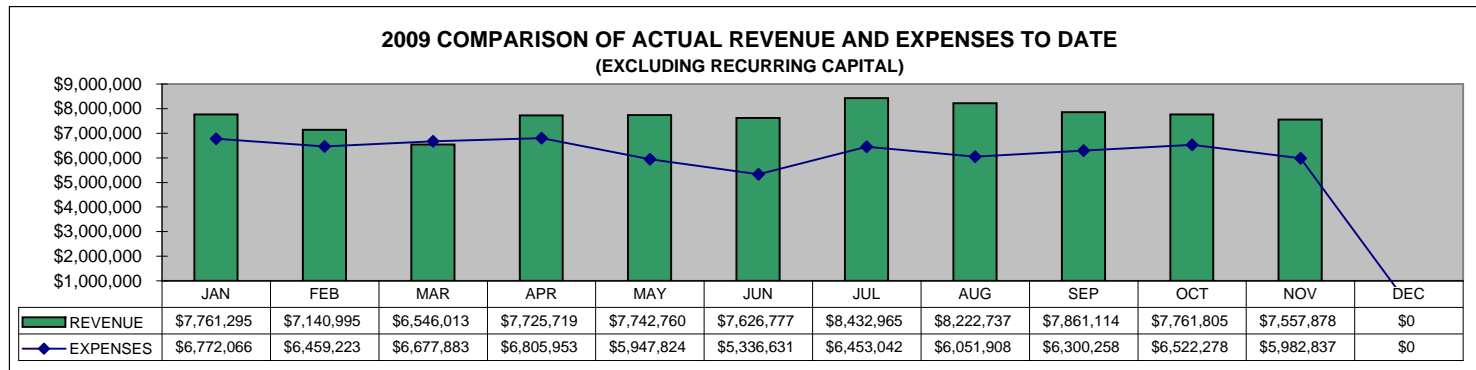


- (1) INCLUDES \$792,575 CONTRIBUTIONS & TAKEOVERS AND \$8,539 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$792,575 CONTRIBUTIONS & TAKEOVERS AND \$8,539 ENGINEER SERVICE FEES AND \$1,478,180 RECURRING CARRYOVER
- (4) INCLUDES \$792,575 CONTRIBUTIONS & TAKEOVERS AND \$1,480,824 RESERVED FOR CAPITAL IMPROVEMENTS

**CHARLESTON WATER SYSTEM  
STATEMENT OF REVENUE & EXPENSES  
WATER & WASTEWATER UTILITY  
YEAR TO DATE THROUGH NOVEMBER 2009**

12/17/2009

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$45,226,651	\$44,889,261	(\$337,390)
2	WASTEWATER SALES	39,602,132	37,843,200	(1,758,932)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(6,661,069)	(6,484,728)	176,341
4	NET SALES REVENUE	78,167,714	76,247,733	(1,919,981)
5	OTHER UTILITY INCOME	4,805,230	7,002,459	2,197,229
6	DOD REVENUE	745,571	666,450	(79,121)
7	INVESTMENT INCOME - OPERATING FUNDS	669,715	463,419	(206,296)
8	<b>TOTAL INCOME</b>	<b>84,388,230</b>	<b>84,380,061</b>	<b>(8,169)</b>
9	CONTRIBUTED CAPITAL	9,990,324 (1)	9,990,324	0
10	COMBINED TOTAL INCOME	94,378,554	94,370,385	(8,169)
11	WATER O&M EXPENSE (2)	(25,727,877)	(22,488,575)	3,239,302
12	WASTEWATER O&M EXPENSE (2)	(18,967,744)	(16,871,822)	2,095,922
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(30,881,238) (3)	(30,881,238) (4)	0
14	NET RECURRING RESERVE FUNDS	0	0	0
15	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b>(75,576,859)</b>	<b>(70,241,635)</b>	<b>5,335,224</b>
16	NET DEBT SERVICE	(32,642,317)	(29,949,508)	2,692,809
17	<b>BALANCE FROM OPERATIONS - YEAR TO DATE</b>	<b>(13,840,622)</b>	<b>(5,820,758)</b>	<b>8,019,864</b>
18	NET BALANCE BROUGHT FORWARD FROM PREVIOUS YEARS	71,017,863	71,017,863	0
19	TRANSFERS TO OR FROM OTHER FUNDS	(15,000,000)	(15,000,000)	0
20	<b>CUMULATIVE NET BALANCE AVAILABLE</b>	<b>\$42,177,241</b>	<b>\$50,197,105</b>	<b>\$8,019,864</b>



- (1) INCLUDES \$9,931,421 CONTRIBUTIONS & TAKEOVERS AND \$58,903 ENGINEER SERVICE FEES  
(2) INCLUDES \$821,250 (\$411,003 WATER & \$410,247 WASTEWATER) CONTRIBUTION TO THE CITY YEAR TO DATE  
(3) INCLUDES \$9,931,421 CONTRIBUTIONS & TAKEOVERS AND \$58,903 ENGINEER SERVICE FEES AND \$13,887,577 RECURRING CARRYOVER  
(4) INCLUDES \$9,931,421 CONTRIBUTIONS & TAKEOVERS AND \$12,552,020 RESERVED FOR CAPITAL IMPROVEMENTS