

Investing in Infrastructure

As a Connecticut Water customer, you will see a new line item on your water bill that is referred to as a WICA Charge, or Water Infrastructure and Conservation Adjustment. Customers will have the benefit of improved water quality and reliability of service. Investing in infrastructure replacement now is the right thing to do, and allows us to be good stewards of our most precious water resources. It is responsive to customers' needs.

Connecticut Water will work to first replace the infrastructure that is in the greatest need. In deciding which projects are most important, we look at:

- the age and condition of pipes;
- frequency of main breaks;
- leakage and lost water;
- history of water quality complaints; and
- needs for improved fire protection.

We will also consider the timing of municipal projects to see if there are opportunities for savings by coordinating the work with local communities.

When surveyed, our customers overwhelmingly supported our plans to proactively invest in infrastructure replacement with:

- 92% indicating it was important for the Company to be proactive in replacing aging pipes and equipment in the system.
- 82% agreeing that infrastructure projects completed by the Company will benefit customers presently as well as into the future.

Providing Sustainable Water Solutions

The WICA surcharge was authorized by a Connecticut law passed in 2007, designed to address the need to replace aging water infrastructure that have either:

- reached the end of their useful life;
- are worn out;
- are in deteriorated condition;
- are or will be contributing to unacceptable levels of unaccounted for water; or
- are negatively impacting water quality or reliability of service.

The WICA legislation requires that water companies apply to the Department of Utility Control (DPUC) to review completed projects and their costs before a WICA charge can be reflected on customers' bills. The WICA charge may be adjusted on a semi-annual basis, as approved eligible



infrastructure projects are completed and in service for the benefit of customers. The percent increase for WICA would be applied to the total bill of each customer.

The law limits the surcharge to 5% in any given year, and 7.5% between general rate case filings. WICA charges would be folded into customers' base rates at the time of the next full rate case. When that happens, the WICA line item would be removed from customers' bills until additional WICA projects are completed and a new WICA charge is requested and approved.

Customers will benefit from the WICA program by seeing smaller rate increases to their water bill. This will help minimize the impact on customers' bills that can occur if these expenses for investments in infrastructure replacement are accumulated for years and reflected in a general rate case proceeding.

The infrastructure replacement program also supports economic development and creates jobs in local communities. Connecticut Water's \$12.5 million of infrastructure replacement investments in 2009 are reported by one of the state's leading economists as generating 157 construction and support jobs, which are essential in these economic times.

Letters were mailed to customers in June 2009 outlining the WICA program and explaining how the adjustment would be applied. Connecticut Water anticipates our WICA projects will represent an increase of approximately 2% per year, with the first charge of 0.95% appearing in July 2009. The WICA charge may be adjusted on a semi-annual basis. While the actual amount will be calculated as a percentage of each customer's bill, a typical residential customer who uses an average of 18,000 gallons per quarter and is billed \$140 per quarter would see an increase of less than 50 cents per month, or about \$1.50 per quarter, as each adjustment is applied. Those incremental increases will support a proactive infrastructure replacement program that will maintain water quality and reliability of service and help preserve water resources.



We look forward to continuing to provide you with quality water and service and delivering Sustainable Water Solutions.

Connecticut Water's long-term plan to replace infrastructure throughout our service area and over time, reach all regions of the company. Examples of projects that have been completed and approved as part of the WICA charge include:

Project	Description
Goose Hill Road, Chester	Replaced 4,400 feet of 10-inch in driveway of water treatment plant and in Goose Hill Road. Existing facilities leaving Williams Water Treatment Plant cross private property and access is limited. Original main installed 1910s.
Wauregan Improvements – Plainfield	Replaced water system in old mill property. Existing facilities were undersized, galvanized, experienced frequent breaks and located on private property with very limited accessibility. Project includes replacement of services and fire hydrant(s), as appropriate. Original main installed 1920s.
Hale Street Extension, Vernon	Replaced 2,200 feet of existing 6-foot cast iron main to improve high service flows and reliability. Project includes replacement of services and fire hydrant(s), as appropriate. Original main installed 1930s.
Elm Street, Naugatuck	Replaced 12-inch cement main with new 2,700 feet of ductile iron main. Existing main experienced frequent recent breaks causing localized damage and repair expense. Original main installed 1940s.
Mountain Street, Ellington	Replaced 760 feet of 6-inch cast iron main with 8-inch ductile iron main in conjunction with Town's sanitary main replacement work. Existing facilities conflicted with sanitary relocation. Project scope includes replacement of services and fire hydrant(s), as appropriate. Original main installed in 1920s.
Railroad Avenue, Madison	Replaced 2,400 feet of 6-inch cast iron main with 12-inch ductile iron main as part of Town road reconstruction project. New main provides increase flow capacity and avoided conflicts with proposed drainage work. Original main installed 1900 to 1920.
Old Kelsey Point, Westbrook	Replaced 1,700 feet of 6-inch cast iron main as part of road reconstruction project. Project includes replacement of services and fire hydrant(s), as appropriate. Original main installed 1950s.
Company-wide	Purchase of leak detection equipment.

FOR MORE INFORMATION ON WICA

OR IF WE CAN ASSIST YOU REGARDING YOUR WATER SERVICE:

CONTACT A CUSTOMER SERVICE REPRESENTATIVE 1-800-286-5700

OR E-MAIL US AT INFO@CTWATER.COM VISIT OUR WEB SITE AT WWW.CTWATER.COM