

February 2009 Unaudited Financial Summary

Presented during the March 31, 2009 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the February 2009 Financial Statements by reviewing the Customer and Department Reports. On the Customer Report, Ms. Ferguson highlighted that there were two small growth areas compared with the same period in 2008. First, West Ashley grew by 247 water accounts or 1% over the previous year. As a percentage, new development continued to show some gains on Daniel Island where 219 water accounts were added during the same period – a 6% increase. The overall number of water accounts increased from 105,154 to 105,965 representing a 1% increase.

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 February decreased by 88 to equal 71 total requests for water service – a 55% change. The year-to-date installations total 139 and are projected to be 834 for the year based on the current trend. The water pumped into the system from the Hanahan Water Treatment Plant decreased by 2.55% for the month.

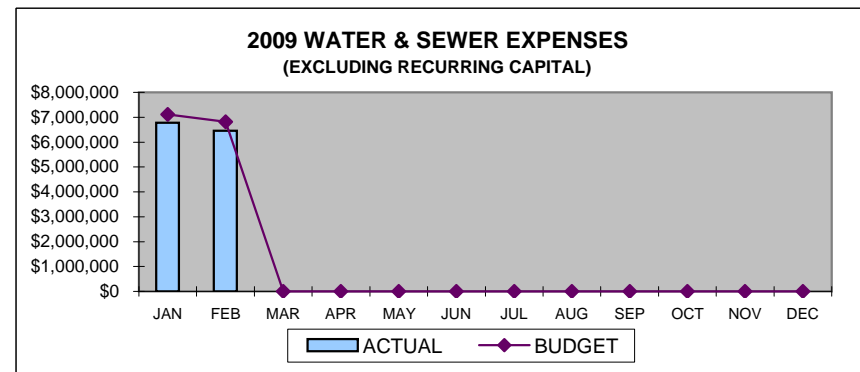
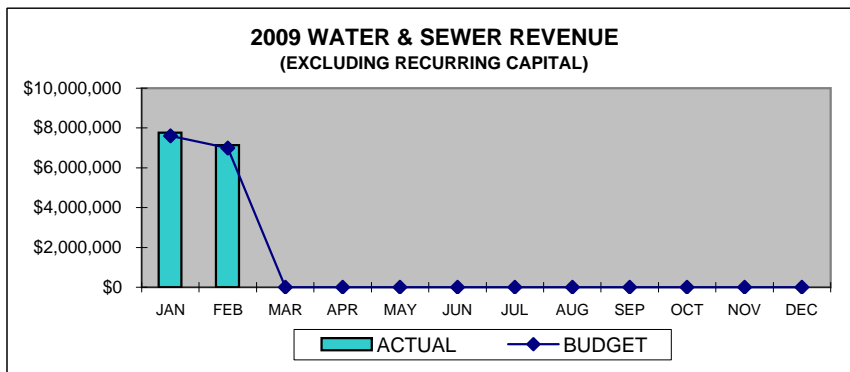
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales increased by 1% in February 2009 to equal \$489,453. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$217,391 which decreased by \$20,445 over 2008. Sales to Dorchester County, our second largest customer, totaled \$132,359 representing a 24% increase. Overall water sales were up slightly by 1% when compared to the same period sales in 2008. Retail wastewater sales were 2% above the same period sales for 2008. Mr. Ropp noted that the year-to-date impact fee collections totaled \$298,433 compared to the annual budget of \$3,691,960.

The total income was over budget for the month by 2%. Water sales were over budget by 3% or \$111,360. Wastewater sales were under budget by 6% or \$190,474. Income from all sources was above the monthly revenue budget by \$152,516. Water and wastewater expenses were under budget by \$178,662 (8%) and \$174,057 (11%), respectively. The Projected Earnings Test calculations, used by the rating agencies as a measure of financial performance, is currently at 142% for the year. This ratio still 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 FEBRUARY 2009**

7/24/2009

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$3,558,291	\$3,669,651	\$111,360
2	WASTEWATER SALES	3,317,467	3,126,993	(190,474)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(485,340)	(420,287)	65,053
4	NET SALES REVENUE	6,390,418	6,376,357	(14,061)
5	OTHER UTILITY INCOME	469,243	658,876	189,633
6	DOD REVENUE	65,247	56,860	(8,387)
7	INVESTMENT INCOME - OPERATING FUNDS	63,571	48,902	(14,669)
8	TOTAL INCOME	6,988,479	7,140,995	152,516
9	CONTRIBUTED CAPITAL	5,783,671 (1)	5,783,671	0
10	COMBINED TOTAL INCOME	12,772,150	12,924,666	152,516
11	WATER O&M EXPENSE (2)	(2,198,617)	(2,019,955)	178,662
12	WASTEWATER O&M EXPENSE (2)	(1,645,842)	(1,471,785)	174,057
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(6,637,821) (3)	(6,236,804) (4)	401,017
14	NET RECURRING RESERVE FUNDS	0	0	0
15	TOTAL O&M AND RECURRING CAPITAL	(10,482,280)	(9,728,544)	753,736
16	NET DEBT SERVICE	(2,967,483)	(2,967,483)	0
17	MONTHLY BALANCE FROM OPERATIONS	(677,613)	\$228,639	\$906,252



- (1) INCLUDES \$5,781,510 CONTRIBUTIONS & TAKEOVERS AND \$2,161 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$5,781,510 CONTRIBUTIONS & TAKEOVERS AND \$2,161 ENGINEER SERVICE FEES AND \$291,978 RECURRING CARRYOVER
- (4) INCLUDES \$5,781,510 CONTRIBUTIONS & TAKEOVERS