



COMMISSIONERS
 L. R. Ghilarducci, Jr.
 W. W. Philip
 J.S. Korsmo, Jr.
 GENERAL MANAGER:
 Randall M. Black

January 2009

Dear Fellow Customers of Lakewood Water District,

As your Board of Commissioners of the Lakewood Water District, we keep a close and watchful eye over our revenues and expenses on a constant basis. As with all enterprises these days, the cost of doing business continues to rise. Since we have no taxing authority, the District's sources of revenue are limited to a relatively small amount of rent received from communications companies installing antennas on our water towers, interest on our invested reserves and, primarily, revenues from the sale of water. Efforts to sell our excess capacity to other water purveyors are beginning to bear fruit, and we hope those sales will minimize future rate increases.

The year 2008 was notable for the District due to the unusual number of capital projects on its agenda. Most of them were previously planned, timing known, and appropriately budgeted; however, the acceleration of one planned project and the imposition upon the District of a large, unplanned one, both of which involve substantial cash outlays in the immediate future, have resulted in some serious budget considerations for the year 2009 and beyond. In order to continue to provide the quality of water and service of which we are proud, to maintain our facilities, and to make needed capital improvements to our system, we must raise rates. The last rate increase was in 2007. Commencing January 1, 2009, we will put in place a necessary overall rate increase of 9 percent. The first bills to reflect the rate increase will be March 1, 2009. Rate modifications will be as follows.

Lakewood Water District Rates

	Minimum Rate (two-month bill)	Over 800 cu ft to 2000 cu ft	Over 2000 cu ft
CURRENT RATE:	\$15.17 first 800 cu ft	77 cents/100 cu ft	\$1.04/100 cu ft
NEW RATE:	\$16.55 first 800 cu ft	85 cents/100 cu ft	\$1.15/100 cu ft

While our last rate increase was January 2007, we understand that *any* rate increase is unwelcome, no matter how necessary, particularly for our customers on a fixed income and given our current economic conditions statewide. That is why we spent much time diligently looking for all possible savings in our budget. The chart on the back of this page shows how our new rates compare to neighboring utilities. As you can see, we are aggressively committed to efficiency, and our rates continue to be the lowest in the region.

As always, it is our 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.

**Comparison of Lakewood Water District Rates with Surrounding Utilities
Two-Month Billings of Residential Costs for Water as of January 1, 2009**

Company Name	Min Svc Chg for 5/8" meter	Cost per 100 Cu Ft	Total Charge For 1500 Cu Ft
Lakewood Water District (588-4423)	\$16.55 base rate, 0-800 cu ft	0-800 cu ft = \$16.55 (Base Rate) 801-2000 cu ft @ \$0.85 Over 2000 cu ft @ \$1.15	700 @ \$0.85 = \$5.95 Base Rate = \$16.55 Total = \$22.50
Dupont (964-8121) Ext. # 385	\$0.00	0-1000 cu ft = \$32.00 (Base Rate) Over 1000 cu ft @ \$1.12	500 @ \$1.12 = \$5.60 Base Rate = \$32.00 Total = \$37.60
Parkland Light & Water (531-5666)	\$15.60 \$4 cap fee	0-6000 cu ft @ \$.78 60001-10,000 @ \$.85 10,001-15,000 @ \$.95 Over 15,000 @ \$1.05	1500 @ \$.78 = \$11.70 Svc. Chg. = \$15.60 \$4 cap fee (\$2/month) Total = \$31.30
Spanaway Water Co. (531-9024)	\$24.50 (base rate of \$14.00 + EPA charge of \$4.00 + capital projects fee of \$6.50)	0-500 cu ft @ \$.60 501-1500 cu ft @ \$.85 1501-2500 cu ft @ \$1.05 2501-4000 @ \$1.35 4001-7500 @ \$1.75 7501 and over @ \$2.00	500 @ \$.60 = \$3.00 1000 @ \$.85 = \$8.50 Svc. Chg. = \$24.50 Total = \$36.00
Steilacoom (581-1912)	\$30.64	\$2.11 per 100 cu ft	1500 @ \$2.11 = \$31.65 Svc. Chg. = \$30.64 Total = \$62.29
Summit Water & Supply Co. (537-7781)	\$40.74	0-4000 cu ft @ \$1.22 4001-6000 cu ft @ \$1.94 Over 6000 cu ft @ \$2.42	1500 @ \$1.22 = 18.30 Svc. Chg. = \$40.74 Total = \$59.04
Tacoma Water (Inside City) (383-9600)	\$29.46	\$1.202 per 100 cu ft except June thru Sept. when all water used over 500 cu ft is charged @ \$1.503	WINTER: 1500 @ \$1.202 = \$18.03 Svc. Chg. = \$29.46 Total = \$47.49 SUMMER: 500 @ \$1.202 = \$6.01 1000 @ \$1.503 = \$15.03 Svc. Chg. = \$29.46 Total = \$50.50
Tacoma Water (Outside City) (383-9600)	\$35.36	\$1.442 per 100 cu ft except June thru Sept. where all water used over 500 cu ft is charged @ \$1.83	WINTER: 1500 @ \$1.442 = \$21.63 Svc. Chg. = \$35.36 Total = \$56.99 SUMMER: 500 @ \$1.442 = \$7.21 1000 @ \$1.83 = \$18.30 Svc. Chg. = \$35.36 Total = \$60.87