



At Connecticut Water, we take seriously our responsibility to control costs and reduce the impacts of rates on our customers and communities, while delivering quality water and service. With that in mind, we are pleased to share that your bill includes a new billing credit and other changes approved by the Public Utilities Regulatory Authority (PURA) effective April 1<sup>st</sup> that will **result in a net reduction of 4% on your water bill.**

**#1—Water Infrastructure and Conservation Adjustment (WICA) Charge Moves to Base Rates** — The WICA charge covers the costs of eligible PURA approved infrastructure replacement projects. The current WICA charge will be removed as a line item on bills and rolled into base rates — resetting the WICA charge to zero. While this will result in different base rates on the bill, it will not increase the total amount charged for a customer with the same water usage in a billing period. We will continue to make WICA investments but will not have a new WICA surcharge added to bills until October 2014 at the earliest.

**#2—Revenue Adjustment** — At the same time, water bills will include a 4.53% Revenue Adjustment charge, as authorized by a recently enacted Connecticut law. This adjustment ensures that water utilities do not over-collect or under-collect the revenues that were approved in rates by PURA. The amount is subject to annual review and adjustment, and may be a charge or credit on customers' bills based on actual water revenues collected in the prior year.

**#3—Repair Tax Adjustment** — There will be an 8.51% credit applied to customer bills as a result of a change in Federal IRS tax rules that provided Connecticut Water the opportunity to obtain a significant refund for federal tax payments made going back to 2010. The tax rule now allows utilities to take an immediate tax deduction of qualified capital spending, such as our pipe replacement projects, which would otherwise have been deducted over many years. The Company filed for a refund and approximately \$12.4 million will be returned to customers through a Repair Tax Adjustment over a 2 year period starting April 1st.

*See the example on the back which shows how each of these applies to a sample customer bill.*



The bottom line .....

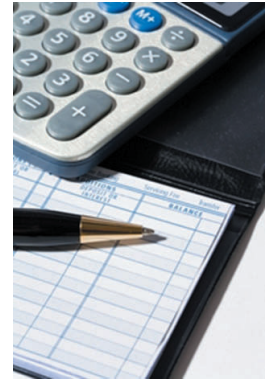


**Customers' bills for the same water usage will be lower while we maintain our commitment to customer service and infrastructure replacement!**

**Connecticut Water is pleased to deliver the benefits of these changes to the customers and communities we serve.**

*We are working hard to keep your rates stable. Our last general rate increase was back in July of 2010.*

Connecticut Water wants the information on customers' bills to be clear and explain any charges and credits that are applied. Your enclosed bill now has the WICA charges folded into base rates so there is no longer a separate line item for WICA. The bill includes new lines for the Revenue Adjustment and Repair Tax Adjustment.



The following example shows the impact of the changes on the bill of a typical Connecticut Water residential customer using 15,000 gallons of water per quarter. The unit charges will differ for commercial and industrial accounts and various Connecticut Water systems, but the relative impact on the customers' bills will be the same – a net reduction of 4% on bills for the same usage.

#1 – WICA into Base Rates	Bills with WICA as Separate Charge			Bills with New Base Rates that Include WICA		
	Rate	Calculation	Amount	Rate	Calculation	Amount
Commodity Charge 15,000 gallons	\$7.340 per 1000 gallons	$7.340 \times 15$	\$110.10	\$7.907 per 1000 gallons	$7.907 \times 15$	\$118.61
Service Charge for 90 days	\$0.316/day 5/8" meter	$0.316 \times 90$	\$ 28.44	\$0.340/day 5/8" meter	$0.340 \times 90$	\$ 30.60
WICA Charge Applied to Sum of Basic Service and Commodity Charge	7.72% on Subtotal	$7.72\% \times$ \$138.54	\$10.70			\$ 00.00
<b>TOTAL</b>	<i>With WICA as Separate Charge</i> <b>\$149.24</b>			<i>With WICA in Base Rates</i> <b>\$149.21</b>		

### Additional Bill Adjustments as of April 1<sup>st</sup>

#2 — Revenue Adjustment Charge (+ 4.53%)	4.53% Charge x \$149.21	\$ 6.76
#3 — Repair Tax Adjustment (- 8.51%)	8.51% Credit x \$149.21	(\$12.70)
<b>Bill After April 1 with Adjustments</b>		<b>\$143.27</b>
<b>Reduction on Customer Bill</b>	<i>Customer Savings</i>	<b>\$ 5.97</b>

**For the applicable rate table for your water system and a list of special charges, please go to the 'Customers' section of our Web site at [www.ctwater.com](http://www.ctwater.com).**

The credit for the Repair Tax Adjustment will be in effect for 2 years starting April 1, 2014.

The Revenue Adjustment is subject to annual review and may change as of April 1, 2015 based on actual revenues in 2014.

If you have questions or need assistance, please call our customer service team at 1-800-286-5700. For more information on the rate changes and some frequently asked questions go to [www.ctwater.com](http://www.ctwater.com).