

Monitor Water System Project Update



May 7, 2007



Agenda

- Proposed construction financing plan
- Petition to form a Local Utility District (LUD)
- The LUD formation process
- Moving forward into construction



Average Customer: 9,000 gallons Projected Monthly Rate

- Original estimate

 - \$25.78 – monthly loan payoff

 - \$42.00 – monthly water usage/O&M costs

 - \$67.78

- Full funding plan

 - \$31.99 - \$36.43 – monthly loan payoff

 - \$42.00 – monthly water usage/O&M costs

 - \$73.99 – \$78.43



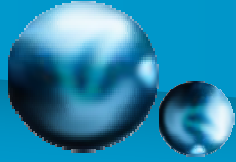
Options for reducing the loan amount

- LUD assessment prepayments pay off Rural Development loan early
- Potential reimbursement from pending congressional grant application (2008)
- PUD accepts share of the construction costs



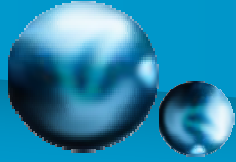
Other potential rate impacts

- Increased water rates
- Construction cost overruns
- Future system development charges



LUD formation petition

- 61% of the property owners
- 76% of the property within the proposed service area



The LUD formation process

- The type of petition governs the process
- Notice and hearings process
- Financial and economic feasibility
- Formation of the Local Utility District
- The assessments process



Moving forward into construction

- Scope of the project
- Schedule for design through construction
- Oversight of the project budget
- Internal project management team