

DECEMBER 2010 Unaudited Financial Summary

Presented during the January 25, 2011 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the December 2010 Financial Statements by reviewing the Customer and Department Reports. On the Customer Report, Ms. Ferguson highlighted that there were several growth areas in December. New development continued to show some gains on Daniel Island where 163 water accounts were added during the same period – a 4% increase. The number of accounts billed in the North Area and West Ashley areas increased by 323 and 326 accounts, respectively. The overall number of water accounts billed increased from 106,139 to 107,228 representing a 1% increase. The retail wastewater accounts billed increased from 47,753 to 48,499 reflecting an increase of 746 accounts.

Ms. Ferguson next reviewed the Operational Department Report which indicated an increase in the number of new service applications. The number of new service applications in December increased by 13 to equal 64 total requests for water service – a 25% change. The year-to-date requested installations totaled 1,088 and are 87 higher than 2010. The water pumped into the system from the Hanahan Water Treatment Plant was 12% higher than last year's total.

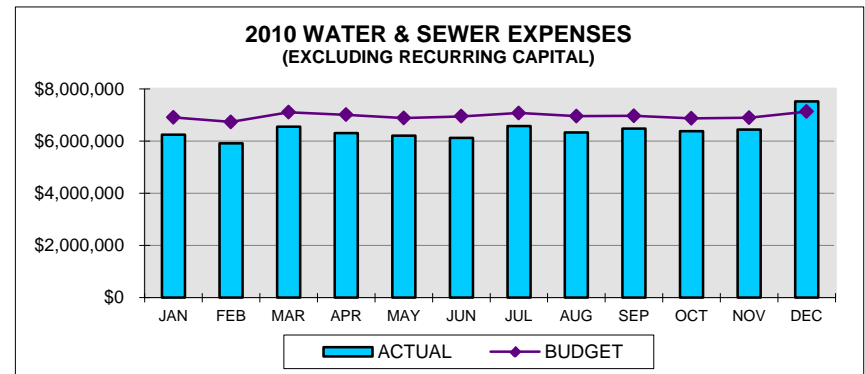
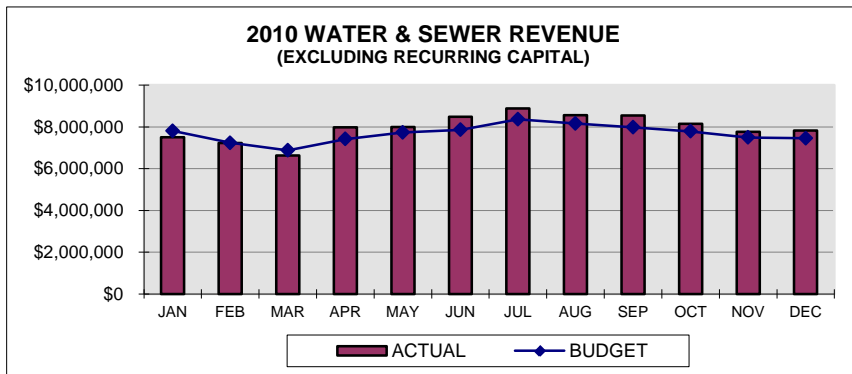
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales increased by 6% in December 2010 to equal \$601,729. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$334,593 which increased by \$37,524 from 2009. Retail water sales increased by 28% when compared to the same period sales in 2009. Retail wastewater sales were 15% above 2009. Mr. Ropp noted that the year-to-date impact fee collections totaled \$1,598,059 compared to the annual budget of \$2,000,000.

The total income was over budget for the month by 5%. Water sales were over budget by 6% or \$251,935. Wastewater sales were over budget by 1% or \$48,349. Income from all sources was over the monthly revenue budget by \$378,564. Water expenses were over budget by \$390,478 (16%) and wastewater expenses were over budget by \$245,799 (14%). Because of savings on CWS's variable rate debt, the debt service payments were \$247,214 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 175% for the year. This ratio exceeds our budget of 141%.

**CHARLESTON WATER SYSTEM
STATEMENT OF REVENUE & EXPENSES
WATER & WASTEWATER UTILITY
PRELIMINARY - FOR THE MONTH OF DECEMBER 2010**

2/18/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,026,596	\$4,278,531	\$251,935
2	WASTEWATER SALES	3,456,745	3,505,094	48,349
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(555,792)	(507,963)	47,829
4	NET SALES REVENUE	6,927,549	7,275,662	348,113
5	OTHER UTILITY INCOME	422,328 (1)	487,364	65,036
6	DOD REVENUE	47,015	49,247	2,232
7	INVESTMENT INCOME - OPERATING FUNDS	61,817	25,000	(36,817)
8	TOTAL INCOME	7,458,709	7,837,273	378,564
9	CONTRIBUTED CAPITAL	(3,247) (2)	(3,247)	0
10	COMBINED TOTAL INCOME	7,455,462	7,834,026	378,564
11	WATER O&M EXPENSE (3)	(2,428,194)	(2,818,672)	(390,478)
12	WASTEWATER O&M EXPENSE (3)	(1,816,495)	(2,062,294)	(245,799)
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,599,343) (4)	(2,599,343) (5)	0
14	TOTAL O&M AND RECURRING CAPITAL	(6,844,032)	(7,480,309)	(636,277)
15	NET DEBT SERVICE	(2,891,100)	(2,643,886)	247,214
16	MONTHLY BALANCE FROM OPERATIONS	(\$2,279,670)	(\$2,290,169)	(\$10,499)

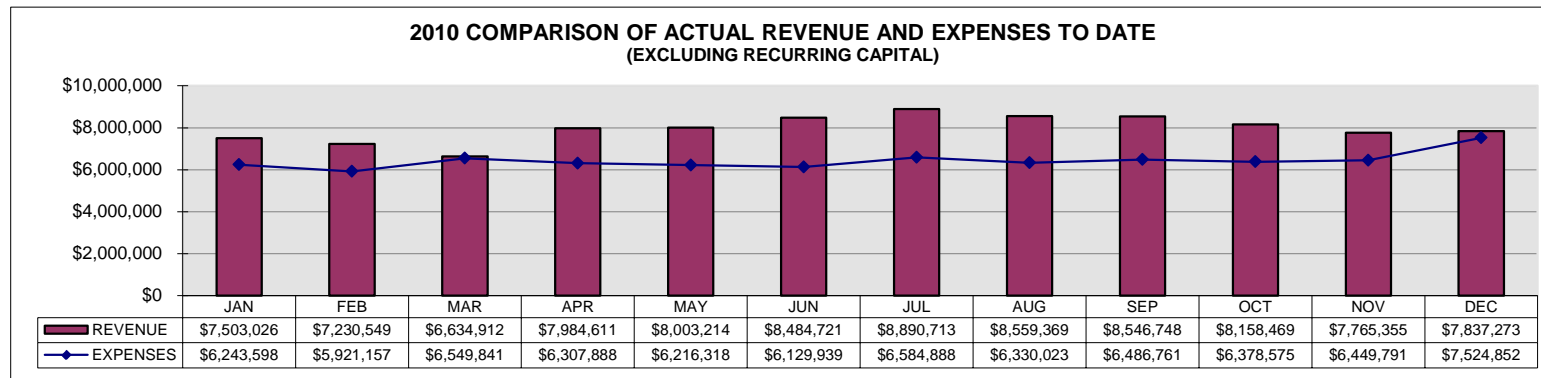


- (1) BUDGET DOES NOT INCLUDE \$12,466,000 RCLD FOR BERKELEY COUNTY & GOOSE CREEK
- (2) INCLUDES \$8,534 CONTRIBUTIONS & TAKEOVERS AND (\$11,781) ENGINEER SERVICE FEES
- (3) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (4) INCLUDES \$8,534 CONTRIBUTIONS & TAKEOVERS AND (\$11,781) ENGINEER SERVICE FEES AND \$1,453,715 RECURRING CARRYOVER
- (5) INCLUDES \$8,534 CONTRIBUTIONS & TAKEOVERS AND \$1,983,089 RESERVED FOR CAPITAL IMPROVEMENTS

**CHARLESTON WATER SYSTEM
STATEMENT OF REVENUE & EXPENSES
WATER & WASTEWATER UTILITY
PRELIMINARY - YEAR TO DATE THROUGH DECEMBER 2010**

2/18/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$49,003,000	\$52,277,933	\$3,274,933
2	WASTEWATER SALES	43,798,000	42,807,852	(990,148)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(7,259,224)	(7,248,945)	10,279
4	NET SALES REVENUE	85,541,776	87,836,840	2,295,064
5	OTHER UTILITY INCOME	5,234,000 (1)	6,675,357	1,441,357
6	DOD REVENUE	723,300	675,190	(48,110)
7	INVESTMENT INCOME - OPERATING FUNDS	741,800	411,576	(330,224)
8	TOTAL INCOME	92,240,876	95,598,963	3,358,087
9	CONTRIBUTED CAPITAL	5,816,908 (2)	5,816,908	0
10	COMBINED TOTAL INCOME	98,057,784	101,415,871	3,358,087
11	WATER O&M EXPENSE (3)	(27,996,373)	(25,844,930)	2,151,443
12	WASTEWATER O&M EXPENSE (3)	(20,837,503)	(19,654,594)	1,182,909
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(26,929,497) (4)	(26,929,497) (5)	0
14	TOTAL O&M AND RECURRING CAPITAL	(75,763,373)	(72,429,021)	3,334,352
15	NET DEBT SERVICE	(34,693,200)	(31,624,109)	3,069,091
16	BALANCE FROM OPERATIONS - YEAR TO DATE	(12,398,789)	(2,637,259)	9,761,530
17	NET BALANCE BROUGHT FORWARD FROM PREVIOUS YEARS	59,459,303	59,459,303	0
18	TRANSFERS TO OR FROM OTHER FUNDS	(17,000,000)	(17,000,000)	0
19	CUMULATIVE NET BALANCE AVAILABLE	\$30,060,514	\$39,822,044	\$9,761,530



- (1) BUDGET DOES NOT INCLUDE \$12,466,000 RCLD FOR BERKELEY COUNTY & GOOSE CREEK
- (2) INCLUDES \$5,888,608 CONTRIBUTIONS & TAKEOVERS AND (\$71,700) ENGINEER SERVICE FEES
- (3) INCLUDES \$1,095,000 (\$548,000 WATER & \$547,000 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (4) INCLUDES \$5,888,608 CONTRIBUTIONS & TAKEOVERS AND (\$71,700) ENGINEER SERVICE FEES AND \$13,546,760 RECURRING CARRYOVER
- (5) INCLUDES \$5,888,608 CONTRIBUTIONS & TAKEOVERS AND \$14,250,701 RESERVED FOR CAPITAL IMPROVEMENTS