



1. What changes are being considered and why?

The PSA is bound by law to comply with a mandatory debt-coverage ratio of 20% of operating costs. The debt-coverage ratio is a figure placed on the PSA by the financial entities that hold bonds on the PSA's debt. If we don't maintain a 20% "cushion" as mandated, the bondholders can take over the PSA and turn it over to an entity that would run it for profit. That would mean your rates could skyrocket.

The PSA last adjusted its rates in 2006. Since that time our community and our country have gone through a significant recession and customer growth has been slow. With those factors in place, the PSA Board of Directors and staff worked diligently to manage costs and still provide the best service we could. In fact, we were able to stretch out our 2006 rate adjustment for seven years, even though it was supposed to get us through only five years.

Another issue is the PSA's infrastructure. We have nearly 600 miles worth of pipe in the Henry County ground, and much of that infrastructure is in need of replacing or upgrading. Without adequate cash flow, we would be unable to make those upgrades.

Finally, another major reason for considering these rate adjustments is to bring our rates closer to what funding agencies want them to be. The PSA's current rates are too low for some funding agencies to consider us for grants for projects. With the new rates the PSA may qualify for low-interest loans (which have to be repaid) from Rural Development, the Virginia Department of Health and the Virginia Department of Environmental Quality. Rural Development also provides grants (money that doesn't have to be repaid) for rural localities to upgrade or install new water and sewer lines. Certainly we would prefer grant money over loans; however, the proposed rates still would not meet the RD requirements for those grants.

2. What are the current rates for PSA residential customers?

Our current rates are \$26 a month for water, up to 4,000 gallons a month, and \$26 a month for sewer (based on the amount of water consumed). In addition, the PSA charges \$4 for each 1,000 gallons of water and \$4 for each 1,000 gallons of sewer, over the 4,000-gallon limit.

3. What are the current rates for PSA commercial and institutional customers?

Based on 4,000 gallons a month, current commercial customers pay \$39 a month for water and \$39 a month for sewer, with an additional \$6 a month for every 1,000 gallons over the minimum per service. Current institutional customers pay \$59.50 a month for water and \$59.50 for sewer, but those rates are based on 6,000 gallons a month.

4. What are the proposed residential rates?

The proposed rate for residential customers is \$30 a month for up to 4,000 gallons of water and \$30 a month for up to 4,000 gallons of sewer (which is based on the amount of water consumed). In addition, the PSA would charge \$4.70 a month for water and \$4.70 a month for sewer for each additional 1,000 gallons over the minimum. That means that nearly two-thirds of our residential customers will see a monthly increase of only \$4 for water and \$4 for sewer, based on their present consumption. That would take the average monthly bill to \$30 a month for water and \$30 a month for sewer, for a total monthly bill of \$60. If a customer uses 5,000 gallons a month, which is 1,000 gallons over the minimum, that customer would pay \$69.40 a month.

Customers on our Senior Citizen/Disabled discount will see that discount rise from \$5.00 a month to \$7.00 a month for water and for sewer. That means their base bill will increase only \$2.00 for each service.

5. What are the proposed rates for non-residential customers?

Commercial customers would pay \$45 a month for water and \$45 a month for sewer, based on a usage of 4,000 gallons a month. For every 1,000 gallons over that minimum the commercial customer would pay an additional \$7.00 for water and \$7.00 for sewer. Institutional customers would pay \$68.50 a month for water and \$68.50 a month for sewer, with an additional \$8.10 every 1,000 gallons over the minimum for water and \$8.10 for sewer.

6. Why doesn't the PSA cut costs before it alters rates? Aren't your rates already higher than everyone else's rates?

We have cut costs. We constantly monitor our costs and we make adjustments as often as we can. Our last rate adjustment was in 2006, and we anticipated it taking us for the next five years – but we were able to stretch it to seven years. We had 110 employees in the mid-1990s; today we have 52. We entered into employee-sharing agreements with Henry County so that we can use our personnel as wisely as possible. We rely heavily on grants to do construction and rehabilitation projects. If a project can't be funded unless we have enough local money to put in, then we don't do that project. The inability to expand our system hurts the PSA and the potential customers in Henry County who need and deserve adequate public water and wastewater services.

Our current rate structure and our proposed rate structure are comparable to other Public Service Authorities throughout our region and Commonwealth.

7. It appears that the more water I conserve, the less my bill will rise. Are there suggestions as to how I can conserve more water?

We encourage all customers to conserve as much water as they can. Two excellent sources for ideas on how to conserve are the Soil and Water Conservation Society (www.swcs.org) and the American Waterworks Association (www.awwa.org). Also, we encourage customers to take the following steps:

Inside the Home

- Check your toilets for leaks – a leaking toilet can use up to 8,000 gallons in a 24-hour period. Put food coloring in your tank. If color appears in the bowl without flushing, you have a leak that should be corrected immediately.
- Don't use toilets as ashtrays or trash cans.
- Fill plastic bottles with sand or pebbles and place in your toilet tank.
- Take shorter showers and use less bath water.
- Install water-saving shower heads or flow restrictors.
- Turn off the water after you wet your toothbrush.
- Rinse your razor in the sink.
- Check faucets and pipes regularly for leaks.
- Use your dishwasher and washing machine for full loads only.
- If you wash dishes by hand, don't leave the water running while you work.
- Don't let the faucet run while you clean vegetables.

Outside the Home

- Water your lawn only when it needs it and do so during the cool hours of the day. Early morning is best, since water can evaporate off your lawn on hot afternoons.
- Plant drought-resistant trees and plants that require less watering.
- Use a broom, not a hose, to clean driveways, sidewalks and decks.
- Don't run the hose while washing your car.
- Don't let children play with hoses or sprinklers.