



**Rathbun
Regional
Water
Association, Inc.**

16166 Hwy J29-Centerville, IA 52544-8307

Spring 2008

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RRWA Planning New Plant Project

Rathbun Regional Water Association (RRWA) supplies potable water to 60,000 people in the rural areas of 14 counties and 41 communities in southeast Iowa and northeast Missouri from the Association's water treatment plant at Rathbun Lake. Peak daily demand for water in the portion of RRWA's service territory that is supplied by the Association's treatment plant has increased to the point that this demand, approaching 9.0 million gallons per day (MGD), exceeds the plant's production capacity of 8.0 MGD.

RRWA's existing treatment plant and distribution system will not allow the Association to supply the quantity of potable water required to meet future residential, industrial, and agricultural demand. The average and peak daily production that will be required to satisfy this future demand for potable water in that portion of RRWA's service territory supplied by the Association's existing treatment are presented below:

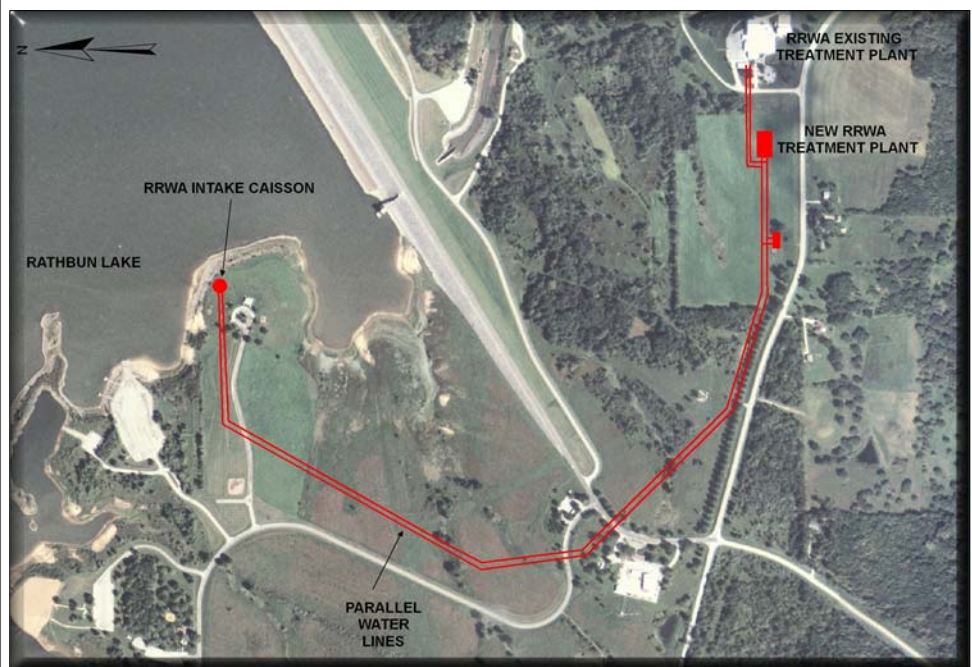
Years in the Future	Required Average Daily Production Capacity (MGD)	Required Peak Daily Production Capacity (MGD)
Ten	7.6	10.6
Twenty	8.8	12.3
Thirty	10.2	14.3

Measures required to expand RRWA's water treatment and distribution system that will enable the Association to satisfy this growth in demand for potable water include:

- ⇒ Acquisition of additional water supply storage rights in Rathbun Lake
- ⇒ A raw water intake in Rathbun Lake with a capacity of 17.5 MGD
- ⇒ A second water treatment plant with a capacity of 8.5 MGD
- ⇒ Additional elevated storage tanks
- ⇒ Associated distribution system pump stations and pipelines

RRWA is working with McClure

Engineering Company from Fort Dodge on the design for this project, which includes plans for a caisson and intake into Lake Rathbun, a new Treatment plant west of the existing treatment plant, and a pipeline connecting the intake to the new and existing treatment plants. RRWA plans to complete these measures during the three-year period of 2008 – 2010. The Board of Directors of RRWA have done extensive planning for the future of RRWA and the citizens of its service territory and have concluded that these measures must be taken in order to ensure the economic viability of Southern and Southeastern Iowa and Northeast Missouri.

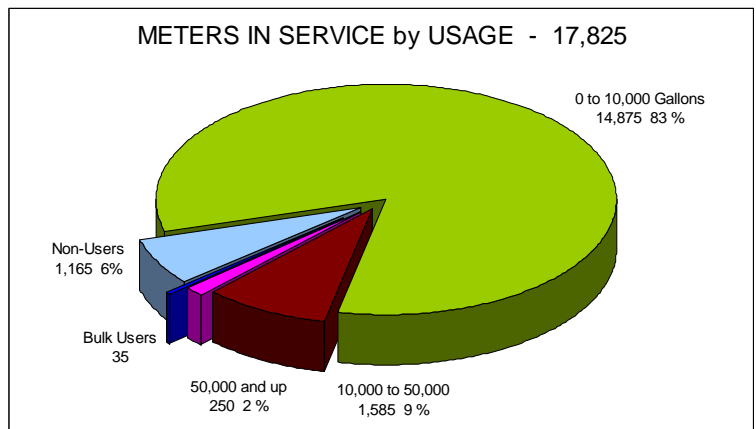


The above sketch shows the caisson intake at the Rathbun Lake Dedication Site and raw water lines connecting the intake to the proposed new water treatment plant.

2008 Financial Summary of RRWA

The number of meters that RRWA customers had in service increased by 175 throughout the year and totaled 17,825 at the end of 2007. Water usage during 2007 increased by 3% or about 75 million gallons from the previous year and total over 2.6 billion gallons.

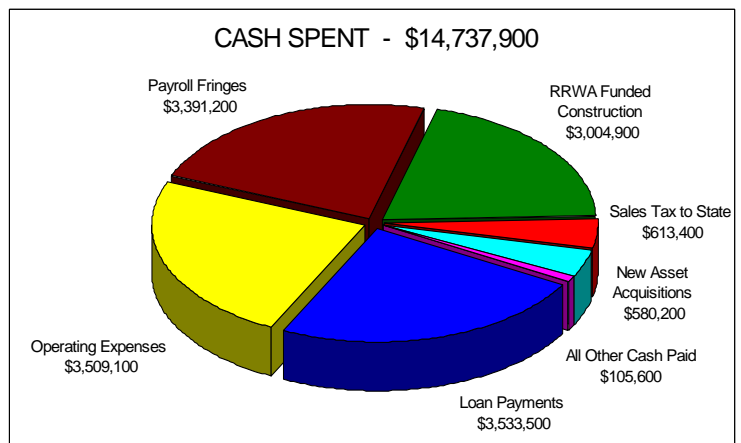
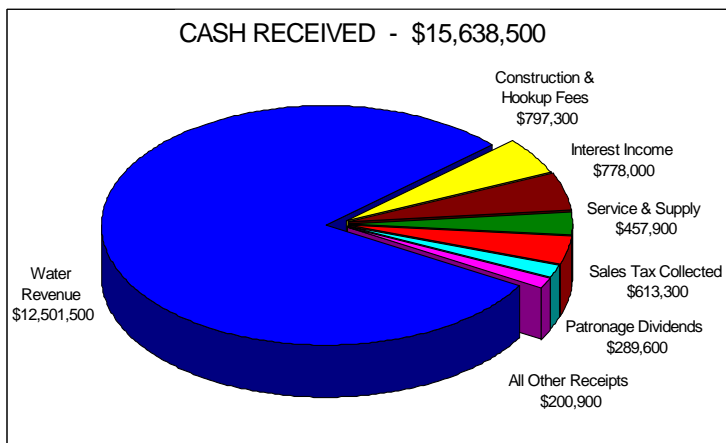
That 2.6 billion gallons in water sales generated revenues of \$12.3 million and when combined with another \$200,000 collected from 800+ Waste Water customers, accounted for 80% of the total cash received during 2007. Construction income and hookup fees charged to 325 new additions to the distribution system brought in \$800,000. Income from our cash investments generated almost \$800,000 in interest income for a 5.25% average rate of return. Service and Material sales provided to other organizations as well as our rural customers brought in \$450,000 in cash; proceeds from patronage dividends accounted for \$290,000 of incoming cash; sales tax collected from our customers totaled \$613,300 and all other cash received totaled \$200,000 or the remaining 1% of cash receipts.



The largest segment of cash expenditures during 2007 continued to be RRWA's loan payments which used over \$3.5 million or almost 25% of all cash. Interest payments totaled \$2.1 million on an average loan balance of \$36 million throughout the year and principal payments made up the remaining \$1.4 million. Operating Expenses of the company required another \$3.5 million and included in this segment was everything from the chemicals and electricity used to purify and pump the water to the fuel and repair costs associated with our trucks and equipment, or the office supplies and postage expenditures made during the year. Another 23% of the total expenditures or \$3.4 million was spent on salaries, fringes and payroll taxes for the company's 58 full-time employees. Internally funded construction projects and improvements to the distribution system totaled just over \$3 million and new asset acquisitions or capital purchases equaled \$580,000; payments made to the State of Iowa for sales/local option tax totaled \$613,400; and all other uses of cash totaled \$105,600 or the remaining 1% of total expenditures.

Total cash expenditures for the year added up to \$14,737,900, which when compared with total cash receipts of \$15,638,500, resulted in a positive cash flow during the year of \$900,600. This increase of cash along with the \$3 million in new construction and \$580,000 in capital purchases contributed to RRWA assets growing by \$2.1 million over 2006 numbers and totaling \$98.7 million at 12/31/07. Member's Equity or the company's Net Worth was increased to \$62.5 million at year-end and represented almost 65% of total assets while RRWA's debt was reduced by the \$1.4 million and totaled \$35.5 million at 12/31/2007.

RRWA strives to improve the quality of life in our region by providing our customers with safe, high quality drinking water and related services at the most affordable price possible without jeopardizing the financial stability of the Association. During 2007, this stability and the financial conditions of the organization continued to improve and strengthen, ensuring the ability of continuous improvement and the implementing of practices that will promote not just service but service excellence to our members.



Distribution Update

The year of 2007 was once again a industrious time for the construction and distribution crews at Rathbun Regional Water Association, Inc. (RRWA). RRWA owns and operates two maintenance facilities. The

“...thirty (30) individuals to staff these two facilities...”

Rathbun Maintenance Facility is located north of Centerville in Appanoose County on highway 5 and the Salem Maintenance Facility is located outside the town of Salem in Henry County. RRWA employs approximately thirty (30) individuals to staff these two facilities and these thirty employees install all water hookups, repair leaks, read and service all water meters and facilitate all other maintenance located within the RRWA distribution system.

During 2007 three hundred twenty-six (326) “add-on” hookups were installed. These hookups included twenty-one (21) new services installed at Lake Sundown in Appanoose County. Crews also installed new infrastructure at Lake Sundown required to install

those twenty-one (21) new hookups. Approximately 60% of all hookups installed revolve around new home construction.

Near Clarkdale, in Appanoose County, RRWA is constructing a new water tower. July 2008 is the target date to place the new



tower into service which holds one million gallons of water. The tower will be connected to the distribution system by two miles of fourteen inch



pipe traveling from Clarkdale to Mystic in Appanoose County. Nine miles of twelve inch pipeline were installed in Davis County in 2007. The pipe was laid from Tower #25 near Moulton to south of West Grove. The City of Olds in Henry County connected to RRWA and began using water early in

2007. Three miles of four inch pipeline was installed to serve Olds. All of these additions and improvements help RRWA attain our mission of providing our customers with safe, high quality drinking water as efficiently and reliably as possible.



“...providing our customers with safe, high quality drinking water...”

In addition to all of these projects the staff has completed numerous up-keep tasks such as line relocations, leak repairs, the lowering of pipe due to washouts and construction work requested by customers.



E-PAY VS AUTO-PAY

E-Pay or Auto Pay, which is the best option for your water bill? Auto Pay, something many of us had never heard of until recently, is now available to most through their bank and many times at no cost. This option allows an online payment each month from your banks web-site, then your bank prints a check and mails your payment to the vendor. Sounds pretty slick, doesn't it? You don't have to mail anything or spend hours writing checks and addressing envelopes. The only problem is with a self-billing system like RRWA where you have to submit a billing ticket each month to report the amount of water you used and the amount of your bill. Those choosing to utilize Auto Pay should be aware that your bank does not send a billing ticket with meter readings and most only print your name on the check or check stub. RRWA staff finds your account number, fills out a billing ticket, checks your previous meter reading, and must guess at the present reading by the amount you paid. Often times what we “assume” you are paying is not what you intended. RRWA would like to request those utilizing Auto Pay consider switching to the RRWA **E-Pay** system, in which you access the RRWA web-site to enter your information. Using **E-Pay** also relieves the process of writing checks and mailing envelopes plus we know the correct readings almost instantly.

With any computer and Internet access, RRWA customers are able to retrieve their account(s); view payment history, prior usage and meter information; receive e-mail payment reminders; enter current meter readings to calculate the monthly bill; and confirm the bill to be paid from a bank account or credit card all in a matter of minutes. **E-Pay**, through a secure log-on process, will provide customers a quick and convenient quality service, consolidating all of their accounts in one easily accessible online site. And although prior registration will be necessary, the customer will be able to pay bills online through the simple click of a mouse, yet still have the same control regarding when to pay.

If you are interested in this payment option please log onto our web-site at rrwa.net and click the **E-Pay** option. Then print the authorization form, fill it out and return it to our office. Once we have received the form you will be provided with a user name and password to access your account when paying your water bill.



Remote Readouts

The actual metering device is a meter located in the pit, which is connected to the remote readout by a wire. The remote is mounted on a green post and set close to the meter pit. If the wire is disconnected from the remote it will quit working; however, the meter in the pit continues to register the water usage. The remote readout is provided merely for the convenience of the customer.

The RRWA area representatives strive to read all meters in their area once a year. At that time, the area representative verifies that the meter in the pit and the remote read the same and conduct repair to those that differ. The customer is notified to describe the action taken with regard to your remote. Then your account is billed for the water not reported by the remote.



It is very important that you notify our office once a significant change is noticed in your water usage. Should the usage drop for no apparent reason, check the meter in the pit and compare it with the remote meter. If the two meters are different please contact the office for repair. Higher usage could result from leaks in your water system, such as faucets, hydrants or toilets. Please contact our office if you cannot locate the problem and we will dispatch a service representative to help locate the origin of a leak. It is the customers responsibility to repair the leak and make restitution for the water that went through the meter.

The self-billing procedure, which requires individual customers to read their own meter monthly, has been the policy of this Association since it's inception. We strongly believe that this has played a major role in allowing us to maintain low water rates. Should you have questions regarding the meter reading, remotes or our self-billing policy, contact us at 1-800-233-8849 or (641)647-2416.

RRWA 31st ANNUAL MEETING HELD



The 31st Annual Membership meeting was held at the RRWA Treatment Plant, 16166 Hwy J29, Centerville, IA on February 28, 2008 at 7:30 p.m.

Three directors were re-elected to serve a three-year term on the RRWA Board:

District 2: Joe Hollinrake who resides at 1324 515th Avenue, Lovilia, Iowa.

District 3: Marvin Ryan who resides at 2386 Hwy S60, Seymour, Iowa.

District 7: Mike Fesler who resides at 11301 Danville Road, Danville, Iowa.

RRWA would like to thank all of the those members of the nominating committee for their willingness to serve. Members of the nominating committee appointed by the Board of Directors were: Bruce Frevert-Centerville, Charles Jacobs-Albia, Gary Dinsmore-Keosauqua, Gary Runyon-Allerton, Rodney Sturdivant-Donnellson, Richard Rickelman-Bloomfield, and Bill Hillyard-Burlington.

Other items discussed at the meeting were:

- The 2007 Financial Report of RRWA
- A report on the progress of projects at RRWA
- A report on "Protecting Rathbun Lake "
- Tour of the RRWA Treatment Plant



RRWA and our partners are taking action to protect Rathbun Lake. Rathbun Lake is the source of water for RRWA's existing and new water treatment plants. Find out more about Rathbun Lake protection efforts, and what you can do to help, by visiting the Rathbun Land and Water Alliance's web site at:

www.rlwa.org