

May 9, 2017

Dear New Century Water Customers,

This letter is to inform you of a rate increase for water service that will go into effect on July 1, 2017. The Johnson County Airport Commission approved a 10% increase in the consumption charge at its April 26, 2017 meeting. The last adjustment to water rates occurred in May of 2014.

The new rates are designed to begin the process of a better cost recovery model for the operating and capital needs of the New Century water utility and equitably recover costs from all customers. The increases are necessary to eliminate annual operating budget deficits, cover cost increases in wholesale water purchases, and fund the replacement of aging water distribution infrastructure. The primary factor in the rate increase is to cover the cost of acquiring potable water from other suppliers as the Commission does not have water treatment facilities. Wholesale water purchases represent approximately two thirds of the operating costs of the Commission's water distribution utility. Additionally, over \$1.5 million dollars has recently been invested in upgrades to the overall system, parts of which date back to the Navy's creation of the system in the 1940s.

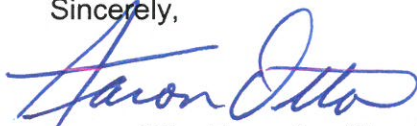
The Commission's water rate schedules consist of three components: (i) a monthly service charge of \$12.50 for each customer, (ii) a monthly minimum charge for each customer based on the size of the customer's water meter, and (iii) a consumption charge based on all usage over 5,000 gallons. The rate schedule is shown in detail below:

Monthly Minimum Based On Meter Size	Current Rates	New Rates
5/8" to 3/4"	\$8.00	\$8.00
1" to 1 1/2"	\$15.00	\$15.00
2"	\$32.00	\$32.00
3"	\$60.00	\$60.00
4"	\$100.00	\$100.00
6"	\$207.50	\$207.50
8"	\$315.00	\$315.00
<b>Monthly Service Charge - Includes First 5,000 Gallons</b>	\$12.50	\$12.50
<b>Usage Over 5,000 Gallons - Cost Per 1,000 Gallons</b>	\$4.05	\$4.46

As the table indicates, the only component of the rate schedule that is increasing is the consumption charge.

With this rate increase the New Century Water system cost per 1,000 gallons is still more than 30 percent less than neighboring water systems. If you have questions about the rate change, please contact customer service at 913-715-6000, Monday through Friday, 8 a.m. – 5 p.m.

Sincerely,



Aaron Otto, Executive Director  
Johnson County Airport Commission