

PRESS RELEASE

THE ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY WILL HOLD PUBLIC HEARINGS ON THE AUTHORITY'S PROPOSED 2011 BUDGET AND PROPOSED CHANGES TO THE RULES, RATES, AND REGULATIONS ON TUESDAY, NOVEMBER 23, 2010 AND WEDNESDAY, DECEMBER 1, 2010.

The November 23, 2010 and December 1, 2010 hearings will be held at the ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY, located at 401 N. Virginia Avenue, Atlantic City, New Jersey. Both hearings will begin at 10:00 A.M. The budget is scheduled for adoption at the regularly scheduled Board Meeting on December 14, 2010.

The MUA will also accept written comments. Comments received before the hearings will be read into the hearing record. Written comments not read at the hearings will be presented at the Board Meeting. The Board Meeting is open to the public.

THERE WILL BE A 2 % INCREASE IN RATES FOR WATER SERVICE IN 2011

Over the last several years, the Atlantic City Municipal Utilities Authority (MUA) has seen its expenses rise, however, its revenue, since 2006, has shown a steady and continual decline. The MUA attributes the decline to two (2) primary factors. The first is the removal of hotels and housing in Atlantic City through demolition. Projects such as the Pinnacle that took the Sand's Casino Hotel out of service and demolished it, as well as several other hotels in the area had a significant detrimental effect on the MUA's revenues. The next most significant factor in the MUA's revenue decline is water conserving devices. Water conservation is always promoted in order to minimize the wasteful use of resources. Since 1992, the MUA has seen the average gallons per capita per day in Atlantic City for residential customers drop from 97 to 73, almost a twenty-five (25%) percent reduction. In 2010, the trend reversed slightly due to the lack of rainfall and high temperatures during the summer. The MUA still saw only a minor increase in water demand. However, last year's rate increase allowed the MUA to stabilize its finances.

The most significant impact in the MUA's budget for 2011 is the increase in debt service. Several years ago the MUA refinanced one of its Bonds. The lower interest rate would produce lower future budgets. Faced with declining revenues, the MUA took most of the savings in the first two years to avoid raising rates, considering the loss of revenue previously noted. The MUA planned to coincide the increase in debt service with the opening of Revel, originally projected in 2011. However, since Revel will not open in 2011, the anticipated increase of \$433,000 in debt service has dictated the need for a rate increase. The proposed 2% rate increase will only raise any additional \$271,695. The remainder of the increased expense will be balanced by a reduction in expenses.

The MUA's proposed 2 % increase will be applied as a 5% increase in base charges and no increase in excess charges, for all users in all categories in Atlantic City.

The average residential single family property in Atlantic City currently pays approximately \$207 per year for water. The MUA is currently projecting that, with this rate increase, the average consumer will pay \$212.20 per year. This is a \$5.20 per year increase.

THE CONNECTION FEE RATE WILL INCREASE

State Law sets a formula mandating the specific calculation of Connection Fees. State Law further requires that Connection Fees be recalculated at the end of every calendar year, and that all Debt Service and Capital Expenditures be included in the new calculation.

The net result is a proposed Connection Fee in 2011 of \$10.8864 per gallon of average daily flow. This applies to new construction.

The MUA is also making changes to the Rules, Rates and Regulations. The full text of the changes is available by contacting the MUA's offices. It is also available on the MUA's website: www.acmua.org.

Submitted by: Neil A. Goldfine
Executive Director