



City of Falls Church

Office of the City Attorney

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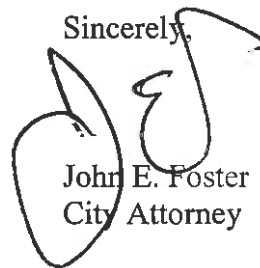
Stuart A. Raphael, Esquire
Hunton & Williams
1751 Pinnacle Drive, Suite 1700
McLean, Virginia 22102

Re: Water Rate Study of MSFG – Final Report

Dear Stuart:

Relative to the above, enclosed please find a courtesy copy of the Final Report of the Water Rate Study (“Final Report”) of Municipal & Financial Services Group (“MFSG”). The City plans to schedule for public hearing on June 27, by the City Council, amendments to its water rates consistent with the Final Report. As you can see from the Final Report, the City is considering the establishment of cash reserves as a prudent measure for the operation of its water system and there will be no transfer of water fund profits to the City’s general fund, or a return on equity. I believe that such actions will be wholly consistent with Judge Ney’s rulings in Case Number CL2008-16114. Therefore, please let me know if you have any questions or concerns about the Final Report or the City’s proposed course of action by June 15, 2011.

Sincerely,



John E. Foster
City Attorney