

REFUNDING ISSUE - BOOK-ENTRY-ONLY

Rating (See "RATINGS" herein)

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Authority with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Twenty-seventh Series Bonds (as hereinafter defined) is excludable from the gross income of the owners thereof for federal income tax purposes and will not be treated as a preference item for purposes of computing the federal alternative minimum tax; however, with respect to certain corporations, such interest is taken into account in the calculation of adjusted current earnings for the purpose of the federal alternative minimum tax on such corporations. Bond Counsel is also of the opinion that under current law, interest on the Twenty-seventh Series Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Twenty-seventh Series Bonds. See "TAX MATTERS" herein regarding certain other tax considerations.

§ _____ *

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
WATER SYSTEM REVENUE REFUNDING BONDS,
TWENTY-SEVENTH SERIES**

Dated: Date of Delivery**Due: August 1, as shown on inside cover**

The South Central Connecticut Regional Water Authority's (the "Authority") § _____ * Water System Revenue Refunding Bonds, Twenty-seventh Series (the "Twenty-seventh Series Bonds") are general obligations of the Authority issued pursuant to Special Act No. 77-98 of the State of Connecticut, as amended (the "Act") and the Water System Revenue Bond Resolution General Bond Resolution, adopted July 31, 1980, as amended and supplemented by all supplemental resolutions including the Twenty-seventh Series Supplemental Resolution (collectively, the "General Bond Resolution"). The Twenty-seventh Series Bonds are secured by a pledge of the Revenues of the Authority pursuant to the General Bond Resolution, which pledge is described herein, and all moneys and securities in all funds established by the General Bond Resolution. **The Authority has no taxing power. The Twenty-seventh Series Bonds are not a debt of the State of Connecticut, or any municipality thereof, and neither the State nor any municipality is liable thereon.**

The Twenty-seventh Series Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. Purchases of beneficial ownership interests in the Twenty-seventh Series Bonds will be made in book-entry-only form without certificates. Interest on the Twenty-seventh Series Bonds will be payable on August 1, 2012 and semiannually on each February 1 and August 1 thereafter to maturity at the interest rates shown on the inside front cover. Individual purchases of Twenty-seventh Series Bonds will be in the principal amount of \$5,000 or any integral multiple thereof. Principal and redemption price, if any, of and interest on the Twenty-seventh Series Bonds will be paid directly to DTC by U.S. Bank National Association, Boston, Massachusetts, the Trustee and Paying Agent. See "Book-Entry-Only System" herein.

The Twenty-seventh Series Bonds are subject to redemption prior to their stated maturity as more fully described herein.

The Twenty-seventh Series Bonds are being issued to (i) finance the refunding of certain maturities of the Authority's outstanding Bonds, (ii) fund certain reserve funds held under the General Bond Resolution, if necessary, and (iii) pay costs of issuance. See "AUTHORIZATION AND PURPOSE" and "PLAN OF FINANCING" herein.

The Twenty-seventh Series Bonds are legal investments in Connecticut under the Act for all public officers and bodies of the State and all municipalities, all insurance companies and associations, and all banks, trust companies, savings banks and savings and loan associations. Under the Act, the Twenty-seventh Series Bonds are not eligible investments in Connecticut for funds of trusts, estates or guardianships under the control of individual administrators, guardians, executors, trustees or other individual fiduciaries.

The Twenty-seventh Series Bonds are offered when, as and if issued and received by the Underwriter, subject to approval of legality by Pullman & Comley, LLC, Bond Counsel, Hartford, Connecticut. Certain matters will be passed upon for the Underwriter by Day Pitney LLP, Hartford, Connecticut. It is expected that the Twenty-seventh Series Bonds, in definitive form, will be available for delivery at DTC, or its custodial agent, in New York, New York on or about _____ (the "Date of Delivery").

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MORGAN STANLEY

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell, or the solicitation of an offer to buy, or shall there be any sale of the within described Bonds in any jurisdiction which such offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of such jurisdiction.

\$ _____ *

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
WATER SYSTEM REVENUE REFUNDING BONDS,
TWENTY-SEVENTH SERIES**

Maturity Schedule

<u>Due</u> <u>(August 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP** No.</u>
2012	\$	%			837227____
2013					837227
2014					837227
2015					837227
2016					837227
2017					837227
2018					837227
2019					837227
2020					837227
2021					837227
2022					837227
2023					837227
2024					837227
2025					837227
2026					837227
2027					837227
2028					837227
2029					837227
2030					837227
2031					837227
2032					837227
\$ _____	_____ %	Term Bond due _____	Yield _____ %	CUSIP 837227 _____	
\$ _____	_____ %	Term Bond due _____	Yield _____ %	CUSIP 837227 _____	

*Preliminary, subject to change.

**A registered trademark of the American Bankers Association. CUSIP (Committee on Uniform Security Identification Procedure) data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. The Authority and the Underwriter do not make any representation with respect to such numbers. The CUSIP numbers are subject to change after the issuance of the Twenty-seventh Series Bonds.

The purpose of this Official Statement is to provide certain financial information and supplementary economic and demographic data relevant to the South Central Connecticut Regional Water Authority (the "Authority") in connection with the sale of its \$ _____ * Water System Revenue Refunding Bonds, Twenty-seventh Series (the Twenty-seventh Series Bonds), dated the Date of Delivery

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Twenty-seventh Series Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the Authority to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the foregoing.

The information set forth herein has been obtained from the Authority and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority since the date hereof.

Set forth in Appendix B, "Audited Financial Statements of the Authority for Fiscal Years Ended May 31, 2011 and May 31, 2010," hereto is a copy of the report of Blum, Shapiro & Company, P.C., the independent auditor for the Authority with respect to the financial statements of the Authority included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditor has not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period. Pursuant to the auditor's engagement letter, the inclusion of the report in Appendix B does not require that the Authority obtain prior permission from the auditor. Accordingly, the auditor has not been asked nor has it given permission to print its report in this Official Statement. Except as stated in their report, the auditor has not been engaged to verify the financial information set out in Appendix B and is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Neither Bond Counsel, the Underwriter nor the Financial Advisor are passing upon or assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth in the opinion of Bond Counsel), and they make no representation that they independently have verified the same.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the Authority include, among others, changes in economic conditions, mandates from other governments, extreme weather conditions and various other events, conditions and circumstances, many of which are beyond the control of the Authority. Such forward-looking statements speak only as of the date of this Official Statement. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Authority's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

IN CONNECTION WITH THE OFFERING OF THE TWENTY-SEVENTH SERIES BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE TWENTY-SEVENTH SERIES BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

*Preliminary, subject to change.

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OFFICIAL STATEMENT

\$ _____ *

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY WATER SYSTEM REVENUE REFUNDING BONDS, TWENTY-SEVENTH SERIES

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by the South Central Connecticut Regional Water Authority (the “Authority”) of its \$ _____ * Water System Revenue Refunding Bonds, Twenty-seventh Series (the “Twenty-seventh Series Bonds”), dated the Date of Delivery. The Twenty-seventh Series Bonds are authorized to be issued pursuant to Special Act No. 77-98, as amended (the “Act”), of the State of Connecticut (the “State”) and the Water System Revenue Bond Resolution, General Bond Resolution, adopted July 31, 1980, as amended and as supplemented by supplemental resolutions including the Twenty-seventh Series Supplemental Resolution adopted on _____ (collectively, the “General Bond Resolution”). See Appendix C hereto for “Summary of Certain Provisions of the General Bond Resolution”.

All references herein to the Act, the General Bond Resolution and the Twenty-seventh Series Bonds are qualified in their entirety by reference to the Act and the definitive documents. Capitalized terms used in this Official Statement but not defined herein have the meaning set forth in the General Bond Resolution and in Appendix C-1 - “Definitions of Certain Terms Defined in the General Bond Resolution” herein.

The General Bond Resolution constitutes a contract between the Authority and the holders of all bonds issued thereunder. Pursuant to the General Bond Resolution, all bonds issued thereunder are equally and ratably secured by the pledges and covenants contained therein, and all such bonds, including the Twenty-seventh Series Bonds, are herein called the “Bonds”.

The Authority currently owns and operates an extensive water supply and distribution system (the “Water System”), which serves customers in fifteen municipalities within the South Central Connecticut Regional Water District (the “District”).

The Twenty-seventh Series Bonds are being issued to (i) finance the refunding of certain maturities of the Authority’s outstanding Bonds, (ii) fund certain reserve funds held under the General Bond Resolution, if necessary, and (iii) pay costs of issuance. See “AUTHORIZATION AND PURPOSE” and “PLAN OF FINANCING” herein.

The Authority was created under the Act in 1977 for the purpose of assuring the provision of an adequate supply of pure water at a reasonable cost within the District and, to the degree consistent with the foregoing, of advancing the conservation and compatible recreational use of land held by the Authority. In 2002, the Connecticut General Assembly granted the Authority permission to provide wastewater services. To date, the Authority provides no such services.

Under the Act, the District comprises the territories of the towns and cities of Ansonia, Bethany, Beacon Falls, Branford, Cheshire, Derby, East Haven, Guilford, Hamden, Killingworth, Madison, Milford, New Haven, North Branford, North Haven, Orange, Prospect, Seymour, West Haven and Woodbridge, Connecticut. The Act further provides for the establishment of a representative policy board (the “RPB” or the “Representative Policy Board”), composed of one member from each of the municipalities comprising the District and one member appointed by the Governor. The RPB is empowered, among other things, to appoint the five members of the

*Preliminary, subject to change.

Authority; to approve (i) the acquisition of any existing water system or wastewater system, (ii) the repair, improvement, construction, reconstruction, enlargement or extension of any of the Authority's properties or systems costing more than \$2,000,000, (iii) the water rates and charges established by the Authority and (iv) the issuance of bonds; and to ratify the chief executive officer appointed by the Authority.

DESCRIPTION OF THE TWENTY-SEVENTH SERIES BONDS

Description of the Twenty-seventh Series Bonds

The Twenty-seventh Series Bonds will be dated the Date of Delivery and will mature on August 1 in the years and in the amounts, and will bear interest payable semiannually on each February 1 and August 1 commencing August 1, 2012 at the rates per annum, all as set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. The principal and interest on the Twenty-seventh Series Bonds will be paid to the registered owner as of the close of business on the fifteenth day of January and July (or the preceding business day if such fifteenth day is not a business day) in each year.

The Twenty-seventh Series Bonds are issuable as registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Optional Redemption of the Twenty-seventh Series Bonds

The Twenty-seventh Series Bonds with a stated maturity on or after August 1, 2023 are subject to redemption at the option of the Authority in denominations of \$5,000 or any integral multiple thereof, either in whole or in part, on any date on or after August 1, 2022, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption of the Twenty-seventh Series Bonds

The Twenty-seventh Series Bonds due on _____ are subject to mandatory redemption in part at 100% of the principal amount thereof plus accrued interest to the date of redemption, from sinking fund payments which are required to be made in amounts sufficient to redeem on August 1 of each of the years set forth in the following table, the principal amount of the Twenty-seventh Series Bonds specified opposite each of such years:

<u>Year</u>	<u>Amount</u>
	\$
	\$
	\$

Special Mandatory Redemption

All Bonds are subject to mandatory redemption in whole at 100% of the principal amount thereof plus accrued interest to date of redemption (or, in the case of capital appreciation bonds, their accreted value on the date of redemption), if all or substantially all of the Water System is taken by the State or any municipality in the State with general governmental powers and duties. For purposes of this provision, "substantially all of the Water System" includes any part of the Water System the taking of which would cause a reduction in the Authority's current water supply by twenty percent (20%) or more or would prevent water service to twenty percent (20%) or more of the customers of the Water System at the time of such taking, unless in the opinion of the Consulting Engineer (a) the remaining portion of the Water System is sufficient to serve the remaining customers of the Water System and (b) after adjustments for any rates adopted by the Authority and any adjustment in costs as a result of such taking, the Authority will be able to comply with the debt service coverage requirements of the General Bond Resolution.

Redemption Procedures

In the event of a partial redemption of Twenty-seventh Series Bonds, the Authority may direct the maturity or maturities and amounts to be redeemed. If less than all Twenty-seventh Series Bonds of a particular maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected in such manner as the Trustee in its discretion shall deem fair and appropriate as provided in the General Bond Resolution.

When the Trustee receives notice of the Authority's election to redeem Twenty-seventh Series Bonds or when redemption is required pursuant to the General Bond Resolution, the Trustee is required to give notice of such redemption, which must specify the maturities and CUSIP (Committee on Uniform Security Identification Procedure) numbers of the Twenty-seventh Series Bonds to be redeemed, the redemption date and the place or places where amounts due upon redemption will be payable. Such notice is to state that on such date Twenty-seventh Series Bonds to be redeemed shall become due and payable and thereafter interest thereon shall cease to accrue and be payable. Such notice will be given by publication once a week for at least two successive weeks in authorized newspapers of general circulation in New Haven, Connecticut and New York, New York, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. A copy of such notice also will be mailed not less than twenty-five (25) days before the redemption date to the registered owners of any Twenty-seventh Series Bonds to be redeemed. So long as Cede & Co., as nominee of DTC (as hereinafter defined) is the registered owner of the Twenty-seventh Series Bonds, all notices of redemption with respect to the Twenty-seventh Series Bonds will be sent only to DTC. Notice need not be published if all the Twenty-seventh Series Bonds or portions of Twenty-seventh Series Bonds to be redeemed are registered Twenty-seventh Series Bonds and a notice in the form required for published notice is mailed, postage prepaid, to the registered owners of such Twenty-seventh Series Bonds at their last addresses appearing on the registry books of the Trustee.

Book-Entry-Only System

Unless otherwise noted, the description that follows of the procedures and record-keeping with respect to beneficial ownership interests in the Twenty-seventh Series Bonds, payment of interest and other payments on the Twenty-seventh Series Bonds to DTC Participants or Beneficial Owners of the Twenty-seventh Series Bonds, confirmation and transfer of beneficial ownership interests in the Twenty-seventh Series Bonds and other bond-related transactions between DTC, the DTC Participants and Beneficial Owners of the Twenty-seventh Series Bonds is based solely on information provided on the DTC's website and presumed to be reliable. Accordingly, the Authority does not and cannot make any representations concerning these matters.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Twenty-seventh Series Bonds. The Twenty-seventh Series Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Twenty-seventh Series Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for

DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Twenty-seventh Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Twenty-seventh Series Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2012 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Twenty-seventh Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Twenty-seventh Series Bonds, except in the event that use of the book-entry system for the Twenty-seventh Series Bonds is discontinued.

To facilitate subsequent transfers, all Twenty-seventh Series Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Twenty-seventh Series Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Twenty-seventh Series Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Twenty-seventh Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Twenty-seventh Series Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Twenty-seventh Series Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Twenty-seventh Series Bonds may wish to ascertain that the nominee holding the Twenty-seventh Series Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Twenty-seventh Series Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Twenty-seventh Series Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Twenty-seventh Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Twenty-seventh Series Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail

information from the Authority or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Twenty-seventh Series Bonds at any time by giving reasonable notice to the Authority or Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

THE AUTHORITY AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC, ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON, THE TWENTY-SEVENTH SERIES BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS; (IV) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER; OR (V) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE TWENTY-SEVENTH SERIES BONDS.

FOR SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE TWENTY-SEVENTH SERIES BONDS, ALL REFERENCES HEREIN TO THE OWNER OF THE TWENTY-SEVENTH SERIES BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN ANY BENEFICIAL OWNER OR BENEFICIAL OWNERS OF THE TWENTY-SEVENTH SERIES BONDS NOR ANY PARTICIPANT OF DTC, UNLESS SPECIFIC EXCEPTION HAS BEEN EXPRESSED HEREIN.

SECURITY AND SOURCES OF PAYMENT FOR THE TWENTY-SEVENTH SERIES BONDS

The Twenty-seventh Series Bonds are general obligations of the Authority payable from and secured by a pledge of all Revenues and all moneys and securities in all Funds established by the General Bond Resolution. Revenues include income derived from the payment of rates and charges for water service, the subsidy paid to the Authority from the United States Treasury pursuant to Section 54AA of the Code and from investment of moneys in the Funds established under the General Bond Resolution, other than the Construction Fund. Revenues do not include government grants and contributions for capital improvements. The Authority shall deposit all Revenues to the credit of the Revenue Fund and shall apply such Revenues, first, and free and clear of any lien or pledge of the General Bond Resolution, to the payment of Operating Expenses. Operating expenses do not include PILOT, as described below. The Authority has no taxing power. **The Twenty-seventh Series Bonds are not a debt of the State or any municipality thereof, and neither the State nor any municipality is liable thereon, nor shall the Twenty-seventh Series Bonds be payable out of any funds other than those of the Authority, as provided under the General Bond Resolution and the Act.**

The Act requires that the Authority make certain payments to the municipalities in which it owns property in lieu of real and personal property taxes (“Payments-in-Lieu-of-Taxes” or “PILOT”) but provides that the payment of debt service shall have priority over any claim for PILOT. Accordingly, requirements for PILOT are excluded from the definition of “Operating Expenses.”

Debt Reserve Fund

The Twenty-seventh Series Bonds additionally are secured by a pledge of moneys and securities held in the Debt Reserve Fund held by the Trustee which must be funded at an amount equal to, but not greater than, the least of (i) the maximum annual principal and interest requirements in the current or any succeeding Fiscal Year on the Bonds; (ii) 10% of the stated principal amount (or issue price, as provided in the Code) of the Bonds and (iii) 125% of the average annual principal and interest requirements of the Bonds (the “Debt Reserve Fund Requirement”). On the Date of Delivery, the Debt Reserve Fund will contain moneys in the aggregate amount of \$12,107,756 and unconditional and irrevocable Municipal Bond Debt Service Reserve Fund Policies (the “Policies”) as set forth below:

(1) A Municipal Bond Debt Service Reserve Fund Policy issued by Financial Guaranty Insurance Company (“FGIC”) in the amount of \$29,385,000 which secures all Bonds and will terminate August 1, 2033 (and which is subject to that certain Reinsurance Agreement by and between FGIC and MIBA Insurance Corporation (“MBIA”) dated August 27, 2008). FGIC insured transactions carry MBIA’s S&P rating.

(2) A Debt Service Reserve Surety Bond issued by MBIA in the amount of \$1,493,793 which secures the Authority’s Twentieth Series Bonds and will terminate on August 1, 2035 (MBIA was renamed National Public Finance Guaranty Corporation - “NPFG”).

(3) A Municipal Bond Insurance Policy issued by Financial Security Assurance, Inc. (“FSA”) in the amount of \$6,803,894 which secures the Authority’s Twenty-second Series Bonds and will terminate on August 1, 2038. (FSA has changed its name to Assured Guaranty Municipal Corporation - “Assured”).

Together the money and the Policies deposited in the Debt Reserve Fund equal or exceed the Debt Reserve Fund Requirement. As of the date hereof, NPFG and Assured are rated as follows:

[REVIEW BEFORE POSTING]

	<u>NPFG</u>	<u>Assured</u>
Moody’s	Baa2	Aa3
S&P	BBB	AA-
Fitch	Not rated	Not rated

Operating Reserve Fund and Capital Contingency Fund

The General Bond Resolution also established the Operating Reserve Fund and the Capital Contingency Fund, each of which is held by the Authority and maintained in amounts, respectively, equal to at least one-sixth of budgeted Operating Expenses and one percent of outstanding Bonds. Moneys in the Operating Reserve Fund and Capital Contingency Fund may be transferred to the Debt Service Fund if money in the Debt Service Fund is insufficient to pay debt service due or to become due in the next seven days on the Bonds. See “Flow of Funds” below and “Summary of Certain Provisions of General Bond Resolution” in Appendix C.

Rate Covenants

The Authority has covenanted in the General Bond Resolution that the rates and charges established for the Water System shall be at levels sufficient in each Fiscal Year during which any Bonds are outstanding to produce the greatest of:

(1) an amount so that Revenues shall at least equal all Operating Expenses and PILOT, all payments to the Debt Service Fund for debt service on the Bonds, all amounts necessary to maintain all reserve requirements under the General Bond Resolution (unless paid from Bond proceeds), debt service payments on other indebtedness and any related reserve requirements (except payments scheduled to be made from sources other than Revenues), and any other obligations pertaining to the Water System (except to the extent paid from the General Fund or from the proceeds of Bonds, insurance, condemnation, sales of property or other debt);

(2) an amount so that Net Revenues (which is equal to Revenues, including amounts transferred from the Rate Stabilization Fund, minus Operating Expenses, PILOT and Depreciation Expense) shall equal at least 112% of the principal, sinking fund and interest requirements coming due during such year on all outstanding Bonds less the amounts, if any, transferred from the Construction Fund to the Bond Interest Account during such Fiscal Year to pay interest becoming due in such Fiscal Year; and

(3) an amount so that Net Revenues plus PILOT shall equal at least 125% of the principal, sinking fund and interest requirements coming due during such year on all outstanding Bonds, less the amounts, if any, transferred from the Construction Fund to the Bond Interest Account during such Fiscal Year to pay interest becoming due in such Fiscal Year.

Flow of Funds

All Revenues received by the Authority are to be deposited promptly to the credit of the Revenue Fund, which is held by the Authority. After application of moneys in the Revenue Fund to payment of Operating Expenses, monthly transfers to the extent required are made in the following order:

Debt Service Fund. An amount equal to at least one-fifth of the aggregate amount of interest and Swap Payments on all outstanding Bonds coming due during the next six months is deposited in the Bond Interest Account of the Debt Service Fund, which is held by the Trustee. In addition, an amount equal to one-tenth of the aggregate amount of principal coming due on all outstanding Bonds during the next twelve months, including any required sinking fund payments, is deposited in the Bond Principal Account of the Debt Service Fund. No such deposits need be made if the Bond Interest Account and the Bond Principal Account already contain, respectively, interest and Swap Payments coming due in the next six months and principal and sinking fund payments coming due in the next twelve months. The monthly transfers must include any amounts previously due such accounts but not previously deposited. Currently, the Authority is not a party to any Swap Agreement.

Debt Reserve Fund. Any amount necessary to maintain the Debt Reserve Fund Requirement is to be transferred to the Trustee for deposit in the Debt Reserve Fund including any amounts necessary to make the Repayment Obligations.

Reimbursement of Bond Insurer and Bank. Any amounts due (on a parity among themselves) to (1) a bond insurer in reimbursement of amounts due under a policy and related interest amounts due under a bond insurer reimbursement agreement and (2) a Bank for payment of default interest due under a Liquidity Facility. Currently, no Liquidity Facility is outstanding in connection with the Bonds.

Subordinated Debt. Revenues shall be applied to debt service payments on Subordinated Debt issued for payment of Operating Expenses and limited at the time of issuance to 25% of the amount budgeted for Operating Expenses in the then current Fiscal Year.

Debt Service Fund. At the option of the Authority, Revenues shall be applied to make additional deposits to the Debt Service Fund in order to provide sufficient funds to pay all interest, principal and sinking fund payments due on all outstanding Bonds during the remainder of the Fiscal Year and thereafter to a separate fund for the payment, in the following order of (i) principal, redemption price, sinking fund payments and interest payments on Subordinated Debt due or to become due in such Fiscal Year and (ii) amounts due to a Bond Insurer or a Bank.

PILOT Fund. An amount equal to at least one-twelfth of the amounts payable to municipalities in lieu of real and personal property taxes during the next twelve months must be deposited in the PILOT Fund held by the Authority, provided that no such deposit shall be necessary if the amount in the PILOT Fund equals or exceeds the PILOT Fund Requirement.

Construction Fund, Operating Reserve Fund, Capital Contingency Fund and Insurance Reserve Fund. At the option of the Authority, the Authority may contribute funds to the Construction Fund or, to the extent necessary to meet the respective requirements of the Operating Reserve Fund, the Capital Contingency Fund and the Insurance Reserve Fund.

Debt Service Fund for Bond Purchase or Redemption. The Authority may transfer remaining amounts at the end of each month to the Debt Service Fund for purchase or redemption of Bonds, but only if the respective requirements of the Operating Reserve Fund, Capital Contingency Fund and the Insurance Reserve Fund Requirements are met.

Following the end of each Fiscal Year and after making the monthly transfers described above, the Authority shall, to the extent moneys remain in the Revenue Fund at the end of each Fiscal Year, transfer, in the following order, such moneys to meet any deficiency in the Capital Contingency Fund and the Operating Reserve Fund for the next Fiscal Year and then to the Rate Stabilization Fund Variable Rate Sub-account the amount, if any, by which the amount of interest on variable rate bonds assumed for rate making purposes exceeded the interest and related costs actually paid on such bonds and to the Rate Stabilization Fund Surplus Sub-account the amount, if any, determined and directed by the Authority, of the excess of the debt service coverage tests for the prior Fiscal Year. Any remaining balance shall be transferred to the General Fund. Moneys in the General Fund may, at the option of the Authority, be used and applied for any of the purposes related to the Water System for which the foregoing funds and accounts were established and for any other lawful purpose of the Authority.

The Authority shall transfer moneys in the Rate Stabilization Fund to the Revenue Fund to the extent required to make up deficiencies in any of the Funds established above. If all such Funds are maintained at or above their respective requirements, the Authority may at any time transfer any moneys in the Rate Stabilization Fund to the Revenue Fund, but only if each of the other funds are funded at or above their respective requirements.

Additional Bonds

Pursuant to the General Bond Resolution, additional bonds may be issued by the Authority having equal rank with all other Bonds of the Authority, including the Twenty-seventh Series Bonds offered hereby, for the purpose of meeting the capital costs of any Water System Project including the cost of acquiring an existing water system, to refund Bonds, to fund any of the Funds established by the General Bond Resolution, except the Revenue Fund and the General Fund, and to provide funds for Other Corporate Purposes, provided, however, that the aggregate amount of bonds issued for Other Corporate Purposes shall not exceed the greater of \$10,000,000 or 10% of the aggregate amount of the Authority's Outstanding Bonds. Except for bonds issued to refund Bonds and Completion Bonds (as defined below), and except as described below, no additional bonds may be issued unless:

- (a) Revenues during any historical period of twelve consecutive months out of the most recent 18 months, adjusted to reflect the effect of any rate increase adopted prior to the issue of the additional Bonds and adjusted to give effect to any transfers from the Rate Stabilization Fund to the Revenue Fund, are not less than 100% of all expenses and obligations of the Authority that the Authority estimates will be paid from Revenues during the twelve-month period after issuance of the additional bonds, including: (1) Operating Expenses, (2) PILOT, (3) required payments, including those necessary to maintain reserve requirements under the Resolution for all Bonds including the additional bonds, (4) the excess of interest costs on variable rate bonds assumed for rate making purposes over actual interest and related costs expected to be paid, (5) required payments, including those necessary to maintain reserve requirements

under any authorizing resolution, for all Subordinated Debt , (6) Depreciation Expense and (7) payments from Revenues for all other obligations of the Authority;

(b) Net Revenues as so adjusted, plus an amount specified by the Authority on deposit in the Rate Stabilization Fund Surplus Sub-account, which amount shall be no greater than 20% of maximum aggregate amount of Principal Installments and interest of the current Fiscal Year on Outstanding Bonds including the additional bonds, are not less than 112% of the maximum aggregate debt service for the current or any future Fiscal Year on Bonds including the additional bonds; and

(c) Net Revenues as so adjusted, plus an amount specified by the Authority on deposit in the Rate Stabilization Fund Surplus Sub-account, which amount shall be no greater than 20% of maximum aggregate amount of Principal Installments and interest of the current Fiscal Year on Outstanding Bonds including the additional bonds, plus PILOT are not less than 125% of the maximum debt service for the current or any future Fiscal Year on Bonds including the additional bonds.

A certificate of a Consulting Engineer must also be filed with the Trustee stating that the Consulting Engineer has reviewed the assumptions used by the Authority to compute such estimates and that the assumptions and computations based thereon are reasonable. The Authority must also file a certificate with the Trustee which demonstrates that the Authority's Revenues during the historical twelve-month period were not less than 100% of all expenses and obligations of the Authority that were to be paid from Revenues during such period except those to be paid from the General Fund.

Completion bonds are Bonds issued to pay the costs of completing any Water System project for which Bonds have been previously issued (the "Completion Bonds"), but may be issued only to the extent such Completion Bonds exceed the amount of Bonds which was previously estimated to be needed to complete a particular project, as set forth in a certificate of an authorized officer of the Authority, delivered in connection with the most recent issue of Bonds issued to finance such project. The Authority has issued no such Completion Bonds.

In case an existing water system within the Service Area is to be acquired from the proceeds of the additional bonds, the certificate of the Authority shall include the financial information relevant to the water system that the Authority proposes to acquire, provided that the computation of maximum debt service in any future Fiscal Year must include principal and interest on any obligations of the acquired system for which no other provision for payment has been made.

The General Bond Resolution provides that, whenever the Authority issues additional bonds, it shall establish, prior to such issuance, rates and charges with respect to the Water System that are sufficient to comply with the additional bonds test described above. Also, the General Bond Resolution requires that bond proceeds or other moneys be deposited in the Debt Reserve Fund, Capital Contingency Fund and Operating Reserve Fund sufficient to meet the respective requirements of such Funds, calculated immediately after the issuance of the additional bonds.

Refunding Bonds

Pursuant to the General Bond Resolution, refunding bonds may be issued for the purpose of refunding all or any part of the Bonds of one or more Series Outstanding, but only upon receipt by the Trustee of certain documents, moneys and instructions as set forth in the General Bond Resolution.

Water Revenues

Basic service charges for all metered customers are determined by the size of the meter. Consumption charges for water use vary only insofar as large volume users pay a lesser rate above a certain level of consumption. The increases in the Authority's operating revenues from the Water System have been the result of revenue increases. The Authority obtained approval of the following revenue increases:

<u>Revenue Increase (%)</u>	<u>Effective Date</u>
14.5	August, 1980
10.8	May, 1981
5.2	May, 1983
5.1	June, 1984
3.1	August, 1986
7.2	November, 1988
9.5	March, 1990
7.4	March, 1991
5.3	April, 1992
4.6	August, 1996
3.7	June, 1999
2.5	August, 2000
4.5	September, 2004
5.1	November, 2005
4.6	January, 2007
3.6	April, 2008
4.2	April, 2009
8.2	April, 2010
13.0	July, 2011

The following table sets forth the results of a comparison prepared by the Authority of its approved rates with the rates of other water utilities located in metropolitan areas in the State and in the Northeast.

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COMPARISON OF TYPICAL QUARTERLY WATER BILLS^(a)

	Quarterly Water Consumption in Cubic Feet ^(b)					
	<u>2,500</u>	<u>10,000</u>	<u>50,000</u>	<u>100,000</u>	<u>500,000</u>	<u>2,000,000</u>
South Central Connecticut						
Regional Water Authority						
Original District	\$122.35	\$360.77	\$1,394.33	\$3,304.83	\$16,020.83	\$56,915.83
Former Customers of Birmingham Utilities ^(c)	126.93	405.18	1,875.44	3,477.44	16,293.44	64,353.44
Connecticut Municipal Water Utilities:						
Hartford Metropolitan District Commission						
Customers Within District	100.05	282.30	1,297.50	2,512.50	12,232.50	48,682.50
Customers Outside District	113.22	295.47	1,354.74	2,569.74	12,289.74	48,739.74
New Britain Water Department						
Customers Within New Britain	81.55	290.20	1,496.00	2,887.00	14,015.00	53,118.50
Customers Outside New Britain	138.64	493.34	2,543.20	4,907.90	23,825.50	90,301.45
City of Waterbury	62.75	236.00	1,160.00	2,315.00	11,555.00	46,205.00
Investor-Owned Water Utilities Located						
Within Connecticut:						
Aquarion Water Company						
Eastern Division	129.76	413.12	2,018.01	2,947.52	10,383.54	38,268.63
Western Division	96.85	299.22	1,507.41	2,376.25	9,326.96	35,392.15
Connecticut Water Company	173.12	602.34	2,754.77	5,259.15	25,294.13	100,425.30
United Water Connecticut	158.57	509.94	2,315.22	4,423.17	21,286.83	84,525.55
Water Utilities in the Northeast:						
Boston, MA (Municipal)	108.62	462.36	2,487.17	5,077.17	26,491.44	106,921.44
New Jersey American Water ^(d)	132.77	441.09	2,295.43	4,350.86	20,794.30	82,457.20
United Water, New Jersey	119.43	417.20	2,146.52	4,131.67	20,012.87	79,567.37
Aqua America, PA ^(e)	252.29	864.28	3,331.37	6,205.46	29,435.17	106,257.07
Providence, RI (Municipal)	86.00	288.98	1,392.98	2,746.19	13,571.87	54,168.17
United Water, New York	142.30	652.20	3,194.18	6,371.66	31,791.46	127,115.72
Springfield, MA (Municipal)	64.75	236.50	1,156.49	2,301.49	11,461.49	45,811.49

(a) Data as of April 1, 2012.

(b) Bills computed for 5/8 inch meter service for use up to 10,000 cubic feet and for two inch meter commercial service above 10,000 cubic feet where responding utilities make service class differentiation. Not all utilities have the same rate block structure.

(c) Authority acquired Birmingham Utilities in January, 2008.

(d) Formerly known as Elizabethtown Water Company, NJ.

(e) Formerly known as Philadelphia Suburban Water Company, PA.

The Act gives the Authority the power to set just and equitable rates and charges free from review or approval by the Connecticut Department of Public Utility Control (the "DPUC") or any successor board or commission, but subject to RPB approval. The Act provides that the RPB shall approve such rates and charges proposed by the Authority unless it finds that such rates and charges will provide funds insufficient for, or in excess of, the amounts required to meet all expenses of the Authority. Since 1980, the RPB has not failed to approve any rate increase, but there can be no assurance that future rate increases will be approved. The Act further provides that such rates or charges, if not paid when due, will constitute a lien upon the premises served and a charge against the owners thereof, which lien and charge will take precedence over all other liens or encumbrances except taxes and which may be foreclosed against the lot or building served in the same manner as a lien for taxes. (The Authority shares its position after taxes with the Greater New Haven Water Pollution Control Authority). The Authority's uncollectible accounts in Fiscal Year 2009 and Fiscal Year 2010 were less than 1% of gross revenue. Municipalities served by the Authority are subject to the same rates and charges as other users of the Authority's Water System.

The Act provides that PILOT is equal to taxes on property of the Authority that would otherwise be due, excluding improvements (other than water pipes or improvements to water pipes) made by the Authority after its acquisition of the property. Pursuant to the Act, PILOT is subordinate to and paid only after provision for debt service. The Act also provides that the Authority shall establish, and the RPB shall approve, rates and charges sufficient for PILOT. The Authority is one of the largest property owners in the majority of the municipalities represented on the RPB. In the event of the failure of the Authority to make PILOT, an aggrieved municipality or

holder of bonds or notes of the Authority may apply for a judicial order directing the Authority to increase appropriately its rates and charges.

AUTHORIZATION AND PURPOSE

On March 21, 2012 and on _____, the Authority adopted and on March 22, 2012 the RPB approved resolutions authorizing the issuance of up to \$240,000,000 of bonds to be included in the twenty-seventh series of bonds of the Authority.

The Twenty-seventh Series Bonds are being issued to (i) finance the refunding of certain maturities of the Authority's outstanding Bonds, (ii) fund certain reserve funds held under the General Bond Resolution, if necessary, and (iii) pay costs of issuance. See "PLAN OF FINANCING" herein.

PLAN OF FINANCING

A portion of the proceeds of the Twenty-seventh Series Bonds will be used to advance refund or currently refund all or a portion of certain of the Authority's outstanding prior Bonds (the "Prior Bonds") on the dates and in the amounts as set forth below.

<u>Bond</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Call Date</u>	<u>Call Price</u>
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Total

Upon delivery of the Twenty-seventh Series Bonds, a portion of the proceeds of the Twenty-seventh Series Bonds will be deposited into an irrevocable trust fund called the Escrow Deposit Fund (the "Escrow Deposit Fund") pursuant to an Escrow Deposit Trust Agreement (the "Escrow Agreement") by and between the Authority and U.S. Bank National Association (the "Escrow Agent") to provide for the refunding of the Prior Bonds. The Escrow Agent will invest such deposits into _____. Under the Escrow Agreement, the Escrow Agent will use such proceeds and investment earnings thereon to pay the principal, interest and redemption prices, if any, on the Prior Bonds on the dates such payments are due.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

_____ will verify from the information provided to them the mathematical accuracy as of the date of closing of the Twenty-seventh Series Bonds of: (1) the computation contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements, if any, of the Prior Bonds; (2) the computation of the yield of the refunding escrow; (3) the computations of yield on the securities, the Prior Bonds and the Twenty-seventh Series Bonds contained in the schedules provided to and used by Bond Counsel in its determination that the interest on the Twenty-seventh Series Bonds is exempt from taxation and (4) that the yield on the refunding escrow is not materially higher than the combined yield of the Prior Bonds.

_____ will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of interest on the Twenty-seventh Series Bonds.

SOURCES AND USES OF FUNDS

The following is a summary of the estimated sources and uses of funds relating to the Twenty-seventh Series Bonds:

Sources:

Principal Amount	\$
Net Premium (Discount)	
Total Sources	\$

Uses:

Escrow Fund	\$
Debt Reserve Fund	
Underwriter's Discount	
Costs of Issuance	
Total Uses	\$

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ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt service requirements of the Authority for all Bonds outstanding, including the payments for the Twenty-seventh Series Bonds. Annual debt service payments are made in August and February.

Period Ending May 31	Current Debt Service (\$)*	Twenty-seventh Series Bonds Principal (\$)	Twenty-seventh Series Bonds Interest (\$)	Twenty-seventh Series Bonds Debt Service (\$)	Aggregate Debt Service (\$)
2013	40,275,401				
2014	38,834,061				
2015	40,307,869				
2016	39,843,922				
2017	39,841,151				
2018	39,814,585				
2019	39,797,676				
2020	39,789,066				
2021	39,774,601				
2022	39,786,997				
2023	39,780,432				
2024	39,762,769				
2025	39,728,114				
2026	39,706,063				
2027	39,660,010				
2028	39,634,596				
2029	39,587,392				
2030	39,530,408				
2031	39,438,462				
2032	39,341,068				
2033	39,225,962				
2034	39,113,664				
2035	22,641,249				
2036	22,593,713				
2037	22,558,865				
2038	24,234,289				
2039	22,452,005				
2040	7,630,786				
2041	5,165,267				
2042	2,567,625				

Note: Amounts may not total due to rounding.

*Includes debt service on Bonds which may be refunded with the Twenty-seventh Series Bonds.

DESCRIPTION OF THE AUTHORITY

General

The Authority is a public corporation that was created by the Connecticut General Assembly in 1977 as a public instrumentality and political subdivision of the State. The Authority was established for the primary and public purpose of providing and assuring the provision of an adequate supply of pure water and the safe disposal of wastewater at a reasonable cost within the District and, to the degree consistent with the foregoing, of advancing water conservation and the conservation and compatible recreational use of land held by the Authority. The Act provides specifically that the Authority may acquire, hold, develop and maintain real estate and waters for conservation and compatible active and passive recreational purposes and may levy charges for such uses.

The day-to-day management of Water System operations is conducted by its operating staff (the “Operating Staff”). The Authority's budget presently allows for the employment of 275 full-time and two part-time persons.

The Authority consists of five members who are residents of the District, are not members of the RPB and are appointed without regard to political affiliation. Members are appointed by the RPB to serve for staggered five-year terms. Pursuant to the Act, the Authority members elect its chairperson for a two-year term; the Authority's vice-chairperson, secretary and treasurer are elected by the Authority members for one-year terms.

The members of the Authority and certain information concerning them is set forth below:

<u>Name</u>	<u>Residence</u>	<u>Term Expires January 1</u>	<u>Affiliations</u>
Anthony DiSalvo Chairperson	Hamden	2014	Management Consultant; Adjunct Professor MBA Programs at Albertus Magnus College and Southern Connecticut State University; Director International Association of New Haven; Director, International Refugee and Immigrants Services; Past-President, New Haven Manufacturer’s Assoc.; former CEO Cello Ltd.; former CEO Viola Audio Labs; former Director, Greater New Haven Community Loan Fund; former faculty, Department of Psychiatry, Yale University.
Joseph A. Cermola Vice Chairperson	New Haven	2016	President and Principal-in-Charge, Cardinal Engineering Associates, Inc.; member of Connecticut Society of Professional Engineers; Connecticut Society of Civil Engineers; American Consulting Engineers Council; Water Pollution Control Federation; National Society of Professional Engineers; and Connecticut Association of Street and Highway Officials.
Gail F. Lieberman	Madison	2017	Managing Partner, Rudder Capital LLC; Director, Dara BioSciences; Director, ICTS International N.V.; former CEO, Liquid Alternatives Inc.; former CFO Thomson Corporation Financial & Professional Publishing Division; former CFO Moody’s Investor Service; former Director TriPath Imaging, I-trax Corporation and Breeze-Eastern Corporation.
Richard G. Bell	Hamden	2013	Retired lawyer; Director and Vice President, Connecticut River Salmon Association; Director, Harbor Health Services, Inc.; President, CommunicCare, Inc.; President, The Watershed Fund, Inc.; Member, Town of Hamden Open Space and Conservation Commission; Fellow, American Bar Foundation, Connecticut Bar Foundation; Associate Fellow, Davenport College, Yale University.
R. Douglas Marsh	Branford	2015	Principal and CEO, Organization Dynamics, LLC, advisors to not-for-profit corporations since 1986; strategic planning, governance, operations, mergers and strategic alliances, executive search; Director, Branford Land Trust, Inc.; Member, Connecticut Society of Association Executives; Member, Advisory Board, Greater New Haven Leadership Center; Member, South Central Connecticut Regional Water District Representative Policy Board, 1991-2009 (chairperson, 1998-2006).

The Authority's headquarters are located at 90 Sargent Drive, New Haven, Connecticut 06511 (203-562-4020). The Authority's website is www.rwater.com.

Principal members of the Operating Staff/Management are presented below:

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	<u>Background</u>
Larry L. Bingaman	President/Chief Executive Officer	4	Mr. Bingaman holds a Bachelor of Science degree from California State University and an Executive Master's degree in Business Administration from the University of New Haven, Connecticut. Prior to joining the Authority and beginning in 1990, he served in various capacities of increasing responsibilities at Aquarion Water Company, one of the ten largest investor-owned water utilities in the United States. From 2004, he was Senior Vice-President in charge of operations for the Massachusetts-New Hampshire division of Aquarion. Long active in community and associations of the water industry, Mr. Bingaman is a Board member of, and also sits on the Executive Committee of, the Greater New Haven Chamber of Commerce, is a member of the Regional Leadership Council, is a board member of Regional Economic Xcelleration and Griffin Health Services Corporation and is part of the President's Executive Council for Gateway Community College.
Thomas Chaplik	Vice President Water Quality and Outreach	33	Mr. Chaplik holds a Bachelor of Science degree in Agronomy from the University of Connecticut and a Master's degree in Environmental Science from the University of New Haven. He serves on the Boards of the CT Water/Wastewater Agency Response Network (chair), the Orange Economic Development Corporation, the CT Natural Heritage, Open Space/Watershed Land Acquisition Review Board, the CT Department of Public Health Drinking Water Emergency & Security Advisory Committee, and the CT Division of Emergency Management & Homeland Security Private-Public Sector Collaborative Committee.
Linda M. Discepolo	Vice President Business Planning, Development and Finance	3	Ms. Discepolo holds a Bachelor of Science degree in Accounting from Quinnipiac University and a Master's degree in Business Administration, concentrating in Finance, from the University of New Haven. Prior to joining the Authority and beginning in 1979, she served in various capacities of increasing responsibility at Aquarion Water Company. Beginning in 2000, she was the Director of Rates and Regulation responsible for the financial affairs for each of Aquarion's three utility subsidiaries in CT, MA and NH. Ms. Discepolo was previously active with the National Association of Water Companies and is currently a member of the American Water Works Association.

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	<u>Background</u>
Edward O. (Ted) Norris III	Vice President Operations and Engineering	22	Mr. Norris holds a Bachelor's degree in Civil Engineering and is completing an Executive Masters degree in Business Administration, both from the University of New Haven. He is a registered Professional Engineer in the state of Connecticut. He is President of the Connecticut Water Works Association, Chairperson of American Water Works Association's Standards Committee No. 257-Pipe Rehabilitation and is active in Water Research Foundation's activities related to distribution systems.
Jean Zanella Dyer	Vice President Service and Technology	1	Ms. Dyer holds a Bachelor of Science degree in Business Management from Sacred Heart University. Prior to joining the Authority, she served in the capacities of Director of Customer Services and Director of Human Resources and Administration at Aquarion Water Company. Ms. Dyer is the former Chairman of the Board of the Mercy Learning Center in Bridgeport, Past Chair of the Connecticut Section of the American Water Works Association and served as the Vice Chairman of the Board of Directors for the National Association of Water Companies.

Approximately 138 non-management members of the Operating Staff are members of the United Steelworkers, Local Union 12160 and the United Public Service Employees Union Local 424 - Unit UCOP3. The collective bargaining agreement for Local Union 12160 expires on April 15, 2013, while the initial agreement for Local Union 424 expires on June 30, 2013.

Members of the Operating Staff participate in professional organizations, including the Connecticut Section of the American Water Works Association and other related activities. The Authority provides reimbursement for tuition payments to employees for studies related to their professional responsibilities and conducts in-house technical and clerical training programs for all employees.

Powers of the Authority

Subject to the approval of the Representative Policy Board, the Act authorizes the Authority, among other things, (i) to acquire any existing water supply system situated within the District by means including the purchase of all the stock, assets and franchises of any existing water company and to succeed to all rights, powers and franchises of such company, (ii) to establish just and equitable rates or charges for use of the Water System to be paid by any customer and to change such rates or charges from time to time so as to provide revenues sufficient to pay the cost of maintaining, repairing and operating the Water System, the principal of and interest on bonds of the Authority when due, to meet other requirements of the General Bond Resolution authorizing such bonds, to make payments-in-lieu-of-taxes ("PILOT") and to provide for the maintenance, conservation and appropriate recreational use of land of the Authority, and (iii) to issue bonds for any of its corporate purposes and to secure their payment by a lien or pledge covering all or part of its contracts, earnings or revenues.

The Authority may not sell water to customers in any part of the District in which any other water company has a franchise, or in which a municipality operates a water system, without the consent of such company or municipality. The Authority may exercise the power of eminent domain in furtherance of its corporate purposes. However, it lacks the power to acquire by eminent domain property owned by the State, any municipality or any existing water supply system. In addition, the Authority has all of the powers granted by Connecticut law to stock corporations, except the power to issue stock.

In 2002, the Connecticut General Assembly amended the Act to permit the Authority to provide wastewater services. The revenues, expenses and liabilities of such wastewater services shall be kept separate and apart from the revenues, expenses and liabilities of the water system. Currently, the Authority does not provide, nor does it contemplate providing such wastewater services.

Powers of the Representative Policy Board (“RPB”)

The RPB is composed of one member from each of the municipalities comprising the District, appointed by the chief elected official of such municipality and approved by its legislative body, and one member appointed by the Governor. Each member's voting power is weighted under a formula based upon each municipality's proportion of the District's total number of customers and Authority-owned land area. No member has more than 13 of the current total 101 weighted votes on the RPB. The Act provides that the RPB is empowered among other things, to appoint the five members of the Authority; to approve (i) the acquisition of any existing water supply system or wastewater system, (ii) the repair, improvement, construction, reconstruction, enlargement or extension of any of the Authority's properties or systems costing more than \$2,000,000, (iii) the rates and charges established by the Authority and (iv) the issuance of bonds; and to ratify the chief executive officer appointed by the Authority.

Pursuant to the terms of the Act, the RPB has established an Office of Consumer Affairs to act as the advocate for consumer interests with regard to matters such as rates, water quality and supply. The expenses of the Office of Consumer Affairs are paid by the Authority. Attorney Jeffrey M. Donofrio with the law firm of Ciulla & Donofrio, LLP, in North Haven, Connecticut currently holds such office.

WATER SYSTEM SERVICE AREA

Service Area

As of May 31, 2011, the Water System serves approximately 118,700 customers, representing approximately 427,873 individuals in fifteen municipalities in the south central region of the State. This Service Area includes all or portions of Ansonia, Bethany, Branford, Cheshire, Derby, East Haven, Hamden, Milford, New Haven, North Branford, North Haven, Orange, Seymour, West Haven and Woodbridge, which have an aggregate population of approximately 501,306 persons. In addition, the Authority provides water to about 133 customers in the Town of Wolcott. The Authority also owns land in the District towns of Beacon Falls, Guilford, Killingworth, Madison and Prospect, but serves no customers in those municipalities. The Authority owns land in Durham and Haddam, as well. See the inside back cover of this Official Statement showing the map of the South Central Connecticut Regional Water District.

The Authority furnishes water pursuant to wholesale agreements with Aquarion Water Company providing for the sale of not less than 200 million gallons per year, with the City of Meriden providing for the sale of not less than 80 million gallons per year and with The Connecticut Water Company for a capacity reservation of one million gallons per day maximum in exchange for fourteen annual payments of \$75,000 each, as well as water at a wholesale rate. The Authority charges a wholesale rate of \$2,102 per million gallons. Based on these agreements, annual wholesale revenues are expected to be approximately \$663,560. Additionally, the Authority sells small quantities of wholesale water from its Ansonia Valley Area to two customers under a separate legacy rate structure as acquired from Birmingham Utilities in 2008.

Accessibility to the District is provided by Interstates 91 and 95, the Boston Post Road (U.S. 1), the rail lines of MetroNorth and Amtrak, and the Tweed New Haven Municipal Airport. New Haven Harbor is the largest commercial port on Long Island Sound, and the third busiest in New England.

The City of New Haven is the most populous municipality within the Service Area.

Yale New Haven Hospital, Inc., the Hospital of St. Raphael, the Veterans' Administration Healthcare System, the Milford Hospital and the Griffin Hospital form the nucleus of the medical and health care services available in the Service Area.

The Yale University complex of colleges, libraries, museums, theaters, Yale Bowl, and Woolsey Hall provides a wide range of facilities and services to the people of the region and employs approximately 13,200 people. The total compensation to its employees approximates \$1.6 billion annually. There are four other colleges and universities in the Service Area which, together with Yale University, have an aggregate student population of approximately 38,200.

The Service Area is served by four major utilities: AT&T, the United Illuminating Company, the Southern Connecticut Gas Company and the Authority. Smaller portions of the Service Area are served by other utilities.

In addition to the above-mentioned service institutions, the Service Area economy includes a diversified mix of industry and commerce.

The following table presents information on the number of employed persons who reside in the municipalities in the Service Area.

EMPLOYMENT OF RESIDENTS IN SERVICE AREA*

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Ansonia	9,660	9,376	9,068	9,113	9,098
Bethany	3,026	2,977	2,963	2,966	2,955
Branford	16,939	16,509	16,253	16,234	16,178
Cheshire	14,375	13,912	13,717	13,819	13,785
Derby	6,689	6,497	6,294	6,321	6,303
East Haven	15,573	15,173	14,932	14,901	14,816
Hamden	30,021	29,149	28,669	28,732	28,714
Milford	31,078	30,498	29,824	30,301	30,514
New Haven	52,603	51,050	50,305	50,166	49,778
North Branford	8,159	7,998	7,861	7,839	7,806
North Haven	12,783	12,548	12,358	12,328	12,243
Orange	7,200	6,972	6,854	6,834	6,795
Seymour	8,974	8,812	8,563	8,634	8,651
West Haven	28,519	27,747	27,335	27,184	27,350
Woodbridge	<u>4,875</u>	<u>4,747</u>	<u>4,593</u>	<u>4,624</u>	<u>4,611</u>
Total	250,474	243,965	239,589	239,996	239,597
Percentage Change Over Prior Period	1.0%	(2.6)%	(1.8)%	0.2%	(0.2)%
Connecticut residents employed in Connecticut	1,803,700	1,758,900	1,711,900	1,721,800	1,735,800
Percentage Change Over Prior Period	1.0%	(2.5)%	(2.7)%	0.6%	(0.8)%

*Compiled and computed from reports by the Connecticut Department of Labor – Office of Research and the Connecticut Department of Economic and Community Development, Compliance Office and Planning/Program Support as of December of each year.

For certain other information concerning the municipalities in the Service Area, see the tables below.

POPULATION IN SERVICE AREA

City/Town	Estimated Population and Percentage Change in Period					Estimated Population Supplied and Percentage Change in Period		
	1990 ^(a)	% Change	2000 ^(a)	% Change	2010 ^(a)	2000 ^(b)	% Change	2010 ^(c)
Ansonia	18,403	1	18,554	4	19,249	17,700	1	17,828
Bethany	4,608	9	5,040	10	5,563	12	(33)	8
Branford	27,559	4	28,683	(2)	28,026	26,878	2	27,413
Cheshire	25,684	11	28,543	0	29,261	20,226	13	22,904
Derby	12,199	0	12,184	6	12,902	11,100	12	12,385
East Haven	26,143	8	28,189	0	29,257	26,760	4	27,795
Hamden	52,434	9	56,913	7	60,960	51,315	6	54,615
Milford	49,938	5	52,305	0	52,759	51,826	1	52,310
New Haven	130,438	(5)	123,626	5	129,779	123,626	(1)	122,661
North Branford	12,997	7	13,906	4	14,407	4,147	17	4,862
North Haven	22,249	4	23,035	5	24,093	20,581	1	20,716
Orange	12,831	3	13,233	5	13,956	9,057	12	10,159
Seymour	14,288	8	15,454	7	16,540	800	(1)	791
West Haven	54,004	(3)	52,360	6	55,564	52,360	(1)	52,092
Woodbridge	<u>7,925</u>	13	<u>8,983</u>	0	<u>8,990</u>	<u>966</u>	38	<u>1,334</u>
Total	471,700	2	481,008	4	501,306	417,354	3	427,873

(a) U.S. Census Bureau.

(b) Estimated by either the Authority or management of the former Birmingham Utilities.

(c) Estimated by the Authority.

UNEMPLOYMENT IN SERVICE AREA

City/Town	Unemployment ^(a)				
	2007	2008	2009	2010	2011
Ansonia	5.5%	8.0%	9.5%	10.6%	9.2%
Bethany	3.8	4.7	5.8	5.9	4.9
Branford	3.7	5.4	6.7	7.1	6.2
Cheshire	3.5	4.6	6.1	6.6	6.1
Derby	4.8	7.5	10.3	10.1	8.0
East Haven	4.9	6.6	8.6	9.2	8.4
Hamden	4.3	5.7	7.5	8.2	7.5
Milford	3.8	5.5	8.2	7.9	6.7
New Haven	7.1	9.6	11.8	13.0	11.7
North Branford	3.8	5.4	7.3	7.7	6.8
North Haven	3.7	5.5	6.7	7.6	7.1
Orange	3.0	5.0	6.1	6.2	5.6
Seymour	4.5	6.2	8.2	8.0	7.3
West Haven	5.1	7.2	9.0	10.1	8.9
Woodbridge	2.8	3.6	4.4	5.6	4.5
State of Connecticut	4.5	6.6	8.5	8.6	7.6
United States	4.8	7.1	9.7	9.1	8.3

(a) Compiled from reports by the Connecticut Department of Labor-Office of Research and the Connecticut Department of Economic and Community Development, Compliance Office and Planning/Program Support as of December of each year.

NUMBER OF NEW HOUSING UNITS IN SERVICE AREA*

	<u>Net Gain of Housing Units</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Ansonia	5	13	4	0	2
Bethany	27	5	4	4	2
Branford	17	13	20	10	10
Cheshire	62	46	35	11	36
Derby	8	(3)	1	(6)	5
East Haven	18	9	3	13	8
Hamden	25	20	11	5	15
Milford	260	259	246	66	90
New Haven	209	(58)	(91)	(80)	452
North Branford	3	(5)	2	3	4
North Haven	27	8	4	(2)	8
Orange	6	4	1	9	7
Seymour	41	24	35	15	22
West Haven	22	7	3	12	4
Woodbridge	<u>5</u>	<u>2</u>	<u>3</u>	<u>9</u>	<u>(3)</u>
Total	735	344	281	69	662
Percentage Change Over					
Prior Period	(20.7)%	(53.2)%	(18.3)%	(75.4)%	859%
State of Connecticut	7,652	6,461	3,758	2,567	3,098
Percentage Change Over					
Prior Period	(27.1)%	(15.6)%	(41.8)%	(34.4)%	20.7%

Negative net gains are the result of demolitions exceeding housing starts.

*Source: State of Connecticut Department of Economic and Community Development.

Customers

As of May 31, 2011 the Water System provided water service to 118,736 customers. This represents increases of 9.3% over 2007, primarily as a result of the acquisition of Birmingham Utilities, and 0.1% over Fiscal Year 2010. (See table, "WATER REVENUES, CONSUMPTION AND CUSTOMERS BY CLASS").

Customers of the Water System are classified according to the nature of their use of water. All homes, dormitories and apartment buildings are classified as residential, all manufacturing enterprises in which water is used as part of the manufacturing process are classified as industrial, and all business and institutional enterprises other than those classified industrial are classified as commercial. Water sales to governmental units are classified as sales to public authorities. Residential use during Fiscal Year 2011 accounted for approximately 70% of water consumption and approximately 67% of water revenues.

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Excluding its wholesale customers the following table ranks the Authority's ten largest customers, based on their consumption. In Fiscal Year 2011, these ten customers represented 9.2% of the Water System's total consumption and 6.1% of its revenues.

TEN LARGEST CUSTOMERS IN SERVICE AREA

Rank	Customer	Percentage of FY 2011 Consumption	Percentage of FY 2011 Revenues
1	Yale University	3.4%	2.4%
2	Milford Power Company	1.3	0.7
3	Yale New Haven Hospital, Incorporated	1.1	0.7
4	State of Connecticut – Department of Corrections – Cheshire	1.1	0.6
5	VA Connecticut Healthcare System – West Haven Campus	0.5	0.3
6	Quinnipiac University	0.5	0.4
7	Covidien Ltd.	0.4	0.3
8	PSEG Power CT LLC	0.3	0.2
9	Southern Connecticut State University	0.3	0.3
10	Hospital of St. Raphael	<u>0.3</u>	<u>0.2</u>
	Total	9.2%	6.1%

The following table sets forth certain information concerning revenues and consumption by class of customer for each of the last five Fiscal Years. The consumption decrease in Fiscal Years 2011, 2010 and 2009 from Fiscal Year 2008 was primarily due to lower consumption during the summer months of 2008, 2009 and 2010 as a result of cool temperatures and wetter-than-normal weather as well as lower consumption by Milford Power which stopped using potable water in April 2008 for the purpose of cooling its power plant.

WATER REVENUES, CONSUMPTION AND CUSTOMERS BY CLASS

Revenues From Sales of Water : ^(a)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Residential.....	\$40,854,529	\$46,209,938	\$48,283,640	\$50,071,744	\$54,774,940
Commercial.....	11,042,931	12,437,300	11,999,390	11,919,700	13,851,624
Industrial.....	3,028,663	2,697,945	1,809,730	1,558,925	1,952,986
Public Authority.....	2,472,298	2,774,375	2,797,584	2,776,439	2,956,138
Other Water Revenue ^(b)	<u>6,691,642</u>	<u>7,164,798</u>	<u>7,281,541</u>	<u>7,706,492</u>	<u>8,254,700</u>
Total.....	\$64,090,063	\$71,284,356	\$72,171,885	\$74,033,300	\$81,790,388
Gallons Sold (in thousands):					
Residential.....	9,653,707	10,149,071	10,068,529	9,827,959	10,374,620
Commercial.....	3,234,502	3,334,924	3,105,974	3,041,042	3,002,358
Industrial.....	1,163,157	938,074	541,820	435,283	528,987
Public Authority.....	782,647	854,353	799,829	755,884	772,035
Other ^(c)	<u>996,182</u>	<u>760,950</u>	<u>248,372</u>	<u>300,153</u>	<u>243,047</u>
Total.....	15,830,195	16,037,372	14,764,524	14,360,321	14,921,047
Number of Customers^(d)					
Residential.....	98,356	106,939	107,463	107,588	108,002
Commercial.....	6,544	6,957	7,000	7,020	6,858
Industrial.....	215	254	251	247	241
Public Authority.....	567	633	625	592	618
Other ^(e)	<u>2,955</u>	<u>3,071</u>	<u>3,064</u>	<u>3,149</u>	<u>3,017</u>
Total.....	108,637	117,854	118,403	118,596	118,736

(a) Fiscal Year is June 1 through May 31.

(b) Includes private and public fire protection services, miscellaneous un-metered sales and wholesale sales.

(c) Includes miscellaneous un-metered sales and wholesale sales.

(d) Increase in FY2008 is primarily due to the acquisition of Birmingham Utilities.

(e) Includes private and public fire protection customers and wholesale customers.

Other Activities

The Authority provides various fee-based services on a regional or local basis that provide it with annual net revenue of approximately \$4 million. For example, it offers its customers two service protection plans, PipeSafe and PipeSafe Plus, the former covering the water line that runs from the curb to customer's residence and the latter covering the sanitary sewer line that runs from the sewer main to the customer's residence. In addition, the Authority provides laboratory testing services for other water utilities.

WATER SYSTEM

Supply and Facilities

The existing water supply for the Authority's Water System is obtained from watersheds that lie between the Housatonic River and the Connecticut River and extend from close to Long Island Sound to about 20 miles inland.

The total Safe Yield (the yield which can be reasonably expected in 99 out of 100 years) of all active sources is 79.3 million gallons per day ("MGD"). This is a 1.9 MGD, or 2.3%, reduction in the Safe Yield from the Authority's 2010 safe yield of 81.2 MGD. The 1.9 MGD reduction is the result of the Authority's decision to place its Mount Carmel well field to an inactive status. The Authority has identified treatment and distribution system limitations at some of its supply sources. The total Available Water for all Authority supplies, which is defined by the Connecticut Department of Public Health ("DPH") as the amount of water that the Authority can dependably supply, taking into account limitations on Safe Yield, is 76.7 MGD. The Authority's Available Water is approximately 15.8 MGD greater than the highest historical annual average daily draft in the Authority's service area of 60.9 MGD in 1988. The water supply is obtained from four active surface water supply systems, which provide approximately 85% of available water and six well fields.

All of the Authority's active sources are authorized by the Connecticut Department of Energy & Environmental Protection ("DEEP") under the Water Diversion Policy Act. The Act included provisions allowing owners to register historical diversions of water, which allows continued use of these sources without any expiration date. Any new or modified diversions of water occurring after 1983 must be approved by DEEP through a permitting process. All of the Authority's surface water supply sources and most of the groundwater supply sources have been registered with DEEP, for a combined authorized diversion of 168.3 MGD. Additionally, the Authority operates two active wells under diversion permits issued by DEEP, for an authorized total of 3.7 MGD. One of these permits expired in 1994, although a renewal application has been filed and approval is pending. The other well diversion permit expires in 2035. Additionally, the Authority owns several inactive sources of supply with a total available diversion of 12.1 MGD registered under the Water Diversion Policy Act.

Each of the water supplies of the Water System is equipped with chlorination equipment, fluoridation equipment and corrosion control feeding equipment. In addition to the treatment supplied by this chemical feed equipment, water taken from the four surface water systems is treated by filtration plants, located within the District.

The treated water is delivered to customers through a system of pumping stations, storage tanks and connecting transmission and distribution mains, separated into 25 major distribution pressure systems. As of May 31, 2011, the Authority's distribution and transmission facilities included the following: 37 facilities with pumping equipment, 35 storage tanks including a covered reservoir and 1,728 miles of distribution mains.

The Water System has pumping equipment installed to pump water from reservoirs and wells through any necessary treatment facilities and throughout the distribution system. The water in the storage tanks serves as a reserve of treated water for fire protection to meet peak system demands and to maintain uniform pressure in the system.

Approximately 31% of the mains in the Water System are less than 40 years old, and approximately 60% of the mains are less than 60 years old. Since 1974, the Authority has extended its mains at an annual rate of approximately 9 miles, with the highest rate of extension occurring in 1986 when it added approximately 26 miles of main.

Because of the chemical characteristics of the Water System's water supply, the inside of the mains is exposed to a small amount of corrosive action that produces deterioration. Since 1956, the Authority has installed water mains in the Water System which have a factory-applied protective cement lining that prevents this deterioration. In addition, the Authority conducts an annual main rehabilitation program which lines, *in-situ*, certain of its existing transmission and distribution mains with protective cement. Approximately 72% of the Water System's mains are cement-lined, and approximately 6% are bitumastic-lined. Thus, approximately 78% of the Water System's mains are lined. Of the remaining 22% of the Water System's mains that are unlined, the Authority plans to reline about half of the mains that are in good overall condition over the next 50 years. The remaining unlined mains will be scheduled for replacement as necessary.

The Authority provides water for fire protection in the 15 municipalities that it serves, through the distribution system, delivered through fire hydrants, 64% of which are owned by the respective municipalities.

Assuming the completion of anticipated improvements and replacements, the Authority believes that the capacity and capability of the Water System to supply water is sufficient for the present and projected needs of its customers during the planning period of five years extending through May 31, 2016. Management will consider various improvements, as needed, to provide for additional customer demand.

Monitoring Facilities

The Authority reports and stores data showing standpipe water levels, well and pumping station status, system pressures and the status of pressure-reducing valve installations. Its operators control the flow and pressure of water in the system through use of computer commands to meet fluctuating customer requirements.

Maintenance

The Authority regularly "flow-tests" the system to determine its operating characteristics and capacity. This allows the Authority to identify systems and individual pipelines needing further testing. If a segment of pipeline is found to be flow-restricted, the Authority either rehabilitates it or replaces it.

In Fiscal Year 2011 gross unaccounted-for water, including water losses, amounted to 3.119 billion gallons, or 17.29% of water produced and admitted into the Water System. Since the Authority does not exclude from its gross unaccounted-for water reporting estimates of water lost due to leaks, main breaks, faulty meters, unauthorized hydrant use, flushing procedures and similar sources, its figures for gross unaccounted-for water will tend to exceed those of other water utilities using a different method of reporting. Excluding water used for such purposes, net unaccounted-for water was 15.96% for Fiscal Year 2011.

The Authority continues to pursue a program designed to reduce its unaccounted-for water. A system-wide leakage survey by outside consultants was completed in Fiscal Year 2012 and found only 63 leaks throughout the system, with a total estimated annual lost volume of 156 million gallons. Taking these leaks into account, the gross unaccounted-for water rate for Fiscal Year 2011 would have been 21.1%. The Authority also continues to work on accuracy testing of its source flow meters by either insertion meter testing or through drawdown of clearwells. A November 2011 report on accuracy testing at source flow meters found that flow was over-reported by approximately 8%. Taking this into account, gross unaccounted-for water for Fiscal Year 2011 would have been 10.45%. The Authority is preparing a long term plan for addressing source meter inaccuracy. The Authority believes that the Water System is in good repair and operating condition. See Appendix A "Consulting Engineer's Report" under the heading "WATER SYSTEM".

WATER CONSUMPTION DATA

(Figures in Thousands)

	<i>FY 2007</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>	<i>FY 2011</i>
Total Gallons Produced	18,910,002	19,183,751	18,424,886	17,366,720	18,041,417
Total Gallons Sold ^(a)	15,830,195	16,037,372	14,764,524	14,360,321	14,232,951
Gallons used by Utility	124,453	114,956	285,696	381,037	688,988
Total Gallons Unaccounted-for ^(b)	2,955,354	3,031,423	3,374,666	2,625,362	3,119,478
Percent Total Unaccounted-for	15.63%	15.80%	18.32%	15.12%	17.29%
Estimated Miscellaneous Usage ^(c)	264,187	232,022	194,496	210,408	239,811
Net Unaccounted-for ^(d)	2,691,167	2,799,401	3,180,170	2,414,954	2,879,667
Percent Net Unaccounted-for	14.23%	14.59%	17.26%	13.91%	15.96%

(a) The amount of gallons sold has been adjusted so that “Gallons Produced” and “Gallons Sold” figures are based on the same number of days.

(b) Includes public and private fire protection service.

(c) Includes estimated quantities of water used for flushing the distribution system, unmetered “bleeders,” cleaning standpipes, cleaning and lining water mains, etc.

(d) Calculated as “Total Gallons Unaccounted-for” less “Estimated Miscellaneous Usage”.

Conservation and Sale of Land

The Authority is charged with advancing the conservation and compatible recreational use of its land to the degree consistent with providing an adequate supply of pure water at reasonable cost. The Act requires the Authority to develop standards for determining the suitability of its real property for categories of land use, including real property that may be surplus with regard to the purity and adequacy of both present and future water supply, that may be desirable for specified modes of recreation or open space, and that may be suitable for other uses.

After an extensive planning process, which took into account the benefits of owning land to protect water quality, the Authority adopted a land use plan (the “Plan”) in 1983 for its landholdings. Subsequent to the adoption of the Plan, the Authority implemented a number of uses consistent with the Plan, including a controlled-access passive recreation program. If located on a public drinking water supply watershed, these uses and the sale, lease or exchange of landholdings also require the approval of the Connecticut Department of Public Health (“DPH”) together with applicable town and city approvals.

In 1996, the Authority adopted an updated land use plan (the “Updated Plan”), which specified 1,490 acres of land not needed for long-term water supply. The Authority is working with local municipalities, the State of Connecticut, land trusts and other organizations committed to land conservation to find ways other than through the charging of water rates to recover the Authority’s cost of holding and maintaining the 1,490 acres. An example of this effort was the sale in December, 2006 of 66.5 acres of the Racebrook Property in Woodbridge as open space to the Town of Woodbridge for \$1,138,950.

In March, 2007, the Authority reviewed its significant landholdings and identified an additional 900 acres of land not needed for the operation, protection and maintenance of the water system. The Authority intends to sell these 900 acres in accordance with a statutory process in order to keep rates charged water customers as low as possible. An example of this effort was the sale in September 2009 of 7.4 acres off of Burnt Plains Road in Milford to the City of Milford for \$600,000. The Authority will use proceeds from the sale to purchase additional land on the watershed. The General Bond Resolution provides that proceeds from the disposition of land, up to the greater of \$10 million or 10% of the aggregate amount of Bonds then outstanding, may be used for non-water supply system capital improvements, acquisitions of real property or retirement of non-water system debt. All proceeds in excess of such amount must be used in connection with the Water System. Typically, the Authority will deposit proceeds from land dispositions into its Construction Fund.

Because of the Authority’s commitment to the multi-barrier approach for providing safe public drinking water sanctioned by the U.S. Environmental Protection Agency (“EPA”), it has acquired more than 2,200 acres of

land on the public water supply watershed and protected 1,000 acres under conservation easements since 1996 to enhance its efforts to protect source water. As of May 31, 2011, the Authority's land holdings totaled 27,286 acres. The Authority has committed to protect an additional 2,350 acres of land on the watershed.

Hazwaste Central

In order to promote the environmentally-safe disposal of hazardous substances that might otherwise contaminate the region's environment, including its water supply, the Authority owns and operates from its headquarters a hazardous waste facility, as agent for the South Central Connecticut Regional Council of Governments, a regional center for the collection of household hazardous waste and hazardous waste from conditionally exempt small quantity generators ("CESQG"). Many substances commonly used around the house or at CESQG sites, such as oil-based paints, cleaners, oils and pesticides, contain substances regulated as "hazardous waste" under federal law. Homeowners and CESQG take their hazardous wastes to the center on designated days of operation for collection, temporary storage and transfer to a hazardous waste disposal facility.

The center is operated by a licensed hazardous waste management firm that is fully insured and bonded against environmental hazards. The program is financed by the 16 participating municipalities and CESQG. The center meets all regulations promulgated by DEEP and the U.S. Environmental Protection Agency for operation of this type of facility.

Security for the Water System

The Authority continues to implement and maintain improvements as identified in its "vulnerability assessment" completed in 2003, pursuant to Section 1433 of the Safe Drinking Water Act. In addition, the Authority periodically tests its alternative emergency operations center and tests its all-hazard (including the pandemic flu) emergency response plan by conducting "tabletop" emergency preparedness exercises, both in-house and with local, state and federal agencies and industry associations, as well as participating in other efforts as part of state and regional emergency planning. In addition, the Authority participates in the Connecticut Water/Wastewater Agency Response Network ("CtWARN") that provides emergency mutual aid and assistance to member organizations according to agreed upon standards.

CAPITAL IMPROVEMENT PROGRAM

Management of the Authority has prepared the prospective information set forth below concerning its program of capital improvements. In the view of the Authority's management, this information was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Authority. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this official statement are cautioned not to place undue reliance on the prospective financial information.

Neither the Authority's independent auditors, nor any other independent accountants, have compiled, examined, or performed procedures with respect to the prospective financial information contained herein, nor have they expressed an opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim association with, the prospective financial information.

Projects expected to be started or completed over the five-year period from Fiscal Years ending 2012 through 2016 and their estimated expenditures are summarized below. The Authority reviews its program of capital improvements annually, revising and updating it as conditions warrant. Capital projects costing more than \$2 million may not be undertaken without approval from the Representative Policy Board. The Authority annually prepares a projection of improvements, additions and renovations to the Water System, generally based on engineering recommendations. Most recently, the Authority revised its capital improvement program in June 2011, after re-evaluating priorities and adjusting schedules.

Information concerning the Authority's capital improvement program is shown in 2011 dollars in the following table:

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
5-YEAR PLAN OF CAPITAL IMPROVEMENTS
(Expressed in thousands of 2012 Dollars)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Total</u>
Natural Resources (a)						
Land Management	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 1,000
Watershed Protection	200	100	100	100	100	600
Improvements to Reservoir Intakes	655	975	4,100	4,600		10,330
Improvement to Reservoir Dams & Spillways	2,675		300	2,000	70	5,045
Bridge Refurbishments	6	400	-	400	300	1,106
Miscellaneous	<u>382</u>	<u>436</u>	<u>77</u>	<u>40</u>	<u>10</u>	<u>945</u>
Total	4,117	2,111	4,777	7,340	680	19,025
Pumping (b)						
Motor Control Center Replacements/Elec. Improv.	43	175	175	175	175	743
Pump Station Generator Replacement				300	75	375
Variable Frequency Drive Replacements			164	150	400	714
Lake Gaillard PS Electrical Improvements—Phase II	1,290	2,710	-			4,000
Ford St. (Ansonia) Pump Station Reconstruction	500	500	-			1,000
Miscellaneous	<u>553</u>	<u>380</u>	<u>405</u>	<u>320</u>	<u>150</u>	<u>1,808</u>
Total	2,386	3,765	744	945	800	8,640
Treatment (c)						
Lake Saltonstall WTP Improvements	510	100	425	100	100	1,235
Lake Gaillard WTP Improvements	1,504	200	200	200	350	2,454
Lake Gaillard WTP Generator Replacement	-	-	280	560	1,680	2,520
West River WTP Improvements	352	300	100	100	175	1,027
Lake Whitney WTP Improvements	205	50	50	50	385	740
Improvements to Groundwater Treatment Facilities	1,220	475	100	200	115	2,110
Miscellaneous	<u>200</u>	<u>145</u>	<u>185</u>	<u>100</u>	<u>235</u>	<u>865</u>
Total	3,990	1,270	1,340	1,310	3,040	10,950
Transmission & Distribution(d)						
Pipe and Transmission Main	7,172	7,197	6,625	4,500	4,250	29,744
Cleaning and Lining	470	3,000	3,000	3,000	3,000	12,470
Service Connections & Hydrants	2,200	2,600	2,875	3,125	3,125	13,925
Meters	600	100	100	100	100	1,000
Advanced Metering Infrastructure	210	2,000	2,000	2,000	2,000	8,210
Tank Painting & Improvements	2,764	-	490	750	100	4,104
Tank Construction/Replacement	230	2,500	5,100	1,000	2,000	10,830
New Haven Service Area Improvements—Phase I		•	100	815	3,000	3,915
Miscellaneous	<u>925</u>	<u>590</u>	<u>210</u>	<u>1,130</u>	<u>270</u>	<u>3,125</u>
Total	14,571	17,987	20,500	16,420	17,845	87,323
General Plant (e)						
Information Systems	1,521	2,200	2,040	2,137	6,640	14,538
Equipment	816	1,360	1,531	1,441	1,235	6,383
90 Sargent Drive	<u>263</u>	<u>1,370</u>	<u>45</u>	<u>20</u>	<u>75</u>	<u>1,773</u>
Total	2,600	4,930	3,616	3,598	7,950	22,694
CONTINGENCY	1,500	301	310	296	303	2,710
TOTAL	\$29,164	\$30,364	\$31,287	\$29,909	\$30,618	\$151,342
ESCALATED TOTAL(f)	\$29,164	\$31,275	\$33,192	32,682	34,461	\$160,774
Advanced Metering Infrastructure—Alternative Funding	\$ -	\$3,000	\$3,000	\$3,000	\$3,000	\$12,000

(a) Projects required to provide for present and future water requirements, as well as protection of existing water supplies.

(b) Projects required to modify pumping facilities.

(c) Projects which are necessary to maintain compliance with all federal and state regulations as well as provide an adequate supply for future expansion of water demand.

(d) Projects necessary to correct deficiencies in the existing system and provide for current and future demands needed for both consumption and fire protection.

(e) Expenditures for specific items including information systems, equipment, vehicles and plant modifications.

(f) Escalated at 3% per year.

ENGINEERING AND ENVIRONMENTAL MATTERS

Engineering Evaluation

In connection with the acquisition of its predecessor, the New Haven Water Company, in 1980, and the issuance of its first series of Bonds, the Authority engaged SAIC Energy, Environment & Infrastructure, LLC (“SAIC”) (formally R. W. Beck, Inc.) as Consulting Engineer to prepare a report on the Water System and on certain other matters. Since then, SAIC has reported on the Water System and related matters for each of the Authority's bond issues; with few exceptions, it has prepared these reports on an annual basis. In them, SAIC has concluded that: (i) the Water System has the capacity and the capability to supply water sufficient for the present and projected needs of its customers during the planning period; (ii) the Water System has been maintained and operated in accordance with generally accepted engineering standards; (iii) the Water System is in good repair and operating condition, assuming the completion of certain improvements and replacements included in the capital improvement program; (iv) the capital improvement program is adequate, when completed, to allow the Water System to meet the then current federal and state requirements of The Safe Drinking Water Act (the “SDWA”) and the Clean Water Act; and (v) the Authority has developed and implemented a well-managed program designed to identify and, to the extent the Authority determined to be appropriate or necessary, to take remedial action with respect to the Authority's dams pursuant to the inspection program under the National Dam Inspection Act and coordinated with the Connecticut Department of Environmental Protection. The most recent report of SAIC, dated May 31, 2011 confirms these conclusions. See “Appendix A – Consulting Engineer’s Report” attached hereto.

Environmental Regulation

Water utilities, including political subdivisions such as the Authority, are subject to continuing environmental regulation. Federal, state and local standards and procedures that regulate the environmental impact of water utilities are subject to change. These changes may arise from legislative, regulatory or judicial action regarding such standards and procedures. Consequently, there is no assurance that the Authority’s current facilities will be in compliance with future regulation or will be able to obtain all future required operating permits. Future environmental standards and procedures could result in reduced operating levels, reduced water availability, significantly increase the cost of operations and require significant additional capital expenditures to bring the Authority into compliance with such standards and procedures.

Safe Drinking Water Act

The SDWA empowers the administrator of the U.S. Environmental Protection Agency (“EPA”) to establish maximum contaminant levels or treatment techniques for each contaminant that may have an adverse effect on the health of persons. The EPA has promulgated primary drinking water standards and treatment techniques pursuant to the SDWA. Pursuant to the SDWA and to legislation of the State of Connecticut, the State has adopted standards for the treatment and quality of drinking water. Federal and state regulations establish standards for, among other things, certain chemicals, turbidity, microbiological contaminants, radioactivity, odor and color. Additionally, plans for new water supply systems or enlargement of the existing Water System must be submitted to the DPH for approval.

The Authority is in full compliance with the regulations except for recommendations made in a Sanitary Survey Report, prepared by the Connecticut Department of Public Health (the “DPH”) and received by the Authority in September 2009. In October 2009, the Authority submitted a multi-year plan of action to address the items outlined in the Sanitary Survey Report. In subsequent months, updates were provided to the DPH on the status of these items and another regularly scheduled DPH Sanitary Survey inspection will be completed in April 2012.

Regarding future regulations specific to the Disinfection Byproduct Rule, the Authority is in full compliance with Stage 1. Related to Stage 2, our compliance monitoring plan was accepted by DPH in April 2010 with the Stage 2 water sampling scheduled to begin in June 2012.

Regarding future regulations specific to the Surface Water Treatment Rule, the Authority is in full compliance as acknowledged with its LT2ESWTR Bin 1 classification, the lowest risk level within the Rule. The second round of source water monitoring is tentatively scheduled to begin in 2015 and we do not anticipate any compliance challenges.

The Authority's capital and operating budgets include money to plan for and comply with new and anticipated regulations.

As allowed by federal regulation, the U.S. EPA has delegated its authority to the DPH. As a result, the DPH has developed the State's drinking water standards which are equal to or are more stringent than the federal standards that require, among other things, that substantially all surface water reservoirs of water systems in the State have filtration or other extensive treatment prior to use as a source of drinking water. The Authority has such filtration plants in operation at all of its active surface water supply systems.

Clean Water Act

The federal Clean Water Act requires permits for discharge of effluent into navigable waters and requires that all discharges of pollutants comply with federally approved state water quality standards. The Connecticut Department of Energy & Environmental Protection (the "DEEP") has adopted, and the federal government has approved, water quality standards for receiving waters in the State. A joint federal and state permit system has been established to insure that applicable effluent limitations and water quality standards are met in connection with the construction and operation of facilities which affect or discharge into state or interstate waters. The Authority is currently operating with the necessary discharge permits with respect to its water treatment facilities.

Connecticut Inland Wetlands and Watercourses Act and Water Diversion Policy Act

While the construction of dams, reservoirs and other facilities necessary to the impounding, storage and withdrawal of water in connection with public water supplies is a permitted use under Connecticut's Inland Wetlands and Watercourses Act, the Authority is required, pursuant to other statutory provisions, to obtain permits from the DEEP Commissioner for the location, construction or alteration of any dam or reservoir, and to secure the approval of the DEEP Commissioner for the diversion and use of water from any river for public use. Various criteria must be satisfied under the respective statutes and regulations of the DEEP in order to obtain such permits or approvals, and the DEEP Commissioner has the power to impose such conditions as he deems reasonably necessary in connection with such permits or approvals in order to assure compliance with such statutes. For actions taken to date, the Authority has applied and/or obtained all such requisite permits or approvals.

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OPERATIONS, REVENUES AND EXPENSES

Summary: Revenues, Expenses and Changes in Net Assets

	<u>2010</u>	<u>2011</u>	<u>Fiscal YTD*</u> <u>2/29/2012</u>
	(Thousands of Dollars)		
Operating Revenues:			
Water Revenues	\$ 73,989	\$ 81,743	\$ 66,014
Other	<u>9,426</u>	<u>9,559</u>	<u>6,674</u>
Total Operating Revenues	83,415	91,302	72,688
Operating Expenses:			
Operating and Maintenance	38,457	38,679	31,200
Expenses Associated with "Other" Revenue	3,449	3,450	2,165
Depreciation	16,427	16,712	13,257
Payments in Lieu of Taxes ("PILOT")	<u>5,716</u>	<u>6,129</u>	<u>5,414</u>
Total Operating Expenses	<u>64,049</u>	<u>64,970</u>	<u>52,036</u>
Operating Income	19,366	26,332	20,652
Non-operating Income and Expenses:			
Interest Expense--Net	(22,948)	(24,081)	(18,279)
Gain/(Loss) on Disposal of Assets	1,025	(281)	--
Realized and Unrealized (Losses)/Gains on Investments	552	371	--
Amortization of Bonds Discount, Premium, Issuance			
Costs and Deferred Refunding Losses	<u>(2,691)</u>	<u>(2,610)</u>	<u>(1,892)</u>
Total Non-operating Revenues and Expenses	<u>(24,062)</u>	<u>(26,601)</u>	<u>(20,171)</u>
Gain (Loss) Before Contributions	(4,696)	(269)	481
Capital Contributions	<u>2,881</u>	<u>2,388</u>	<u>1,857</u>
Change in Net Assets	<u>\$ (1,815)</u>	<u>\$ 2,119</u>	<u>\$ 2,338</u>

*The nine-month financial data as of February 29, 2012 has been derived from the unaudited internal records of the Authority. The Authority's independent auditors, Blum Shapiro & Company P.C., have not compiled, examined, or performed any procedures with respect to the unaudited financial information, nor have they expressed any opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with the unaudited financial information. The unaudited information is preliminary and is subject to change as a result of the audit and may materially differ from the audited financial statements when they are released.

Summary of Fiscal Year 2010, Fiscal Year 2011 and Projected Fiscal Year 2012 Authority Operations

Water revenues for Fiscal Year 2010 were under budget due to cool temperatures and wetter-than-normal weather during the summer months of 2009. To offset the anticipated lower revenues management took the following steps: In September 2009, management instituted a \$2,000,000 cost reduction program that included downsizing of the workforce by 8.4% from 297 employees to 271 employees; reduction of overtime; elimination of non-essential training; deferral of non-essential maintenance and the negotiation of lower electricity prices. Finally, the Authority also completed a staff reorganization to increase efficiency of the Authority's activities.

Water revenues for Fiscal Year 2011 were under budget due to lower customer consumption. Operating and maintenance expenses for Fiscal Year 2011 were under budget due to lower payroll, healthcare and electric generation costs. For further details, see "Management's Discussion and Analysis" in Appendix B.

Water revenues for Fiscal Year 2012 are projected to be under budget due to wetter-than-normal weather during August and September 2011. Operating and maintenance expenses are projected to be under budget because expenses for payroll, employee benefits, and electricity were lower than anticipated.

The Authority's General Bond Resolution requires it to calculate debt service coverage on the basis of revenues collected, rather than accrued, including amounts transferred from the Rate Stabilization Fund to the Revenue Fund, and expenses as incurred. While the net income shown in the Authority's financial statements includes the full effect of water consumed, the receipt of this revenue will not be available for operations or considered in the coverage tests until the Authority completes its billing and collection process. To date, the Authority has successfully made its cash transfers and is in compliance with all rate covenants and other requirements of its General Bond Resolution. Coverage before PILOT for Fiscal Years 2009, 2010 and 2011 was

1.27, 1.26 and 1.30, respectively, each of which exceeded the 1.25 coverage required by the General Bond Resolution. Presented below is a summary of debt service coverage results for Fiscal Years 2009, 2010 and 2011 and as projected for Fiscal Year 2012, calculated in accordance with the requirements of the General Bond Resolution.

**DEBT SERVICE COVERAGE FOR LAST THREE YEARS AND
PROJECTED FOR FISCAL YEAR 2012**
(Thousands of Dollars)

	<i>Fiscal Years</i>			
	<i>May 31</i>			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Projected 2012</u>
Revenues (collected)				
Revenues from Utility Operations	\$80,630	\$80,303	\$87,221	\$90,584
Allocation from Rate Stabilization Fund	1,400	3,205	--	1,997
BABs Subsidy	--	--	571	697
Interest Income (collected)	<u>1,189</u>	<u>436</u>	<u>644</u>	<u>641</u>
Total Revenues	\$83,219	\$83,944	\$88,436	\$93,919
Less:				
Operating and Maintenance Expenses (incurred)	\$40,647	\$39,185	\$39,282	\$42,032
Depreciation	--	--	--	917
PILOT(A)	<u>5,652</u>	<u>5,716</u>	<u>6,128</u>	<u>7,270</u>
Total Expenses	\$46,299	\$44,901	\$45,410	\$50,219
Net Revenues (B)	\$36,920	\$39,043	\$43,026	\$43,700
Debt Service Paid on the Bonds (C)	\$33,560	\$35,492	\$37,809	\$39,018
Coverage After PILOT (B ÷ C)	1.10	1.10	1.14	1.12
Coverage Before PILOT ((A + B) ÷ C)	1.27	1.26	1.30	1.31

In June 2011, the Authority, after evaluating operational obligations for Fiscal Year 2011, transferred \$3.7 million to the General Fund after completing its year-end disposition, per the General Bond Resolution.

The Authority also authorized a transfer of \$2 million from the General Fund to the Rate Stabilization Fund. As of June 30, 2011 the Rate Stabilization Fund balance was \$5,021,900 and the General Fund balance was \$1,973,500.

Pension Plans

The Authority is the administrator of two noncontributory single employer defined benefit pension plans (the "Plans") which it administers under a master trust agreement, one for salaried employees and one for bargaining unit employees. The Plans provide retirement, disability and death benefits to the Plans' members and their beneficiaries. Cost of living adjustments are not provided to members and beneficiaries but may be made at the discretion of the Authority. The Authority establishes and amends benefit provisions of the Plans. The salaried employees plan is closed to new employees hired on or after January 1, 2011 and the bargaining unit plan is closed to new employees hired after April 15, 2010.

The Authority has received from its actuarial firm, The Pension Service Inc., actuarial valuation reports with respect to the Plans. In addition, The Pension Service, Inc. made additional calculations to determine the Plans' actuarial accrued liabilities as of January 1, 2011 which are not reported in the actuarial valuation reports. The reports and the additional calculations provided that, as of January 1, 2011, the actuarial accrued liability of the future Plans benefits under the entry age normal cost method was \$48,757,498 and the Plans Assets at market value were \$30,121,256 leaving an unfunded actuarial accrued liability of \$18,636,242 with respect to the Plans. Assumptions include an 8.25% annual investment return as well as assumptions for rates of termination (turnover rates per T-5 Table from the Pension Actuary's Handbook), mortality (per 1994 Group Annuity Mortality table),

retirement rates (estimated number per thousand employees based on Plan rules), and disability (estimated by actuary); using the aggregate cost method, the reports determine the Authority's actuarial calculated contributions payable to the Plans for fiscal year ending 2012 will be \$2,277,420. The Authority's actuarial calculated contributions payable to the Plans for Fiscal Years 2010 and 2011 were \$1,740,986 and \$1,983,130, respectively. In fiscal years ending 2010 and 2011 the Authority made contributions of the actuarial recommended amounts of \$1,716,202 and \$1,983,130, respectively, to the Plans. The Authority has budgeted plan contributions of \$2,277,420 for fiscal year ending 2012.

See also Appendix B Audited Financial Statements of the Authority for Fiscal Years Ended May 31, 2011 and May 31, 2010 – Note 9: Defined Benefit Pension Plans and Required Supplementary Information following the notes.

Other Post Employment Benefits

The Authority's other post employment benefits ("OPEB") include health benefits for retirees and qualifying dependents as well as a death benefit of \$10,000 per retiree. Medical coverage for retirees and spouses 65 and over is provided by an indemnity plan. Medical and dental coverage for retirees and dependents under 65 is provided by the Authority's self-insurance plan. Death benefits are pay-as-you-go. Authority employees eligible for retiree benefits are as follows: 65 years old with 10 years of service or the sum of age and service (at least 10 years) is 80. Requirements for contributions by union plan members are negotiated with the union. Retiree contribution requirements vary depending on retirement date and hire date. Non-union retirees hired on or after January 1, 2005 and union retirees hired on or after January 1, 2006 are entitled to continue in the group health coverage by paying the entire monthly cost for the appropriate coverage based on their age.

In January 2008, the Authority acquired Birmingham Utilities, Inc. thereby assuming the Birmingham Utilities, Inc. Retired Employees' Welfare Benefit Trust (the "Trust"). In September 2008 the Trust was renamed the South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust. The Trust covers all eligible employees for OPEB. Beginning in 2008 the Authority makes annual contributions to the Trust. On October 9, 2008, the Authority transferred \$160,000 to the Trust as its initial funding adding to the \$564,462 balance from the Birmingham Utilities Retiree Trust. The Authority has received from its actuarial firm, The Pension Services, Inc. an actuarial report with respect to the Trust, dated March 22, 2011. The report provided that the Trust has a 2011 unfunded actuarial liability in the amount of \$13,877,760. Based on an 8.25% annual investment return assumption using the frozen entry age actuarial cost method, an 8.75% healthcare cost inflation trend and a 27 year funding period, the report provided that the Authority's actuarial calculated contribution payable to the Trust for fiscal year ending 2012 was \$1,427,435. In fiscal year ending 2011, the Authority made contributions to the Trust of \$1,330,500 as recommended by its actuary. The Authority has budgeted plan contributions of \$1,427,435 for fiscal year ending 2012.

See also Appendix B Audited Financial Statements of the Authority for Fiscal Years Ended May 31, 2011 and May 31, 2010 – Note 11: Other Post Employment Benefits – Retiree Health Care and Required Supplementary Information following the notes.

Planning and Budgets, Financial Controls, Accounting and Billing Procedures

As discussed and described under the heading "CAPITAL IMPROVEMENT PROGRAM" herein, the Authority annually prepares a five-year projection of improvements, additions and renovations to the Water System based on engineering recommendations and regulatory requirements. Such projection is based upon an analysis of actual operating performance of the Water System, augmented by detailed evaluations, reports and recommendations prepared by the Consulting Engineer.

Pursuant to such projections, management prepares a one-year capital improvement budget within the context of a five-year Capital Improvement Program, annually identifying major projects, together with recurring plant additions and renovations, including a program to replace plant and equipment that wears out in the normal

course of operation. The Authority develops a schedule of expenditure, and from this, prepares a financing budget using available funds or external sources of funds, as required.

In early 2009, the Authority developed and implemented a five-year Strategic Plan (the “Plan”) which incorporates the principals of the Balanced Scorecard management system, and follows four perspectives: Customer/Constituent; Employee Learning and Growth; Financial; and Internal Business Processes. In 2011, the Plan incorporates 10 strategies and 15 goals which delineate the Authority’s priorities for the next five years. Key performance indicators have been identified to monitor business performance. The Authority will review and update the Plan annually and will develop capital and operating and maintenance budgets that support the Plan’s initiatives.

The Authority is required by the General Bond Resolution to prepare an annual operating budget on the basis of monthly requirements. For each month, the budget shows projected Operating Expenses and PILOT and projected amounts to be deposited in and withdrawn from each of the Funds created under the General Bond Resolution, as well as the Revenues and other moneys projected to be available. Revenues are calculated based on consumption by customers during the prior year, adjusted for known changes, multiplying such consumption by actual rates in effect. If such calculation indicates a short-fall between projected revenues and revenue requirements at existing rates, the Authority must adjust its rates and submit the proposed increase to the Representative Policy Board for approval.

The Authority maintains its books and accounts in accordance with generally accepted accounting principles. The Authority maintains additional records to provide information required by the General Bond Resolution regarding covenants associated with the setting of rates and the issuance of additional Bonds.

Each month, management prepares an operating summary for review by the Authority which compares operating results with budgeted amounts and provides an explanation of deviations and their significance. It follows the same procedure with respect to the capital budget and the requirements of the General Bond Resolution considering rate covenants and additional Bonds tests. The Authority reviews monthly narratives from management regarding operations, engineering, land, and administration.

The Authority bills its residential and commercial customers quarterly while billing large industrial, institutional, and wholesale customers monthly. Fire protection charges are billed to municipalities every six months in arrears. The provision for uncollectible accounts as of May 31, 2009, 2010 and 2011 was \$363,300, \$310,000 and \$512,700, respectively. The Authority places liens on property for unpaid water service and charges interest on bills unpaid thirty days after the billing date. Such liens take precedence over all other liens or encumbrances except taxes and may be foreclosed against the property in the same manner as a lien for taxes.

STATUTORY REMEDIES

The Authority or any person who is aggrieved by a decision of the Representative Policy Board (“RPB”) with respect to the establishment of rates or charges, the establishment of land use standards and disposition policies, the sale or other transfer or change of use of real property, the location of purification or filtration plants, the commencement of any project costing more than \$2 million to repair, improve, construct, reconstruct, enlarge or extend any of the properties or systems of the Authority or the acquisition by purchase, lease or otherwise of any existing water supply system is entitled to judicial review by the Superior Court under the Act by filing an appeal within 45 days of publication of such decision. Holders of the Bonds or of any other bonds or notes of the Authority and any trustee acting on behalf of such holders are deemed aggrieved persons with respect to any decision of the RPB that violates any covenant or other provision of the General Bond Resolution authorizing such bonds or notes. The reviewing court shall affirm the decision of the RPB, unless the court finds that the substantial rights of the aggrieved persons have been prejudiced. If the court finds such prejudice, it shall sustain the appeal, modify the RPB decision, or remand for further proceedings. The filing of an appeal under the Act does not by itself constitute a stay of any rate increase or other action approved by the RPB.

LITIGATION

At the date of this Official Statement there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Twenty-seventh Series Bonds or in any way contesting or affecting the existence of the Authority or the validity of the Twenty-seventh Series Bonds, or any proceedings of the Authority taken with respect to the issuance or sale thereof. In addition, there is no controversy or litigation pending or threatened to restrain or enjoin or in any way contesting or affecting use of the proceeds of the Twenty-seventh Series Bonds or the pledge or application of any moneys or security provided for the payment of the Twenty-seventh Series Bonds or the powers of the Authority related to the issuance of the Twenty-seventh Series Bonds.

The Authority has reviewed the status of pending lawsuits affecting the Authority generally and believes that such pending litigation will not be finally determined so as to result individually or in aggregate in a final judgment against the Authority which would materially adversely affect sources for payment of principal or interest on the Twenty-seventh Series Bonds.

TAX MATTERS

Federal Taxes

In the opinion of Bond Counsel, under existing law, interest on the Twenty-seventh Series Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

Bond Counsel's opinions with respect to the Twenty-seventh Series Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Authority with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code establishes certain requirements that must be met at and subsequent to the issuance of the Twenty-seventh Series Bonds in order that interest on the Twenty-seventh Series Bonds be and remain excluded from gross income of the owners thereof for federal income tax purposes. Failure to comply with the continuing requirements may cause interest on the Twenty-seventh Series Bonds to be included in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs. In the Tax Regulatory and Compliance Agreement, which will be delivered concurrently with the issuance of the Twenty-seventh Series Bonds, the Authority will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including but not limited to, investment restrictions, periodic payment of arbitrage profits to the United States, the proper use of bond proceeds and certain other requirements. The opinion of Bond Counsel delivered on the date of issuance of the Twenty-seventh Series Bonds is conditioned upon compliance by the Authority with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Twenty-seventh Series Bonds.

Original Issue Discount

The initial public offering prices of the Twenty-seventh Series Bonds of certain maturities (the "OID Bonds") are less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount ("OID"). The offering prices relating to the yields set forth on the inside front cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law, OID on the Twenty-seventh Series Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross

income for federal income tax purposes if interest on the Twenty-seventh Series Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner's basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the OID that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds should consult their tax advisors regarding the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such OID Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium

The initial public offering prices of the Twenty-seventh Series Bonds of certain maturities (the "OIP Bonds") are more than their stated principal amounts. An owner who purchases a Twenty-seventh Series Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Twenty-seventh Series Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the amortization of premium and its effect upon basis.

Other Federal Tax Matters

In addition to the matters addressed above, prospective purchasers of the Twenty-seventh Series Bonds should be aware that the ownership of tax-exempt obligations, such as the Twenty-seventh Series Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers eligible for the earned income credit, certain S corporations and recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Twenty-seventh Series Bonds should consult their tax advisors regarding the applicability and impact of such consequences. Prospective purchasers of the Twenty-seventh Series Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxes

In the opinion of Bond Counsel, under existing statutes, interest on the Twenty-seventh Series Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Twenty-seventh Series Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on a Twenty-seventh Series Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of OID Bonds or OIP Bonds should consult their tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or

redemption thereof, and with respect to the state and local tax consequences of owning or disposing of OID Bonds or OIP Bonds .

Owners of the Twenty-seventh Series Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Twenty-seventh Series Bonds and the disposition thereof.

Legislation and Other Matters

[REVIEW PRIOR TO POSTING]

Legislation affecting state and municipal bonds is regularly under consideration by the United States Congress. For example, the President of the United States has submitted proposals to Congress that would, among other things, limit the value of tax-exempt interest for higher-income taxpayers. Such proposals, or other proposals, could affect the tax exemption of interest on, or the market price or marketability of tax-exempt bonds, such as the Twenty-seventh Series Bonds. No assurance can be given with respect to the impact of future legislation on the Twenty-seventh Series Bonds. Prospective purchasers of the Twenty-seventh Series Bonds should consult their own tax and financial advisers regarding such matters.

General

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law or the interpretation thereof that may occur after the date of its opinion.

The discussion above does not purport to address all aspects of federal, state or local taxation that may be relevant to a particular owner of a Twenty-seventh Series Bond. Prospective owners of the Twenty-seventh Series Bonds, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Twenty-seventh Series Bonds.

The proposed form of Bond Counsel opinion is included as Appendix D hereto.

TWENTY-SEVENTH SERIES BONDS AS LEGAL INVESTMENTS

The Twenty-seventh Series Bonds are securities in which all public officers and bodies of the State and all municipalities, all insurance companies and associations, and all banks, trust companies, savings banks and savings and loan associations in the State may properly and legally invest funds in their control. The Twenty-seventh Series Bonds are not eligible investments in the State for funds of trusts, estates or guardianships under the control of individual administrators, guardians, executors, trustees or other individual fiduciaries.

AGREEMENT OF THE STATE OF CONNECTICUT

Pursuant to the Act, the State of Connecticut has pledged and agreed with the holders of any bonds and notes issued under the Act, including the Twenty-seventh Series Bonds, that it will not limit or alter the rights vested in the Authority to acquire, construct, maintain, operate, reconstruct and improve its properties, to establish and collect its revenues, rates, rentals, fees and other charges, and to fulfill the terms of any agreements made with the holders of the bonds or notes, or in any way impair the rights and remedies of the bondholders or noteholders until the bonds or notes together with interest thereon, interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders or noteholders are fully met and discharged.

INDEPENDENT AUDITORS

The financial statements of the Authority as of May 31, 2011 and 2010 are included in Appendix B and have been audited by Blum, Shapiro & Company, P.C., independent auditors, as set forth in their report dated August 31, 2011. The auditors have not been asked nor have they given their permission to print the financial statements in this Official Statement.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Rating Services ("Standard & Poor's") have assigned their municipal bond ratings of "_____" and "_____", respectively, for the Twenty-seventh Series Bonds.

Each such rating reflects only the views of such organization, and an explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agency, if in the judgment of such agency circumstances so warrant. A downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Twenty-seventh Series Bonds.

UNDERWRITING

Morgan Stanley & Co. LLC (the "Underwriter") has agreed, subject to certain conditions and pursuant to a bond purchase agreement by and between the Authority and the Underwriter, dated as of _____, to purchase from the Authority the Twenty-seventh Series Bonds described on the inside cover page of this Official Statement at an aggregate purchase price of \$_____ (which is equal to the par amount of \$_____ plus original issue premium of \$_____ minus the Underwriter's discount of \$_____) and to reoffer such Twenty-seventh Series Bonds at the public offering prices or yields set forth on the inside cover page hereof. The Twenty-seventh Series Bonds may be offered and sold to certain dealers (including dealers depositing the Twenty-seventh Series Bonds into investment trusts) at prices lower than such public offering prices and such prices may be changed, from time to time, by the Underwriter. The Underwriter's obligations are subject to certain conditions precedent, and they will be obligated to purchase all the Twenty-seventh Series Bonds if any Twenty-seventh Series Bonds are purchased.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, the Underwriter of the Twenty-seventh Series Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Twenty-seventh Series Bonds.

CONTINUING DISCLOSURE

The Authority will enter into a Continuing Disclosure Agreement for the benefit of the owners and beneficial owners of the Twenty-seventh Series Bonds to provide certain financial information and operating data relating to the Authority no later than 120 days following the end of the Authority's Fiscal Year (the "Annual Report"), commencing with the report for the Fiscal Year ended May 31, 2012, and to provide notices of the occurrence of certain material events, and to provide notice of failure to file Annual Reports.

The specific nature of the information to be contained in the Annual Report and the notices of material events is set forth in "Appendix E - Form of Continuing Disclosure Agreement" and will be filed to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The Annual Report, notices of material events and notices of failure to file Annual Reports will be filed by the Authority or by a dissemination agent (the "Dissemination Agent") or by the Trustee on behalf of the Authority in

accordance with the requirements of the Rule. The Authority has never failed to comply with any previous undertaking made by the Authority under the Rule.

FINANCIAL ADVISOR

Acacia Financial Group, Inc. of Montclair, New Jersey serves as financial advisor to the Authority regarding the issuance of the Twenty-seventh Series Bonds. The financial advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Twenty-seventh Series Bonds and has provided other advice. The financial advisor, however, does not assume responsibility for the adequacy of the statements made herein and makes no representation that it has independently verified the same.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Twenty-seventh Series Bonds are subject to the approval of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel to the Authority. The opinion of Bond Counsel will be substantially in the form attached as Appendix D to this Official Statement.

In the opinion of Bond Counsel, the enforceability of the Bonds and the General Bond Resolution may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

DOCUMENTS ACCOMPANYING DELIVERY OF TWENTY-SEVENTH SERIES BONDS

Absence of Litigation

Upon delivery of the Twenty-seventh Series Bonds, the Authority shall furnish a certificate of the Authority dated the Date of Delivery of the Twenty-seventh Series Bonds to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Twenty-seventh Series Bonds or in any way contesting or affecting the existence of the Authority or the validity of the Twenty-seventh Series Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or in any way contesting or affecting the validity or enforceability of the General Bond Resolution.

Opinion of Bond Counsel

Delivery of the Twenty-seventh Series Bonds will be subject to the approving opinion, dated the date of delivery of the Twenty-seventh Series Bonds, of Pullman & Comley, LLC, Bond Counsel to the Authority, in substantially the form attached as Appendix D to the Official Statement.

Authority's Certificate

Upon delivery of the Twenty-seventh Series Bonds, the Authority shall furnish a certificate dated the date of delivery of the Bonds, to the effect that (i) the Preliminary Official Statement, as supplemented or amended to the sale date, and the Official Statement, as supplemented or amended to the date of delivery of the Twenty-seventh Series Bonds, did not, as of the sale date and do not as of the date of delivery of the Twenty-seventh Series Bonds, respectively, contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (ii) there has been no material adverse change in the financial condition or operations of the Authority from that set forth in or contemplated by the Preliminary Official Statement, as amended or supplemented to the sale date, and the Official Statement, as supplemented and amended to the date of delivery of the Twenty-seventh Series Bonds.

OTHER MATTERS

Additional information, including copies of the General Bond Resolution, may be obtained from the Authority's financial advisor, Acacia Financial Group, Inc., 26 Park Street, Suite 2010, Montclair, New Jersey 07042 (973/509-3990), or from the Authority at its offices at 90 Sargent Drive, New Haven, Connecticut 06511 (203/562-4020).

Information contained in this Official Statement has been authorized for use in connection with the offering of the Twenty-seventh Series Bonds by the Authority. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Twenty-seventh Series Bonds.

The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication or permit any inference that there has been no change in the affairs of the Authority since the date hereof. Certain projections contained herein are based upon assumptions as to future events and facts, including projections as to future water needs, and such projections may not be realized. While assumptions of facts appeared reasonable when made, there is no warranty expressed or implied that they will be realized in fact.

The execution and delivery of this Official Statement has been authorized by the Twenty-seventh Series Supplemental Resolution adopted on _____. The Authority deems such Official Statement final as of its date for purposes of the U.S. Securities and Exchange Commission Rule 15c 2-12 but it is subject to revision or amendment.

SOUTH CENTRAL CONNECTICUT
REGIONAL WATER AUTHORITY

ANTHONY DISALVO
Chairperson

LARRY L. BINGAMAN
President/Chief Executive Officer

LINDA M. DISCEPOLO
Vice President Business Planning,
Development and Finance

