

THE BUBBLER

State of CA Treading Cautiously on Lifting Water Restrictions

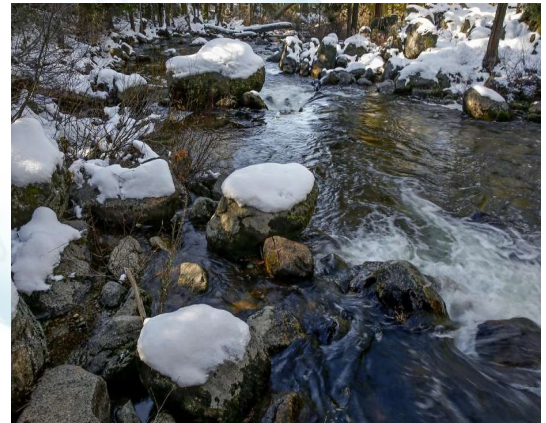
from the San Francisco Chronicle

Northern California is seeing one of its wettest falls in decades. Reservoirs are filling, ski resorts are opening, and the hills have turned a vibrant green. But that isn't stopping state water managers from treading cautiously, telling residents to brace for more restrictions at the tap while warning cities and farms that they might receive just 20 percent of the water they requested from the state's massive reservoir system next year. This week's moves serve as a stark reminder that California's five-year drought has left a huge water deficit. Even if rains continue this winter, supplies remain tight — and may never return to robust levels seen in the past. "We're certainly better off than we were, but we're not quite back to normal operating conditions," said Mike Anderson, state climatologist with the Department of Water Resources. "It'll really come down to the next three months."

The wet weather in October and November brought more precipitation to the Northern Sierra than any time since 1984. Combined with last year's El Niño winter — which was decent but not the "Godzilla" some predicted — the rain and snow are pushing California in the direction of recovery. The U.S. Drought Monitor, an agency that evaluates the nation's water conditions, reported last month that more than a quarter of California is officially out of drought, the highest level in years. Meanwhile, cities and towns have dropped the water restrictions that only months ago were forcing households to brave shorter showers and browner lawns. Most water agencies are seeing supplies begin to rebound.

"It makes us cautiously optimistic to have such a nice, wet start to the rainy season," said Jenesse Miller, a spokeswoman for the East Bay Municipal Utility District, which reports that its reservoirs, nourished by the Sierra, are 13 percent higher than the seasonal average. "But we take everything with a grain of salt and continue to conserve."

The San Francisco Public Utilities Commission, which similarly draws water from the Sierra range, says its supplies are also slightly above average for this time of year.



The Stanislaus River flows past rocks covered with snow

In This Issue

Page 1: State of CA
Remains Cautious

Page 2: Usage Chart
Page 2: LRSP Report
Page 2: Bark Beetle

Page 3: General
Manager's Report

Long Range Planning Committee /Rate Structure Plan 2017

Preliminary Rate Structure Plan

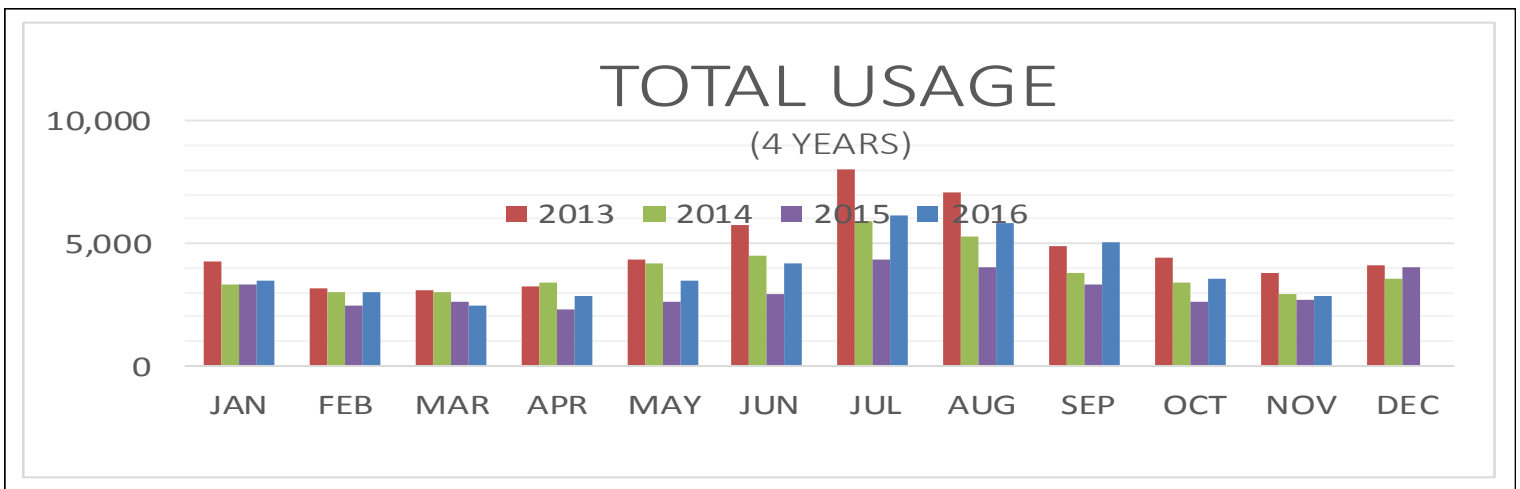
Annual Fees (Due by February 15, 2017)

1. Surcharge/Assessment to cover the income required for USDA loan re-payment on meter (includes meter purchase) and infrastructure improvements.
2. Base Rate charge for an established not-to-exceed cubic feet/month allocation intended cover all "Fixed/Base Costs" for all Operating/Maintenance expenses, capital costs, and reserves associated with service to customers under average load conditions.

Extra Capacity Fees (Charged as required for usage over the base bi-monthly cubic ft. allocation).

1. These fees are associated with meeting demand rates in excess of the average base use (i.e., variable costs) and will be charged to shareholders as additional usage or consumption fees
2. These fees should increase as the volume of usage increases based on the added cost to provide that water, which in turn should also promote Conservation
3. The number of rate tiers, cubic feet thresholds within each tier, and rate per each cubic foot will be determined based on the final analysis of the LRPC Meter Usage Studies

Water Usage for November 2016



Why Tiny Insects Are Tearing Up Sierra Forests...

East Bay Times December 14, 2016

Western pine beetles, native inhabitants of Sierra Nevada forests, typically go unnoticed. The grain-of-rice-sized insects live a quiet life, spent mostly beneath the bark of weak, diseased or injured trees.

But the beetles of late have been causing an uproar. They have been decimating ponderosa pine trees throughout the central and southern Sierra, turning entire hillsides red — the color the pines turn just before they die. Last month, the U.S. Forest Service reported that there are over 100 million dead trees in the Sierra — more than double the amount in 2015, when the dying trees prompted Gov. Jerry Brown to declare a state of emergency. Scientists and government officials admit there's little they can do to save trees. At the Forest Service, officials are focusing on removing dead trees looming near homes, power lines and roads — their potential to fall over poses a direct threat to human lives. But they're not doing much beyond that.

"People get the idea that we're trying to actually stop the beetles," Bulaon said. "That's just not feasible or practical, especially for native insects and at this point there's no way to stop the beetle. It's just going to run its course."

The insects will still be around in the future, and scientists say that's not a bad thing because they help maintain a healthy forest by recycling diseased and dying trees. It's clear, however, that the delicate balance between bark beetles and pine trees that has persisted for thousands of years in the Sierra is now being disrupted.

If current forest practices don't change, the beetle invasion will continue, Axelson said. "But there's an opportunity to change our behavior and create forests that are better adapted."

It's hard to say, scientists admit. While trees inevitably will return, it's apparent that the process will be slow and that it may require replanting ponderosas. But it'll take decades before the young trees begin to look like full-size pines.

"Based on current forest conditions and the current amount of mortality observed," Bulaon said, "we've reset the clock for reforestation to take even longer."

And once the forest does return, it may look a lot different. At lower elevations, Axelson said, oak and incense cedar may begin to dominate the forest. At higher elevations, however, the ponderosa pines have better odds of returning.

Shareholders:

Production

Production from our wells was slightly higher in November than last year, but lower than 2014. We started purchasing water from CCWD in November 2015, and it has had a very beneficial impact on our well recovery.

Drawdown

Well drawdown is the amount of available water in our well for pumping. It is expressed in feet of water above the pump intake. It's like an underground storage tank. Here are the numbers.

December 2015 92 feet above the pump intake. December 2016 160 feet above the pump intake. This means we have a lot more water available for use this year, and next.

Usage

Here are the usage numbers for November, going back to 2013.

2013 3,822,000 gallons

2014 2,946,000 gallons

2015 2,710,000 gallons

2016 2,842,000 gallons

Drought

In 2013 we had no drought restrictions, and you can see that the usage was quite high, stressing our wells to the point that we had to ask CCWD for assistance, so that we could rest them for a month.

In 2014 we began our Drought Action Plan, and initiated Stage two of that plan, which called for limited watering every other day, reduce usage by 20%. By implementing these restrictions, we were able to supply water to our shareholders from our wells without assistance from CCWD, but lack of rainfall and snowpack for the three years previous, warned us that 2015 was going to be a rough year for us. So in 2015 we initiated Stage 3 water conservation measures which allowed no outside watering. This is reflected in the November 2015 usage, compared to 2013.

In 2016 we dropped restrictions to Stage 2, of our Drought Action Plan to allow for outside watering 3 days a week, reduce use by 20%.

By the end of this year, we will be about equal with 2014 usage.

I am glad we are having good rainfall so far this season, and I have recommended to the Board that we remain in Stage 2 of our Drought Plan for 2017.

Freeze Ups

There is nothing worse than arriving at your cabin for the weekend and finding water running all over the place inside your house. Please winterize if you are going to be away for a while, and shutoff and drain your cabin if you are coming up on weekends. The temperature has been in the 20's at night lately so freezing pipes are likely to occur. The heater won't work if there is a power failure.

I hope everyone has a Merry Christmas and a Happy New Year, Happy Holidays to all.

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Have an idea?

The Bubbler is published to keep Blue Lake Springs Mutual Water Company shareholders informed about issues and upcoming events.

To better inform you of current issues and events, we publish the Bubbler following a Board or Special meeting, therefore the publish dates can vary. If you have information that you would like to share in our publication, contact

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President's Message

Well Winter is here. December, as promised has delivered cold rain, some snow and lots of ice!

It's a good time for winterizing reminders: Water expands when it freezes, just ask an ice cube ! Water could freeze in the pipes of your home. A ready piece of insurance is to continue to drain your home water system, if you are away from home for more than a day or two. There is no sense in inviting a problem.

Frequent question we receive: Now that we have had a lot of rain are the drought restrictions set aside? YES we have had some rain and NO the concerns about future water source availability have not appreciably changed. The Water Company staff and the Board of Directors discussed this issue and feel that it is important that the Stage 2 measure of conservation remain. The recent rain totals are exciting but we must think into the future and what the availability/demand will be during 2017 and after. Water consumption by month and a comparison for the current year and the benchmark year of 2013 are on our website. You will notice that we are using less than 2014 but more than 2015. Conservation shows and it is still OK.

The Long Range Planning Committee (LRPC) report is on the website and I would encourage all to read it. The Committee has been working long and hard on a number of items, the most important of which has to do with fair and equitable billing. Currently most customers are billed on an annual basis and pay a flat fee. The fee includes the delivery of treated water and consumption. Others pay a base rate and a consumptive rate. The latter is based upon water use as reported by a meter. Within the next 4 years, when our infrastructure improvements are complete and all customers are on a meter, the billing structure will change and all will receive a two-part bill showing a Base Rate Charge and a Consumptive or Use Charge. This is a standard industry process.

In order to provide balance and structure to the consumption factor, the LRPC has been tracking usage from metered customers, reviewed past use experience and is in the process of developing a fair and equitable baseline consumptive rate calculated in cubic feet. The use of cubic feet is yet another industry standard. (One cubic foot of water = 7.48gal)

What does all this mean?

The base or meter rate is designed to cover the majority of the water company's "fixed costs." These are the financial areas that provide and support the acquiring, processing and delivery of water. These costs vary little year to year and represent 85-90% of the overall budget. The balance of the budget will be funded by the consumption or use rate. The LRPC is also reviewing billing cycles. Currently there is a single, annual billing. Explored options will include: bi-monthly, quarterly and semi-annually. We are looking at auto-payment using credit cards and any other method that maybe available. It's important to remember that we have 2017 to work on the processing and billing systems. If you have any ideas, we'd love to hear them. (There are NO bad ideas.)

We are in the last phase of the application to US Department of Agriculture for \$12.2M to finish out the improvements to our overall infrastructure and complete the replacement of 1960-1980 pipelines system wide.

Last month we mentioned that the water company had been approached with interest in renting space in our facility. In addition we are using a local realtor and will start a program to engage banks in Calaveras County to see if there is any interest.

Last month we mentioned that the monthly meetings of the Water Board were moving to the 3rd Saturday of the month. Since this conflicts with the Homeowner's Board, we are moving the meetings back to the 2nd Saturday. Again the meetings are held in the water company's facility, in the old Rabobank.

We have purchased a number of additional chairs and are looking forward to your attendance.

Finally ... visit www.blsmwc.com for all that is happening with the water company.

More importantly enjoy a Happy and Safe Holiday !!

Bob Maginnis,
President

