

# THE BUBBLER

Blue Lake Springs Mutual Water Company Newsletter

October 2019

## 3rd Annual Town Hall Meeting



### **You're Invited to the 3<sup>rd</sup> Annual Town Hall Meeting**

**When: November 9<sup>th</sup>, 2019**

**from Noon to 2pm**

**Where: 335 Blue Lake Springs Drive**

**Why: Infrastructure Project Progress**

**2020 Billing and Rates**

**Power Outages vs Water Supply**

**Hear from your Directors and  
Representatives from Mozingo Construction**

**Held By: Blue Lake Springs  
Mutual Water Company**

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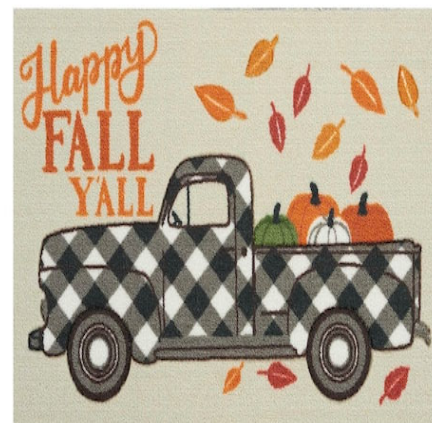
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# LRPC

The Preliminary Rate Structure Design recommendation was presented to the Board for consideration at the Oct 5<sup>th</sup> BOD Meeting. The Board will now ensure the proper implementation process steps are taken prior to formal adoption at the Nov 9<sup>th</sup> BOD Meeting.

The BLSMWC proposed rate structure is in-line with typical rate design objectives as referenced in the American Water Works Association Manual of Water Supply Practices titled "Developing Rates for Small Systems". As presented to the shareholders several times over the past couple years, our Rate Structure Goals & Objectives have remained consistent, which are as follows:

- Select rate structure that yields revenue in a stable and predictable manner
- Fund all our costs, including adequate reserves
- Select rate structure that promotes efficient and wise use of our water
- Maintain simplicity, while promoting fairness and equity



The proposed overall rate structure recommends "cost based" rates to the extent practical, which means the rates are designed to meet the revenue requirements necessary to meet our full cost of providing water services today and into the future. The full cost includes all operation & maintenance, fire protection services, debt service payments, capital improvements, regulatory compliance costs and contributions to USDA restricted reserves as well as our internal financial reserve funds. The rate structure is designed to cover fixed costs from fixed charges (revenues) and variable costs from volumetric charges (meter revenues).

The recommended 2020 base rate structure is not changed, with the exception of now including the USDA loan repayment as part of the base rate. Like 2019 and previous years, it is a fixed base charge designed to cover the majority of fixed costs, and will continue to include a consumption allowance. The recommended base rate consumption allowance remains at 350 CF/month. The USDA loan repayment portion of the base rate was calculated to meet the total annual revenue requirement of \$437,202. The Home/Lot base rate portion was calculated based on the revenue required to meet our annual operating & maintenance fixed costs.

The recommended 2020 metered (volumetric) rate structure, as mentioned above is also not changed from 2019 and previous years, with a consumption allowance of 350 CF/month. It is also recommended that the 2020 volumetric rate for metered usage above the monthly base allotment also remain unchanged at \$1.60 per 100 CF. The revenue required from metered consumptive charges is calculated based on covering our estimated annual variable costs. Based on our usage studies over the past 3-4 years, close to 80% of shareholder accounts are staying within the 350 CF/month allotment. Until the remaining ~500 meters are connected over the next year, it is recommended that the 350 CF/month allotment is a fair threshold. The metered rate structure will be reviewed on an annual basis to determine if any changes are recommended.

## USDA Project Status

The LRPC also continues to provide financial and contract oversight of the USDA Project. The project is progressing well on all fronts with no current or future issues noted. As mentioned in prior months, the BLSMWC staff requested we consider the addition of new scope high priority items within the total USDA budget allocation. The highest priority Phase 1 task is the Blue Lake Springs Dr. Common Trench (A1a). Based on the engineering and construction quotes received being well within our USDA budget allocation, it was recommended to proceed forward with the change order for this task. This task is scheduled to be completed prior to year-end. Change orders for the other remaining Phase 1 new scope tasks will be requested over the next few months and considered for approval on a case by case basis depending on overall project cost and schedule status at that time.

We are also performing very well on our USDA Interim Loan interest. Over the past 3 years, BLSMWC decided to fund the USDA engineering costs, along with meter, transmitter and PRV purchases from our operating budget in order to reduce USDA interim loan interest. By taking this approach, through Aug 2019 we have deferred over \$2M and our loan amount is only \$4.26M (approx. 35% of the total allocated budget). It is estimated that this will save us ~\$50K in total interest at completion of the contract.



# General Managers Report

Dear Shareholders:

We now have 1,226 meters in the ground and activated, and we plan to finish installing by spring of 2020 to total 1,708 residences.

## PG&E Power Shutoffs

There is a chance that PG&E will shut power off to Blue Lake Springs Subdivision this year. If the **PSPS**, as it's called, goes into effect, we have sufficient water storage to last several days. Please conserve water during the power outage.

Our staff will be on duty during the outage to assist our customers.

## New Service Connections

Some letters have gone out instructing homeowners to connect to your new service box as part of our Infrastructure Improvement Project.

Pipes and service boxes have been installed in all areas west of Moran Road, but not all are ready for a connection. Please wait till you receive a **Notice to Connect Letter** before hooking up to the new box. You can install the service line ahead of the letter. Just put in the service line and leave it disconnected at both ends until you are notified to connect.

Don't forget to have your plumber or yourself, pick up a pressure reducing valve from our office, and please tell us when you are connected.

Not all homeowners are affected by this project.

Please call the office (795-7025) if you have any questions.

Dave

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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. The Bubbler is a "monthly" newsletter and comes out following a regular scheduled Board Meeting so that we can keep you up to date on the most current information.

If you would like to submit an article or suggest ideas for improvement, please contact:

Pam Bowman

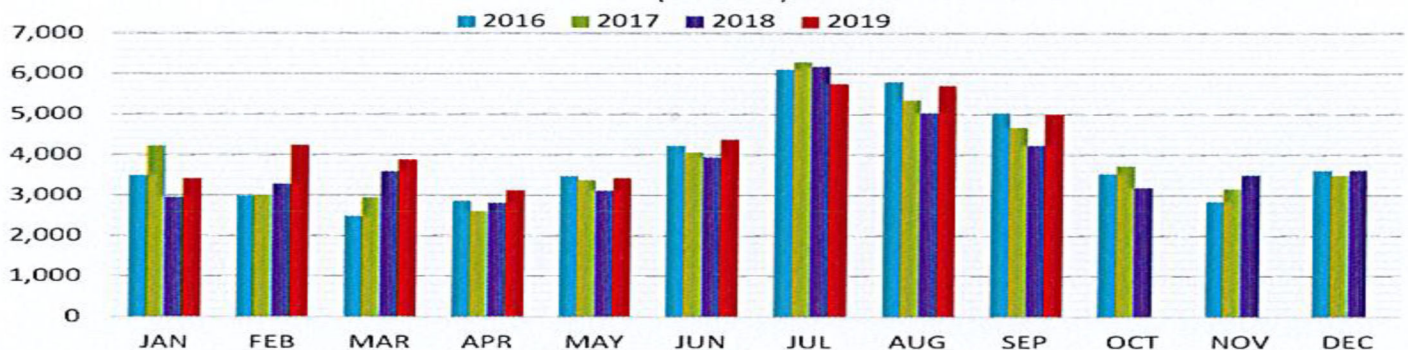
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## TOTAL USAGE

(4 YEARS)



# PRESIDENT'S REPORT



We continue to be blessed with great weather and should not forget that the Fall leads to Winter, and Winter means storms, snow, and another water refill. With this being said, our user CONSERVATION is still alive and well, good for all of you!! Please remember to WINTERIZE your cabins!!

The Project continues and is about 75% complete. As you drive around BLS, you will note that the piles of gravel and the inventory of light blue pipe is gone----gone underground for another 100-120 years.

What is truly remarkable is the addition of over 50 fire hydrants. Once the Project is complete, 86 additional hydrants will have been added to the overall system. In addition, all other existing hydrants will be surveyed and upgraded if necessary. The Fire Department is thrilled. While thinking of hydrants, if one is added into your area, you may choose to notify your hazard insurance carrier for a potential discount.

We have said a lot in the past about changes that are going to occur to the Water Company's Billing Process. Starting in 2020, every customer will be receiving a billing every TWO MONTHS. The first water bill will arrive in early March and will reflect the Base Rate and a User Rate. The Base Rate, which is the same for all customers is designed to cover all fixed costs in operating a company that delivers water. The User rate will reflect consumption based on use calculated in cubic feet, during each two-month billing period. Each customer will be afforded an initial 700-cubic feet in that time frame, and if exceeded an additional charge of \$1.60 per 100 cubic feet will be charged.

This formula ONLY applies if you have a meter. Those few without meters will be receiving a billing for 1/6 their annual fee. The system calls for 1708 meters and we have installed about 1400, so we have a few yet to go.

I want to thank the members of the Long-Range Planning Committee (LRPC) for their work in the formulation of the Base Rate, which INCLUDES everybody's share of the USDA Loan payment.

INCLUDES means not in addition to! Remarkable.

The next Board of Directors' meeting is on Saturday November 9th. There will be a Town Hall Meeting, at Snowflake Lodge starting at 12:00PM that same day. The Town Hall will cover coming changes in the Billing Process, including how to pay electronically and up-to-the-minute progress of the project from the Contractor.



## BLSMWC IS GOING PAPERLESS!!

*To save all of us money and streamline the accounting process, BLSMWC is offering its shareholders the option of receiving invoices online as well as paying for those invoices online.*

*This is in its infancy stages currently, but by the December billing period we should have it in place.*

*More information will be sent to you via email. By-the-way, if we don't have your email, you can email us at: [cschlaht@blsmwc.com](mailto:cschlaht@blsmwc.com).*

*Thank you,*

*Staff*