

NOTICE TO MEMBERS

WCPOA New Water Billing Structure

Approved by the Board January 14, 2010

After three months of consideration, discussion and debate, the Board has approved a new water rate structure. The new rate structure is retroactive to the last meter readings taken in November 2009.

- A \$360/year base rate will be billed bi-annually in May (\$180 for the period November through April) and November (\$180 for the period May through October). This equates to a base rate of \$30/month.
- A \$50 fee will be charged to any lot exceeding an annual average use of 500 gallons per day (gpd) based on the November to November readings, and charged if applicable with the second bill. The \$50 fee will be placed into reserve in the Water Capital Improvement Fund (where the new water connection fees also now go).

Last year, the annual average water use per connected lot (both full-time and part-time use) was 248 gpd. The median annual average water use per connected lot was 94 gpd (the median is the amount of water used by the lot that ranking in the middle of water use – half the connected lots used more and half used less).

You should be aware that approximately 96.5% of the water system operational expenses are constant and incurred even if none of our members opened a tap all year. We expect this percentage to drop only slightly as leaks are located and stopped, because the cost of electricity to pump water is slight relative to the fixed operational costs. Locating and reducing leaks is one of our highest system priorities in order to keep the number of approved connections ahead of demand for new connections. Costs per member will drop with time as more connections are made and the fixed costs are shared more broadly.

The Board is now engaged in developing a capitalization plan that will (1) estimate more specifically the size and scale of infrastructure capital improvements if needed prior to build-out; (2) determine the probable timing (number of connections triggering the improvements); and (3) ensure we have a workable plan for capitalizing the improvements when/if needed.