

Notice of Rate Increases Effective February 1, 2017

At its meeting on November 8, the Board of Directors voted to increase Bi-County WSC's rates effective February 1, 2017. This action is deemed necessary to maintain the existing quality and quantity of water we are currently delivering, plus plan and build the system to meet future needs.

The Board wants you to know that we very precisely forecast our operating income and operating expenses in our budget for the full year of 2016. Our net operating income is excellent. Even in the current interest rate environment, our investment income was well above our expectations.

Where we fell short was in projecting capital expenses. We laid more than 50 miles of transmission pipe to better connect our 29 existing wells so that when problems arise, we can redirect water to continue your service with minimal interruption. A new well we drilled cost \$365,000 – three times what a well previously cost.

We also continue to grow faster than usual. Our budget forecast of 85 new connections for the year, has already reached 126 as this is written at the end of November. Depending on the outcome of negotiations which have been ongoing for the last year and a half, 2017 could see us set three times that number of new meters. While this growth makes us a stronger and more profitable company over the long haul, we do incur some additional expense in the short run.

Our debt position is enviable. It takes less than 10% of a month's average gross income to service the debt payment.

With all that positive news, why are we increasing rates? There are a number of reasons, including:

- We need to add one new well to boost capacity in the southeast portion of our service area
- We need to lay additional pipe along the Highway 271 corridor to get ahead of the growth which virtually all the developers, government officials and real estate brokers believe is eminent.
- We need to change one gravity storage standpipe to hydromantic to increase pressure. Several tanks are due for maintenance which had been delayed to avoid a rate increase last year.
- We have been informed that our health insurance premium will rise approximately 14% for next year. This is one of the largest expenses which we confront.

What does this mean to me?

We are planning to increase the standard meter base rate to \$29.95 per month. Additionally, 25 cents will be added to the current rate per 1,000 gallons of water used. The new rate structure appears below:

Water Service - The monthly charge for standard metered water service is for a 5/8"by 3/4" meter. The 5/8" X 3/4" meter charge is used as a base multiplier for larger non-standard meters in accordance with the following chart based on American Water Works Association maximum continuous flow specifications :

METER SIZE	5/8" X 3/4" METER EQUIVALENTS	MONTHLY RATE
5/8" X 3/4"	1.0	\$29.95
1"	2.0	\$59.90
1 1/2"	4.0	\$119.80
2"	7.6	\$227.62
3"	13.5	\$404.32
3" commercial	25.0	\$748.75

Gallonge Charge - In addition to the Base Rate, a gallonge charge shall be added at the following rates for usage during any one (1) billing period.

- \$ 4.75 per 1,000 gallons for 0 to 8,000 gallons
- \$ 5.25 per 1,000 gallons for 8,001 to 25,000 gallons
- \$ 5.50 per 1,000 gallons for 25,001 to 50,000 gallons
- \$ 5.75 per 1,000 gallons for 50,001 and over
- \$ 3.95 per 1,000 gallons for 0 to 8,000 gallons and over for 3" commercial rate

Average household bill

	Current Rates	New Rate
Base rate	\$ 27.25	\$ 29.95
4,000 gallons	\$ 18.00	\$ 19.00
	\$ 45.25	\$ 48.95