

PICOSA WATER SUPPLY CORPORATION

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January 21, 2019

To: All System Users,

As always, the Corporation's Board of Directors prepares a budget for the coming calendar year. We first determine justifiable & defensible requirements to cover operational & reserve costs. Then a water rate structure is developed and used as the tool that collects and ensures sufficient funds are in place to maintain a healthy and viable water supply system. The structure is designed in a way that provides a fair & equitable distribution of costs amongst the users of the system. This has always been done for the purpose of attaining everybody's affordability.

Calendar year 2018 has been a very good year, primarily because of the hot & dry weather, in that we will be able to replenish our reserves by a good amount. We thank the system users for their continued good payment for doorstep water services.

During the latter part of CY2017 we enhanced our in-house capability with two purposes in mind; elimination of high dollar unnecessary expenses and creating another source of revenue. This action will help lessen the burden imposed on the water rates by any increase in requirements.

Implementation of a ten (10) year Growth Preparation Plan developed for expected growth within our Certificate of Convenience & Necessity (CCN), will of course cost a lot of money. The Board's plan is to use initiatives such as the in-house initiative plan described above, use funds already in place in our Capital Improvement Fund, use revenues coming in from new growth (Buy-In-Fees) with the remainder coming from water rates.

The administration has found it necessary to increase our share of health insurance costs for the corporation employees to stay comparative with other equivalent water companies as listed by TRWA's 2018 rate study report. This new cost is also included in the budget requirements for CY2019 and will be covered by the water rates.

On the backside of this letter you will find a brief analysis/comparison of the CY2018 & CY2019 water costs to all customers. In summary: (1) the existing minimal gap between low & high-volume users will continue, (2) the increased cost to provide funding for the two new requirements will be distributed in proportion to water consumption, and (3) with the exception of those that only consume 1,000 gallons each month, everyone else will pay the same amount for each gallon of water consumed. The new water rates will become effective in March 2019.

The Picoso Water Supply Board who is here to serve wishes to thank you for your continued support.

Respectfully,



Eugene W. Raanes, President
Picoso Water Supply Corporation

“This institution is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found on line at <http://www.ascr.usda.gov/complaintfilingcust.html>, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442, or email at program.intake@usda.gov.”