

Customers & members of B&B Water Project, Inc.

Water Rate Request:

We would like to provide additional information to the 47.8% rate request we recently filed with the Indiana Utility Regulatory Commission.

Our request is a combination of increased annual operating costs (approximately 10.6%) and the need to make ongoing major infrastructure repairs and replacements (approximately 37.2%).

Our last general rate increase (other than wholesale rate trackers) occurred in 2016. We are seeking to increase rates to cover increased costs since our last rate case. In addition, we are seeking to add funds that will allow us to more aggressively replace aging water mains, valves, hydrants and meters. Our current electronic read meters were installed in one main installation, and we are beginning to experience mass failures. Additionally, the replacement cost of these meters has increased substantially. In addition to these replacement funds, we are asking permission to issue debt and convert a portion of the additionally requested funds to debt service. Beyond the general rate increase needed our goal is to significantly decrease our water loss. We will be working to explore long term funding opportunities.

The Board of Directors has been aggressive in addressing water loss with limited resources. B&B is a rural water system with less than 1900 customers covering a wide service area that consists of very hilly terrain in a karst area. Most of our mains were installed in the late 1960's. Based on our efforts to date we believe that our water loss is due to a number of factors that point to not one or two large leaks, but a high number of small leaks spread out over our service area making it difficult to find and repair and making any gains marginal.

Working in conjunction with our operator, Bynum Fanyo Utilities we have taken the following steps.

- Upgraded an outdated pumping station located on Hinkle Road
- Upgrading our telemetry system along with adding new components to increase reliability
- Monthly replacements of radio read water meters
- Updating our system maps, purchasing a GPS locating system, mapping meters, valves, hydrants, and mains.
- Upgraded our billing system, replacing postcard billings with 8.5x11 invoices that show past usage, allows for additional information and messaging from the company with an emphasis on having our customers report suspected leaks.
- Installation of valves and master meters allowing us to isolate smaller sections of mains and measure for water loss.
- Aggressively verifying meter, valve, hydrant and main locations allowing us to update our system map.
- Adopted a policy to locate meters within the normal utility right-of-way closer to our mains. As a part of this policy when we find a meter out of compliance with this policy, we relocate the meter to the proper location eliminating long service lines that we must maintain.
- Locating all meters, reviewing zero read meters, and inactive meters.
- Responding quickly to any visible signs or water leaks or calls by customers to investigate and repair leaks
- Receive and review monthly reports from our operator discussing repairs, replacements, locates, valve program, hydrant program and other system & administration issues.
- Working with our operator to develop a water main replacement plan that prioritizes those mains with frequent leaks, undersized or inconsistent main size while adding valves and hydrants.

The Board has and will continue to dedicate time and resources to addressing our water loss and while continuing to safe, reliable, and quality water.

Respectfully

B&B Water Project Board of Directors