

B&B Water Project, Inc.

IURC Withdrawal Information Packet

About B&B Water Project

B&B Water Project is a nonprofit, member-owned utility. The system is owned by its customers, not private investors like large utilities, and doesn't operate for profit. All revenue collected goes directly toward:

- Purchasing water
- Operating expenses
- Repairs and maintenance
- Infrastructure improvements
- System reliability

B&B purchases treated water from the City of Bloomington Utilities (CBU) and doesn't operate its own treatment plant.

What is the IURC?

The Indiana Utility Regulatory Commission (IURC) is a state agency that regulates:

- Utility rate increases
- Financing approvals
- Certain construction and operational decisions
- Service territory matters

Utilities must receive IURC approval for many financial and infrastructure-related actions.

Why is B&B Considering Withdrawal?

The primary concerns are:

- Lengthy approval timelines
- Administrative burden
- Legal, consulting, and accounting costs
- Delays in infrastructure improvements

Examples:

- Financing approvals have taken over two years
- The most recent rate case took approximately 9 months. During that delay, B&B estimates the system missed approximately \$81,000 in additional operational revenue that could have been used for repairs and improvements.
- Approximately \$16,000 was also spent completing the rate case process

B&B believes local decisions can often be handled more efficiently by the locally elected board and membership rather than through state-level approvals in Indianapolis.

Cost of IURC Oversight

IURC Related Costs (2020-2026 YTD)

B&B Water Project, Inc					
IURC Costs					
Year	IURC	Consulting	Accounting	Total	Per Member
2020	892.59			892.59	
2021	967.95			967.95	
2022	854.07			854.07	
2023	1,150.53		**	1,150.53	
2024	1,294.25	2,400.00	**	3,694.25	
2025	1,735.98	7,428.40	6,350.00	15,514.38	
2026*		571.60	563.75	1,135.35	
Total	6,895.37	10,400.00	6,913.75	24,209.12	13.09
*2026 figures are year-to-date through March.					
**Accounting costs related to 2023-2024 rate case were provided at no charge as part of internal support (current accountant was B&B Treasurer at that time)					

Costs vary depending on rate cases and financing requests.

Will Leaving the IURC Increase Rates?

Leaving the IURC doesn't automatically increase rates, and it doesn't remove legal protections for customers. B&B Water Project will still be governed by Indiana state law, which requires utility rates and fees to remain fair, reasonable, and justifiable.

Rates will continue to be based on actual operation costs, including:

- Purchased water costs
- Operating expenses
- System maintenance and repairs
- Emergency repairs
- Debt service for infrastructure improvements

There is no fixed cap or formula tied to inflation because utility costs can change unpredictably from year to year.

If withdrawal is approved, rates and system finances will continue to be reviewed publicly each year at the annual board meeting before any changes are made. During that review, the board will evaluate:

- Financial standing
- Infrastructure needs
- Repair and maintenance costs

Historical rate cases show that increases have traditionally been tied to operating costs, financing needs, and infrastructure improvements.

Schedule of Rate Cases with IURC					
Year	Operating Requested	Approved	Long Term Financing & Requested	Approved	Duration from filing to approval
2016	24.0%	23.7%			8 months
2022	10.0%	4.1%	19.3%	19.2%	11 months
2025	11.3%	9.2%	16.7%	11.8%	9 months

Because B&B purchases water from the CBU, wholesale water costs increases directly impact the utility's operating costs over time.

Pass through increases due to higher water rates charged by City of Bloomington Utilities, our wholesale water provider	
Year	Water Tracker Pass Through - City of Bloomington**
1994	0.09
1995	0.10
2000	0.10
2002	0.15
2006	0.21
2011	0.31
2011	0.58
2018	0.40
2022	0.95
2024	0.64

**Per 1,000 gallons

Customers who believe rates aren't justified will still retain the right to challenge them through the county court system.

Transparency & Accountability

Since B&B is a nonprofit, operating publicly and transparently is required.

Customers will continue to have access to:

- Financial reports
- Budgets
- Project discussions
- Monthly board meetings
- Annual public meetings

Board members are also customers of the utility and are directly affected by the same rates and infrastructure issues as every other member.

Billing Disputes & Customer Concerns

If withdrawal occurs:

- Customers will still contact the office directly regarding billing or service issues
- Existing shut off, dispute, and late fee policies remain in place
- Concerns may still be addressed through the board and legal channels if necessary.

Water Quality Oversight

Water quality regulations will NOT change. Withdrawal from the IURC doesn't affect water testing or safety standards.

Water quality remains regulated by:

- Indiana Department of Environmental Management (IDEM)
- Environmental Protection Agency (EPA)

Current Infrastructure Challenges

B&B's largest operational challenge is aging infrastructure and water loss.

Since B&B purchases water from CBU, every leak creates a direct financial loss to the utility and ultimately impacts finances.

Recent challenges have included:

- Water main leaks
- Boil orders
- Aging valves
- Older infrastructure needing replacement

Current Improvement Efforts

Leak Reduction

- Approximately 45 leaks repaired in 2025
- Problematic sections of water main replaced on Mt. Gilead Rd

On meter reading cycle, 20 th -20 th					
	Gallon Purchased	Gallons Sold	% Sold	% Lost	Water Payment to CBU, at \$3.03
March 2025	15,117,134	5,187,592	34%	66%	\$45,804.92
April 2025	15,980,367	5,987,621	37%	63%	\$48,420.51
May 2025	14,967,800	5,754,487	38%	62%	\$45,352.43
June 2025	16,149,200	6,115,867	38%	62%	\$48,932.08
July 2025	14,157,900	7,132,517	50%	50%	\$42,898.44
August 2025	13,942,200	6,368,021	46%	54%	\$42,244.87
September 2025	12,724,000	6,284,329	49%	51%	\$38,553.72
October 2025	11,548,500	6,606,217	57%	43%	\$34,991.96
November 2025	9,865,300	5,088,319	52%	48%	\$29,891.86
December 2025	9,032,600	5,257,424	58%	42%	\$27,368.78
January 2026	9,256,800	5,987,014	65%	35%	\$28,048.10
February 2026	9,960,900	5,500,557	55%	45%	\$30,181.53
March 2026	7,904,700	4,826,333	61%	39%	\$23,951.24

Sub-Meter Installation

Sub-Meters help isolate areas of water loss.

- 13 locations identified
- 4 already installed
- Approximately \$10,000 per location

Other Ongoing Priorities

- Valve repairs and replacements
- Hydrant maintenance
- Tank upkeep
- Meter pit repairs

Long-Term Maintenance Plan

B&B Currently performs:

- Annual hydrant flushing
- Annual valve exercising

- Professional tank inspections and maintenance
- 10-year water meter replacement cycle

Current rates now support replacing approximately 10% of meters annually. Repairs are prioritized based on severity, reliability concerns, and available funding.

At this time, B&B doesn't have a dedicated reserve fund specifically for maintenance and repairs. However, the current rate includes approximately \$75,000 annually for repairs and replacements associated with the meter replacement program and overall system maintenance.

Planned Financing & Infrastructure Projects

B&B has been approved to pursue long-term financing for:

- Water tank maintenance
- Backup power installation
- Water main replacement
- Leak detection improvements
- Water loss reduction projects
- Reliability improvements

Withdrawal from the IURC wouldn't create new funding, but it may allow financing and projects to move forward more quickly.

Financial Overview

B&B Water Project Financial Summary

B&B Water Project, Inc			
Financials			
Year	Revenue**	Expenses**	Revenue Less Expenses**
2020	763,664	837,651	-73,987
2021	740,880	819,402	-78,522
2022	790,879	905,678	-114,799
2023	869,728	1,015,604	-145,876
2024	1,128,209	1,162,662	-34,453
2025	1,104,749	1,249,723	-144,974
**All information via Not-for-Profit form 990 tax returns, available in the water office			

Financial information is available for customer review through the utility office.

What Happens Next?

State law requires customers/members to vote on withdrawal from IURC oversight.

If approved:

- B&B will begin the withdrawal process
- Oversight will remain local through the elected board, public meetings, and state law
- Water quality regulations remain unchanged
- Rates will continue to be based on actual system costs and reviewed publicly

Final Summary

Leaving the IURC:

- Does NOT eliminate accountability
- Does NOT eliminate water quality oversight
- Does NOT automatically increase rates
- Does NOT create new funding

It MAY:

- Reduce administrative delays
- Allow projects to move faster
- Improve response time for repairs and financing
- Keep decision-making local to the utility membership

No matter the outcome- B&B Water Project remains a nonprofit utility owned by its customers, with all revenue continuing to go directly back into operating and improving the water system.