

In Person Questions submitted for May 14th Meeting

Financials, IURC Cost

QUESTIONS

- What was the total 2025 annual cost to belong to the IURC?
- Current detailed financials from B&B Water Project
- A breakdown of the actual savings a withdrawal will produce, i.e., filing fees, cost of financial reports beyond normal reports for the board and public. Do not include wage burden to produce reports if the individual(s) would simply do other tasks (work priority)
- What is the financial cost of our membership annually?
- What is the annual average amount paid to IURC
- Can you quantify the impact in terms of cost, impact on timing and denials of permission resulting from belonging to the IURC

ANSWER:

B&B Water Project's financial information

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			

The primary issue B&B is trying to solve is the time and cost associated with IURC oversight. IURC cost breakdown for the past 5 years is above. Regulatory processes require legal, accounting, and consulting expenses and can take significant time to complete. For example, financing approval has taken over two years, and additional steps are required even after approval.

The most recent rate case was filed in April 2025 and went into effect in February 2026, creating about \$9,000 per month in additional revenue for operations and repairs. Since approval took approximately 9 months, the system missed out on roughly \$81,000 that could have been used for improvements during that time. This is not including the roughly \$16,000 spent working to complete the rate case.

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)					

IURC Membership, Oversight and Withdrawal Reasons

QUESTIONS

- Why did we join this group initially – what did we expect to get out of our membership?
- What are the specific services IURC has provided
- Who will provide the oversight going forward if not IURC
- Will there be cost to the entity
- Do we know how they will compare
- Are there any legal risks to not being in IURC
- If so, what are they and est. costs
- When did B&B Water Project join the IURC
- What was the reason for joining
- How is the B&B Board that will be making these decisions established?

ANSWER

The Indiana Utility Regulatory Commission (IURC) is a required jurisdiction for any new establishing utility in Indiana, that utility must be a part of IURC for at least 10 years before being eligible to withdraw.

B&B Water Project was established in the mid-1960s, during a time when it was mandatory for utilities to operate under the oversight of IURC. The IURC is a state agency responsible for regulating utility rates, borrowing, construction projects, and overall financial decisions. They also have authority over service

territory, meaning it can require a utility to extend water service even in situations where the utility's engineers determine it may not be in the best interest of the system.

There has been a recent spike in small non-profit utilities withdrawing due to creating significant financial and administrative burdens for small nonprofit systems like ours. Being in IURC moves decisions to Indianapolis, where they don't know our system, or our customers. Leaving would mean our systems priorities come first and our community controls its own water.

Much like how things are run now the B&B Board of Directors would be providing oversight going forward if the vote is in favor of withdrawal. There will still be an annual review process, and open monthly meetings. There will be no extra cost for the Board members to provide oversight. Board members are required to be customers of the system, and any customer is eligible to be voted onto the board when positions become available. This ensures decisions are made by individuals who are directly affected by those decisions.

Rates, Fees, Customer Protections

QUESTIONS

- What will the impact to resident fees be in the long & short term
- Without oversight, how do we ensure there won't be major price hikes?
- Will leaving the IURC Increase rates?

ANSWER

B&B's rates will continue to be governed by Indiana state law, which requires all rates and fees to be fair, reasonable, and justifiable. This is the same standard currently applied by the IURC. Because B&B doesn't produce its own water and instead purchases it from the City of Bloomington, our rates will continue to be based on the cost of purchased water, along with operating expenses, system repairs, and any debt service.

Rates will be reviewed based on actual system needs. If withdrawal is approved, a formal review will take place each year at the annual board meeting (typically in June with public notice), where rates, infrastructure needs, and financial standing will be evaluated before any changes are made. If customers disagree with decisions, they can raise concerns at meetings, participate in board elections, or pursue legal remedies through the county courts.

B&B operates as a nonprofit cooperative, meaning it is owned and governed by its members- the customers. Since the board members are also customers, they share the same interest in maintaining reasonable rates while ensuring the system remains safe and reliable.

Maintenance, Repairs, Infrastructure Plans

QUESTIONS

- Long term maintenance and repairs schedule and any set aside of cash to pay for maintenance and repairs.
- What is the savings you anticipate putting toward adding valves or backup power or infrastructure updates on an annual basis with this charge?
- What infrastructure improvements are planned
- What operational improvements are currently underway?
- Is there money set aside for repairs and maintenance?
- What are the total gallons of water purchased vs sold for the year 2025?

AWNSER

B&B follows a set maintenance schedule for key parts of the system.

Water Tanks

We are under contract with a professional tank maintenance company that performs:

- Routine Inspections
- Interior/exterior washouts
- Protective coating maintenance
- These are done on a scheduled basis to extend the life of the tanks.

Valves & Hydrants

- Every valve in the system is scheduled to be operated (turned) once per year
- Every hydrant is flushed annually
- We maintain lists of non-working valves, hydrants, and meter pits, which are repaired as funding allows

Water Meters

- Meters are on a 10-year replacement cycle
- A recent meter replacement project was completed using short-term financing
- Current rates now support replacing about 10% of Meters each year

In addition to scheduled maintenance, repairs such as leaks, broken valves, hydrants, and meter pits are completed as they are identified, based on priority and available funds.

At this time, B&B doesn't have a dedicated capital improvement or reserve fund set aside specifically for maintenance and repairs; however, the current rate includes approximately \$75,000 per year for repairs/replacements. This is related to the 10-year meter replacement program previously mentioned in the water meters section. Other maintenance & repairs are included as an overall part of the rates.

Therefore, projects are currently paid for using available cash on hand or through financing when necessary.

Current priorities focus on reducing leaks and improving reliability. B&B has installed sub-meters to identify water loss, with 13 total locations planned and 4 currently installed. Each sub-meter costs approximately \$10,000. In 2025 alone, about 45 leaks were repaired, and sections of problematic main have already been replaced. Additional improvements, as funding allows, include valve repairs and installation, hydrant maintenance, tank upkeep, and meter pit repairs.

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

What We're Doing Right Now

Our top operating priority is reducing water loss and improving system reliability. Since B&B does not produce its own water via a treatment plant; it purchases water directly from the City of Bloomington (\$3.03 per 1000 gal), every leak is a direct cost to the utility and ultimately impacts rates.

We are working on reducing water loss in the following ways:

Installing sub-meters on dead end lines

- This allows us to compare water sold to customers in an area to the water that went through the sub-meter. The difference is water loss, and based on the severity, it allows us to focus our efforts in areas we know to be problem areas.
- There are 13 locations identified as possible sub-meter areas. Currently there are 4 installed. There are also 4 other locations where bypass meters are located which also help us isolate leaks.
- Sub-meters cost roughly \$10,000 for labor and materials. Our goal is to have one in every location identified.

Fixing leaks

- In 2025 alone, we repaired roughly 45 leaks and breaks
- We also replaced multiple stretches of main on Mt Gilead Rd where problems continued to occur
- There are other sections of main that could and should be replaced due to the constant leaks

Other operational plans not directly related to water loss, should there be the funds to execute:

Valve repairs and new valve installation

- There are numerous valves in the system that are inoperable due to either being broken or the valve box needs reset
- Installing additional valves would result in fewer customers being without water when there are breaks and repairs; resulting in smaller areas being affected by boil orders
- They also help in isolating leaks

Flush hydrant repairs/replacements

Tank upkeep

Meter pit repairs