Dear Patrons of Sun Mountain Water System LLC,

January 1, 2022

Happy New Year!

Happy 2022! This has been a historic year for many reasons, but for the water system, one of the things that will stand out for 2021 is the number of new customers on the system. I am not talking about *more* customers but *new* customers to the system. Out of 300 homes on the water system, 50 properties have changed hands this past year; that is an impressive percentage of new folks to our area. Welcome to you all.

I am reaching out to all the system patrons to explain the rate increase that is taking effect in January 2022 and to answer some of the many questions I have received this past year regarding the supply of water to our homes and how the water system operates. Of course, there is nothing like starting the new year with your utility notifying you of a rate increase. Last year, I let you all know that an increase for water users using over 70,000 gallons/month would begin in 2022, and I would like to remind everyone again that a \$5.00 increase in the base rate will start in 2023 for all users.

Water Conservation is the goal

The State of Oregon owns all the water in the state, and Sun Mountain Water has a permit to pump water out of the ground to provide the water for its patrons. There is a limit on the amount of water we can pump at a rate of 0.846cfs (380gpm). During the summer, with all of our pumps running, we can see the water level in our tanks diminish during the night when the sprinklers are watering. Pumping more water out of the aquifer is not an option; conserving water is the only solution. Watering on odd and even days (according to the last number of your street address) provides water systems the ability to keep up with demand by only having half of the patrons watering at any given time – **this is important**.

Only a handful of the 300 homes on the water system use above 4000 gallons during the winter (Nov – March), so I can safely say that any use above 5000/ gallons a month is going to irrigation. The source of our water is groundwater, and the purpose of Sun Mountain Water is to provide safe culinary/domestic water to its customers. It is not the intention to provide irrigation water for large areas of your property; that said, a <u>small</u> yard or garden is permissible.

Seventy-five homes on our system never exceeded 10,000 gallons/month of use all summer! 85% of the customers use less than 70,000 gallons/month during the summer. On the other end of the spectrum, two properties used more than 250,000 gallons/month for multiple months.

Starting January 1, 2022, the new rates for water use for Sun Mountain Water LLC will be:

•\$16.00 for 0-300 gallons used /billing cycle (unchanged from previous years)

•\$27.00 for Base Rate/ includes first 4000 gallons of use (unchanged from previous years)

•4000 – 70,000 gallons: \$0.15 per 100 gallons used above the first 4000 (unchanged from previous years)

 •70,000 – 90,000 gallons:
 \$0.20 per 100 gallons used above the first 4000

 •90,000 - 110,000 gallons:
 \$0.25 per 100 gallons used above the first 4000

 •110,000 - 130,000 gallons:
 \$0.30 per 100 gallons used above the first 4000

 •130,000 - 150,000 gallons:
 \$0.35 per 100 gallons used above the first 4000

 •150,000 - 200,000 gallons:
 \$0.40 per 100 gallons used above the first 4000

•Above 200,000 gallons: \$0.60 per 100 gallons used above the first 4000

Below are 2 examples for the calculations of 89,000 gallons and 120,000 gallons used for both the 2021 rates and the 2022 rates:

Gallons used	- Base gallons	XRate /100 gallons	+Base Rate	=Total	
•89,000	- 4000	X \$0.15 : 100	+ \$27	= \$154.50	2021
•89,000	- 4000	X \$0.20 : 100	+ \$27	= \$197.00	2022
•120,000	- 4000	X \$0.15 : 100	+ \$27	= \$201.00	2021
-120,000	- 4000	X \$0.30 : 100	+ \$27	= \$375.00	2022

More than 85% of the users of Sun Mountain Water will not be affected by the 2022 rate increase, it will only affect the folks that use a large amount of water for irrigation in the summer.

History

Sun Mountain Water System was built and placed into service in the late 1960's – early 1970's by a person that owned all the land the system now serves. The purpose was to create a water system so the property could be broken into lots and be sold; as a result, the following subdivisions were created:

Ponderosa Cascade 1972 Llama View 1989 Paladin Ranch Estates 1971 Plainview Estates South 1978 Double R Estates 1981 Sun Mountain Ranches 1969 Sun Mountain Ranches – 1st Addition 1971 Seven Peaks 1983

There are a few other properties that the system serves, and it now has 300 connections with a total of 380 that were mapped to be developed. The water system was placed into service before the land was divided to supply culinary/domestic water to the properties with a small amount of irrigation water. Other areas in Central Oregon have surface irrigation water that can provide the large green pasture and crop areas we all see. There was surface water from Three Creeks Lake that provided irrigation water to this area through the Plainview ditch, but that went away over time, and those water rights were lost to the property owners.

Back Flow assemblies to keep the water safe

I will start by explaining that a double check valve assembly is a device that consists of two ball valves and two spring-loaded check valves that have the purpose of letting the water flow only in one direction so that the homeowners water cannot flow back into the water system and affect other properties. You own this device, and it is the best place to turn off the water to your property should you have a problem with your plumbing. Please do not use any valves before the meter as this is not owned by you and can cause damage to our system.

We have three wells that pump into two tanks and distribute the water through many miles of PVC pipe, every property has a water meter at the property boundary, and all customers are required to provide premises isolation with the use of a double check valve assembly (DCVA) immediately after the meter. The state requires the DCVA to be tested annually, at installation, and after a repair or relocation. To put it simply, Sun Mountain Water is responsible for the delivery of water through the meter, and the customer is responsible for providing protection to the system after the meter by owning and maintaining a device that prevents their water from coming back into the system (the DCVA).

In the case of properties with an Auxiliary water supply, the state requires a reduced pressure principle device (RP). If you have a well on your property, the state requires an RP to protect the Sun Mountain Water system from

your water. If you have a well and are connected to the Sun Mountain Water System, please reach out to us for information on this rule. We will be working to bring all properties with wells into compliance early in 2022.

Billing & Paying

The meters are read during the last week of each month, and new bills are sent out at the first of each month; payment is due by the 20th of each month. If you are a little late, do not be concerned. If the payment is received by the last day of the month, it will be accounted for. If the payment is not received before the new bill is sent, a \$5 late fee will automatically be added. If you keep your account up to date regularly, please call, and I am happy to remove the late fee. To reduce bookkeeping time, we try to make two deposits each month, one on the 20th when payments are due and one on the first of the month to close out each month. I only add this to explain that if you pay your bill on the 5th, the check may not be deposited until the 21st of the month.

The two ways to pay your bill are by check, or most people use bill pay through their bank so they can go online and pay their balance. Either way, you choose, please add the four-digit account number to your payment so we can be sure the payment goes to the correct account. I know there are many ways folks can transfer funds these days: Paypal, Zelle, Venmo, credit card, debit card, bitcoin, and about 50 bill-paying apps. I try to keep the bookkeeping safe and straightforward, so the check and online payment through your bank are the two avenues to pay for the foreseeable future. Some folks will choose to pay a few hundred dollars in advance, so they do not have to write a check for \$27 each month, and that works fine as the balance carries forward and shows up on each billing statement. There is also a mailbox for Sun Mountain Water located on Fryrear Road across from 2nd, so if you want to save a stamp, feel free to drop it off there.

Drought conditions

There is no getting around the drought conditions that exist in this area. All of the irrigation districts restricted the use of their water in 2021, and the outlook for 2022 is not looking much better. I am working on installing telemetry down our three wells to monitor the ground level of the aquifer in our area and hope that by the 2022 season, I will have a good picture of what is happening in our area. You all may have noticed that we put up signs last summer asking folks to restrict their irrigation usage. I actually had those signs made up the year before to say stop all irrigation for dire situations when a pump fails during the summer or a well goes dry due to depletion of the aquifer level. I will have no choice but to ask you all to stop watering until the situation is rectified. At that point, the choice is a drink of water and a shower or a green lawn. This is the worst-case scenario kind of talk and planning, but it is easier to discuss now. I do not see any problems in the water system's ability to provide safe, reliable water to us all as it has done for over the past 50 years.

The water system is in the best shape it probably has ever been in to respond to downtime. We now have two people who know the system better than anyone has in the past and actually live in the area and are on the water system. We have spare pumps sitting on the shelves, ready to go into service, finally accurate mapping of the system and all of its components, a new van, and tools to help us respond. Things are looking good – but they can always be better, and we are constantly working on improving. All the money generated by the water system over the past six years has gone back into the system, which will continue for at least three more years as we update and improve.

Wildfire

Wildfire is another subject that seems to be becoming a topic of concern in our state for a good reason. My main concern is for the first time, our power provider CEC announced that during times of extreme fire risk, they might choose to turn off areas at risk so that their equipment will not start a fire. The bad news for us is that if the power goes off, the pumps will not produce water, and we will quickly go through the reserves that gravity can supply. We are researching backup generators, but at best will take a couple of seasons.

If there is a wildfire in the area, please do not turn on all your sprinklers and evacuate. We will stay in the area and work with the fire folk to put the water resource to its best use.

Estimated meter readings

All you have to do is go outside this time of year to understand that we cannot read meters in the winter conditions. Even if the meter boxes are not covered with snow the lids are frozen to the point that opening them is impractical. We put in an estimated gallon use on the bill and when we can read the meters (usually in March) we balance the actual amount used and adjust the billing according to actual gallons used over the period of time we estimated the readings. So if you shut the water off to your home in November and head to the warm sunny parts of the world and you receive a bill showing 1000 gallons of use in December and get charged more than the \$16.00 for usage under 300 gallons, not to worry we will adjust the charges when the meter is read accurately.

Contacting us

The phone number for the Sun Mountain Water office is 541-382-7309; if I am in the office, I will answer. If I am not in the office, please leave a message as I do not carry this phone with me at all times. I do not carry this phone because 99% of the calls require me to access the computer to answer questions or help with concerns. So be sure to leave a message, and I will get back to you. sunmountainwater@gmail.com is another way to reach out to us.

If you have a water emergency or see something in the area that does not look right regarding water, please call Jerry at 541-640-2558 or me on my personal phone at 541-408-1804. Thanks! Feel free to contact me with any questions or concerns about what I have written in this letter. I was going to try to send out a one-pager, but as soon as I crossed into the second page, I thought I might as well fill it in with some information that people have asked me about this past few years. I will save the earthquake and volcanic eruption for another time. Please stay safe and stay prepared are my words of wisdom on these subjects. If the past couple of years have taught us nothing else, things do change. We live in a beautiful spot on this earth and are fortunate to have clean air and good water!

I will be updating the website in January to provide more information.

Thanks for reading – enjoy the water -- Jamie (1)