

# **BRAZOS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION, INC.**

**HC-75 Box 178  
CHAMA, NEW MEXICO 87520**

June 10, 2008

Dear members of the BMDWCA:

Several of you have inquired about the reasons for the increase in annual fees. In response to your concerns, I can offer the following information:

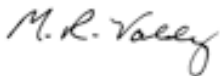
- The operation and maintenance costs of the current water system are increasing on an annual basis.
- The current water distribution system is comprised of two portions (one portion older than the other) and the older portion needs to be disconnected from the newer system, thus additional costs.
- The current production capacity of the two wells is insufficient to meet the water demands and consumption rates during the summer months. One well is nearing its useful life. A new well needs to be drilled and connected to the current distribution system. A grant was secured to drill a new well; however, the cost of the pump, pump house, piping, and connecting it to the current system will have to be paid by the Association.
- Our current budget projects anticipated costs that will be incurred from federal and state mandates to install a filtration system for uranium and arsenic.
- Older piping in the distribution system is in need of replacement.
- The Association has been required to hire a maintenance officer and a bookkeeper in the past two years.
- The annual assessment (\$100.00) initially implemented to pay off a loan taken out in 1990 will soon be terminating, but the Association still has that loan and two others to pay off.

Most of the above information was included in the annual newsletter and discussed at the annual meeting that was open to all members. The increase in fees is being implemented for everyone independent of usage because essentially all of the Association expenses are fixed costs incurred by providing you with the capability of receiving water, not incremental costs determined by the amount of water you actually use. I think you'll agree that even a member who uses no water whatsoever should pay a fair share.

In principle, the Association could bill monthly with a statement consisting of two components, the fixed costs and the incremental costs based upon amount of water consumed. Because the incremental cost of delivering an additional gallon of water is small, the incremental portion of the statement would also be a small fraction, and the total annual fees paid by a member would not be very different from the current annual fee. In addition, there is no way of accurately measuring individual water consumption. The accuracy of the current meters is questionable, and the cost of installing more accurate meters would be prohibitive. Furthermore, the Association does not have a meter reader. If one were to be hired, that would also incur an additional cost, in addition to the cost of billing and processing the monthly statements. In summary, the cost of monthly billing including a component based upon usage would far exceed the small additional revenue that might be generated.

We appreciate your concerns, but the Board of Directors felt that an increase in annual fees was justified in the face of increasing operational and maintenance costs, repayment of the current loans, and projected and anticipated future expenses.

Sincerely,



Michael R. Valdez, M.D.  
BMDWCA President