Erda Acres Water Company

Annual Letter

Agenda Items:

1. Water system status, connections, usage, 2024 recap and 2025 initiatives.
2. FY 2024 final budget.
3. FY 2025 proposed budget.
4. Proposed rate adjustment
5. Shareholder Q&A.
6. Board member election (if needed) – MW, LB, BT, TI, JJ.
7. Shareholder Adjourn.
8. November 2024 board meeting.

Recommendations:

1. If needed, use portion of $10 & $5 base rate to cover any budget shortfall in fiscal year 2024.
2. Add Cross Connection Control Administrator position
3. Approve proposed rate increase.

EAWC Overview:

In FY 2024 EAWC finances experienced significant pressure, only one new connection, influenced by macro economy and Comcast issues. Board elected to pay-off Nelson well generator. Resulting in a net loss in FY 2024. FY 2025 budget proposal includes new rate structure.

FY 2024 included a continued slowdown in new construction (only one new connection).

In 2020 EAW started using our chlorination system. The system has operated with no major issues for almost 5 years. Upgrade to add chlorination to the Scada system pushed to FY 2025.

The water system, which includes a storage tank, two wells, two water pumps, a booster station, a two generators and a distribution system. All are functioning properly. Repairs and upgrades to the system are consistently required to address meter reading issues, leaks, and operation of fire hydrants. Erda Acres has established a regular maintenance schedule to ensure proper functionality and increase asset longevity.

Erda Acres continues efforts to identify shareholders with backflow prevention devices connected to their irrigation systems. Federal and State laws require water companies to identify installed backflow devices and track annual certified inspections.

The proposed budget for 2024- 2025, the minutes from last year's Shareholder Meeting, the voting proxy form and this year's meeting agenda are posted at www.erdawater.com.

Erda Acres Water Company

2024 Annual Meeting

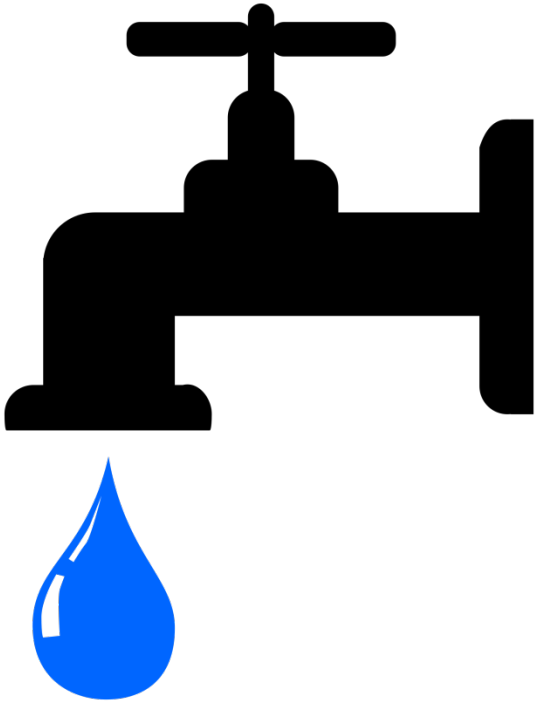
Fiscal Year 2024 Highlights

1. Completed Sanitary Survey - no negative points awarded.
2. Tank cleaning completed.
3. Continued construction slowdown in 2024 – one new connection added to Erda Acres Water.
4. Cross Connection Control Program is functioning (upgrade meters, irrigation backflow).
5. Working on adding to chlorination system to the Scada system.
6. Routine maintenance and service to the Campbell well Cla-valve.
7. Nelson well generator paid in full
8. GIS system functional.
9. All water tests completed and passed.
10. Lead and Copper service line inventory project (EPA requirement) completed.
11. Water Usage
12. New billing/accounting system - AVR and Quickbooks operating for over a year.
13. Continued interest in using remaining connections commercial and residential.
14. Hired an operator to replace Alan Clark - Levi Mele
15. Comcast problems

Erda Acres Water Company

2024 Water Usage

2024 FY Water Usage Summary	
Average Number of Connections	321
Total Gallons Pumped	108,280,232
Total Gallons Metered	103,481,022
Billing Efficiency	96%
Average Gallons used per connection	322,371
Average Gallons Used per Month	9,023,353
Average Acre Ft/Year	332
Average Acre Ft/Connection	0.99
Gallons in 1.5 Acre Feet	488,777
Gallons in 1 Acre Feet	325,851

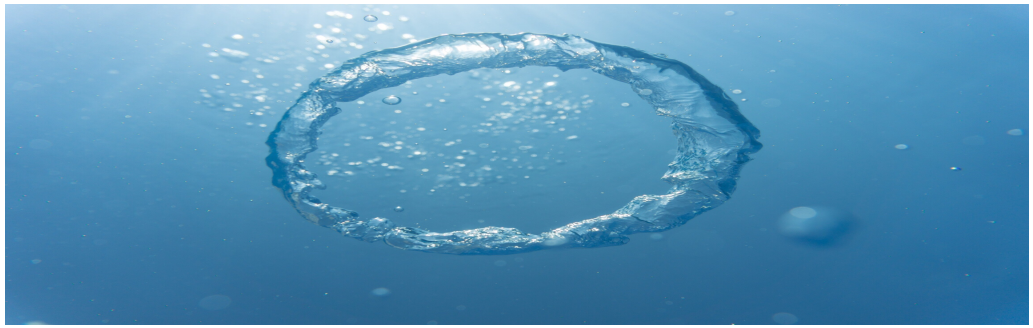


Erda Acres Water Company

2024 Annual Meeting

Water Usage Summary

	Fiscal Year									
Metric	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Average Number of Connections	321	318	316	295	293	285	279	253	220	202
Total Gallons Pumped	108,280,232	92,492,171	91,393,293	97,149,115	106,875,483	77,811,339	89,888,073	76,208,775	75,062,919	53,653,620
Total Gallons Metered	103,481,022	89,341,751	90,534,380	93,391,660	102,743,110	74,319,160	82,838,310	69,371,390	64,526,298	45,666,880
Billing Efficiency	96%	97%	99%	96%	96%	96%	92%	91%	86%	85%
Average Gallons used per connectior	322,371	280,949	286,501	316,582	350,659	260,769	296,912	274,195	293,301	226,074
Average Gallons Used per Month	9,023,353	7,707,681	7,616,108	8,095,760	8,906,290	6,484,278	7,490,673	6,350,731	6,255,243	4,471,135
Average Acre Ft/year	332	284	280	298	328	239	276	234	230	165
Average Acre Ft/Connection	0.99	0.86	0.88	0.97	1.08	0.80	0.91	0.84	0.90	0.69
Gallons in 1.5 Acre Feet	488,777	488,777	488,777	488,777	488,777	488,777	488,777	488,777	488,777	488,777
Gallons in 1 Acre Feet	325,851	325,851	325,851	325,851	325,851	325,851	325,851	325,851	325,851	325,851

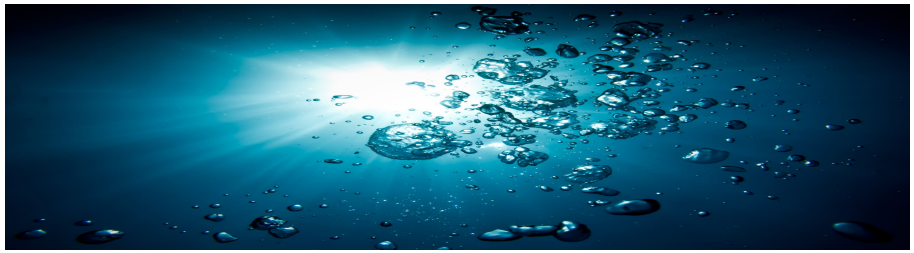


Erda Acres Water Company

Water Usage Summary

Monthly Usage	FY 23-24	FY 23-24	FY 22-23
Months	Pumped	Metered	Metered
Oct	5,802,084	4,870,280	8,044,760
Nov	2,365,223	1,948,210	1,926,030
Dec	2,236,092	1,825,900	1,685,420
Jan	2,547,166	1,944,840	2,033,400
Feb	2,526,566	1,945,230	1,839,647
Mar	2,353,021	1,798,730	1,382,415
Apr	3,053,671	2,597,860	2,432,470
May	8,045,812	8,432,320	7,761,860
Jun	18,261,700	21,192,282	12,158,694
Jul	25,251,579	22,297,200	22,363,625
Aug	19,442,830	19,458,470	15,568,390
Sept	16,394,488	15,169,700	12,145,040
Total	108,280,232	103,481,022	89,341,751

Highest Daily Usage per Month		
Well	Nelson	Campbell
Oct	200,160	201,600
Nov	126,720	79,200
Dec	116,640	172,800
Jan	118,080	162,720
Feb	123,840	165,600
Mar	139,680	190,080
Apr	168,480	144,000
May	508,320	203,040
Jun	766,080	210,240
Jul	790,560	208,800
Aug	629,280	210,240
Sept	558,720	210,240



Erda Acres Water Company

2024 – 2025 Fiscal Year project list.

• Replace 6 Meter Boxes	$4,000
• Retro Setter 20 Units	$10,000
• Replace 3-6 Fire Hydrants	$32,000
• Scada Upgrade	$8,000
• Line Detector	$2,500
• Parts for 8” line break (2)	$1,200
• Source Protection Plan	$2,000
• Total	$59,700

Erda Acres Water Company

Project Explanation

- Scada Importance.
  - Chlorine system is not visible on Scada.
  - Increases efficiency of operating water system and helps reduce expenses.
  - Vital for operational efficiency (operator and state reporting).
  - Scada provider has been working on this in FY 2024 not completed
- Cross Connection.
  - State allows gradual improvement.
  - State requires back flow prevention device at meter connection.
  - Retrosetter - allows upgrade to a backflow prevention, avoids complete replacement
  - 6 meter boxes
  - 3-6 fire hydrants.
- 2 Connectors - 8" MJ L/P SLV C153 IMP-4 Megalug
  - Start building inventory for any future leak.
- Line Detector Equipment.
  - Current device is over 10 years old, outdated technology
- Source Protection Plan Implementation.
- Tasks from SPP submitted 3 years ago.

Erda Acres Water Company

Loan Schedule

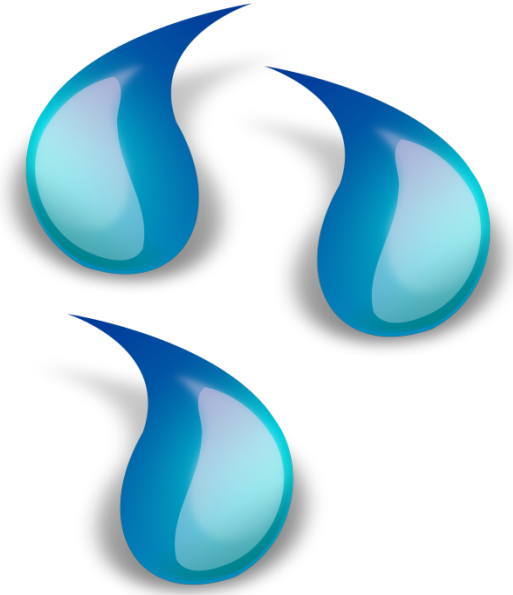
Year	Principal	Loan balance
2010	$21,000	$1,599,000
2011	$22,000	$1,577,000
2012	$24,000	$1,553,000
2013	$26,000	$1,527,000
2014	$27,000	$1,500,000
2015	$29,000	$1,471,000
2016	$30,000	$1,441,000
2017	$33,000	$1,408,000
2018	$36,000	$1,372,000
2019	$39,000	$1,333,000
2020	$42,000	$1,291,000
2021	$45,000	$1,246,000
2022	$48,000	$1,198,000
2023	$51,000	$1,147,000
2024	$54,000	$1,093,000
2025	$57,000	$1,036,000
2026	$59,000	$977,000
2027	$61,000	$916,000
2028	$63,000	$853,000
2029	$65,000	$788,000
2030	$67,000	$721,000
2031	$70,000	$651,000
2032	$72,000	$579,000
2033	$75,000	$504,000
2034	$77,000	$427,000
2035	$79,000	$348,000
2036	$82,000	$266,000
2037	$85,000	$181,000
2038	$88,000	$93,000
2039	$93,000	$-
Total	$1,620,000	

Loan Amount is $2,120,000, of which $1,620,000 is the Loan Proceeds and $500,000 shall be Principal Forgiveness if payments are made on time.

Total of 30 year payment schedule $1,620,000

Balance as of 9/30/2024 was $542,030

Balance as of 10/10/2024 was $488,030



Erda Acres Water Company

Water rate increase proposal.

The Board is recommending a water rate increase to occur during fiscal year 2018-2019.

1. EAWC has not increased rates tier rates since 2018.
2. The stability of our water rates is due to the increased number of connections.
3. Cost of expenses has increased.
   - Comcast damage added almost $19K
4. Compared SPID, Tooele City and Granstville Rates
5. Current water rates:
   - $55.00 monthly base fee
   - $0.75 for each 1,000 gallons of water used up to 70,000 gallons
   - $1.25 for each 1,000 gallons of water used over 70,000 gallons up to 140,000 gallons
   - $1.75 for each 1,000 gallons of water used over 140,000 gallons
6. Proposed water rate structure (prorated tiers):
   - $55.00 monthly base fee
   - $1.00 for each 1,000 gallons of water used up to 50,000 gallons
   - $1.60 for each 1,000 gallons of water used over 50,000 gallons up to 100,000 gallons
   - $2.25 for each 1,000 gallons of water used over 100,000 gallons up to 150,000 gallons
   - $3.25 for each 1,000 gallons of water used over 150,000 gallons

Erda Acres Water Company

Water rate increase Example

Water Bill Example

	Tiers	Rate	Calculation	Bill Amount	Gallons - O	Gallons - N	Bill Amount	Calculation	Rate	Tiers
Example 1	Base	$55		$ 55.00			$ 55.00		$55	Base
	0-70,000	$0.75/1,000	(67821/1000)*0.75	$ 50.87	67,821	50,000	$ 50.00	(50000/1000)*1.00	$1.00/1,000	0-50,000
	70,001-140,000	$1.25/1,000				17,821	$ 28.51	(17821/1000)*1.60	$1.60/1,000	50,001-100,000
	>140,000	$1.75/1,000							$2.25/1,000	100,001-150,000
									$3.25/1,000	>150,000
			Total	$ 105.87	67,821	67,821	$ 133.51	Total		

	Tiers	Rate	Calculation	Bill Amount	Gallons - O	Gallons - N	Bill Amount	Calculation	Rate	Tiers
Example 2	Base	$55		$ 55.00			$ 55.00		$55	Base
	0-70,000	$0.75/1,000	(67821/1000)*0.75	$ 37.50	70,000	50,000	$ 50.00	(50000/1000)*1.00	$1.00/1,000	0-50,000
	70,001-140,000	$1.25/1,000	(70000/1000)*1.25	$ 87.50	70,000	50,000	$ 80.00	(50000/1000)*1.60	$1.60/1,000	50,001-100,000
	>140,000	$1.75/1,000	(43413/1000)*1.75	$ 75.97	43413	50,000	$ 112.50	(50000/1000)*2.25	$2.25/1,000	100,001-150,000
						33,413	$ 108.59	(33413/1000)*3.25	$3.25/1,000	>150,000
			Total	$ 255.97	183,413	183,413	$ 406.09	Total		

Erda Acres Water Company

2024 Annual Meeting

Example supporting rate increase

Billing	Current 4 Tier	Current 5 Tier	Proposed rate change	SPID	Grantsville	Tooele City
23-Sep	$30,232.17	$31,495.88	$40,881.61	$18,621.64	$ 36,940.63	$ 39,615.03
23-Oct	$27,072.06	$27,664.00	$36,608.33	$16,675.16	$ 33,079.30	$ 35,474.15
23-Nov	$21,267.10	$21,305.48	$28,758.54	$13,099.56	$ 25,986.23	$ 27,867.56
23-Dec	$19,053.66	$19,054.81	$25,765.41	$11,736.19	$ 23,281.63	$ 24,967.16
24-Jan	$18,969.43	$18,969.43	$25,651.51	$11,684.30	$ 23,178.71	$ 24,856.79
24-Feb	$19,058.63	$19,064.40	$25,772.13	$11,739.25	$ 23,287.70	$ 24,973.67
24-Mar	$19,123.86	$19,182.72	$25,860.34	$11,779.43	$ 23,367.41	$ 25,059.14
24-Apr	$18,949.05	$18,957.49	$25,623.95	$11,671.75	$ 23,153.81	$ 24,830.08
24-May	$19,548.40	$19,552.15	$26,434.42	$12,040.92	$ 23,886.15	$ 25,615.44
24-Jun	$24,052.03	$24,280.36	$32,524.48	$14,814.96	$ 29,389.13	$ 31,516.82
24-Jul	$36,212.69	$38,751.70	$48,968.79	$22,305.37	$ 44,248.21	$ 47,451.67
24-Aug	$37,395.20	$40,205.65	$50,567.85	$23,033.74	$ 45,693.12	$ 49,001.18
Total	**$290,934.28**	**$298,484.07**	**$393,417.36**	**$179,202.27**	**$ 355,492.01**	**$ 381,228.69**
Difference		$7,549.79	$102,483.08			
Base (55*12*321)	$ 211,860.00	$ 211,860.00	$ 211,860.00	$ 109,204.20	$ 92,833.20	$ 61,978.68
Water (row 14 - 16)	$ 79,074.28	$ 86,624.07	$181,557.36	$ 69,998.07	$ 262,658.81	$ 319,250.01
Use Shrinkage			13%	0%	14%	15%
Adjusted H2O		$ 86,624.07	$157,954.91	$ 69,998.07	$ 225,886.58	$ 271,362.51
(row 16 + row 19)	$290,934.28	$ 298,484.07	$369,814.91	$ 179,202.27	$ 318,719.78	$ 333,341.19
(row 20 - cell B14)	0	$ 7,549.79	$78,880.63	($111,732.01)	$ 27,785.50	$ 42,406.91
Result	($61,406.72)	($53,856.93)	$41,076.36	($173,138.73)	$3,151.01	$28,887.69
Result w/ shrinkage	($61,406.72)	($53,856.93)	$17,473.91	($173,138.73)	($33,621.22)	($18,999.81)
For row 24 and 25 used proposed fiscal year 2025 expenses of $352,341						

Erda Acres Water Company

2024 Annual Meeting

Rate Comparison

Water Company	EAW Current	Tiers	EAW 5 Tier	Tiers	EAW Proposal	Tiers	SPID	Tiers	Grantsville	Tiers	Tooele City	Tiers
Base	$55		$55		$55		$28.35		$24.10		$16.09	
Usage	$0.75/1000	0-70,000	$0.75/1000	0-50,000	$1.00/1000	0-50,000	$0	0-25,000	$0.59/1000	0-10,000	$0.77/750	0-7,500
	$1.25/1000	70,000-140,000	$1.25/1000	50,000-100,000	$1.60/1000	50,000-100,000	$0.75/1000	25,000-50,000	$1.18/1000	10,000-30,000	$1.02/750	7,500-22,500
	$1.75/1000	>140,000	$1.75/1000	100,000-150,000	$2.25/1000	100,000-150,000	$1.05/1000	>50,000	$1.77/1000	30,000-50,000	$1.28/750	22,500-37,500
			$2.25/1000	>150,000	$3.25/1000	>150,000			$2.35/1000	>50,000	$1.53/750	37,500-52,500
											$1.79/750	52,500-67,500
											$2.04/750	>67,500

Erda Acres Water Company

Directory

Operator

- Alan Clark: 435-496-3468 (cell); erdaacresoperator@gmail.com.
- Levi Mele: 219-252-2614 (cell); levilmele@gmail.com.

2024 Board Members

Tom Isom, President (expire odd) – possible vacancy
801-660-7306; tisom2000@yahoo.com

Rob Adams, Vice President (expire odd)
801-673-9092; wingmanut@gmail.com

Blanche Smith, Treasurer (expire even) – possible vacancy
435-850-9106 (M); erdaacres@gmail.com

Michael Webb, Secretary (expire even) – possible vacancy
385-252-1519 (M); webbmike3609@gmail.com

- Please reach out if contact of additional board members is needed.

Additional Board Members:
Brian Townley (position is open)
Larry Brown (position is open)
Jake Jacobson (position is open)
Dave Gunderson
Phyllis Kimpel

Erda Acres Water Company

Looking ahead to 2025

1. Board changes - need to replace 6 positions
    a. President
    b. Secretary
    c. Treasurer/Bookeeper (replacement found)
    d. 3 board positions (one replacement found)
2. Rate structure
3. County wide development
4. Is there Shareholder interest in becoming a licensed operator (primary or non-primary)?
5. Continued integration of new billing/account system
6. Meter Box upgrades (cross connection program)
7. Replace up to 6 Fire Hydrants
8. Input data into GIS system
9. 2025 Rural Water Conference
10. Interest in development around Excelsior (commercial and residential).

Cross Connection Reminder

Backflow prevention.
Remember water can flow two directions in a hose or irrigation system.
An unexpected drop in water pressure may reverse water flow from a hose into your home.
Some helpful hints.
Ensure water leaving a hose runs through an air space gap of at least 2 inches before it enters into a container.
Another tip is to make sure there is a hose-bib vacuum breaker attached to all outdoor spigots.

As a reminder state law and the plumbing code require a certified backflow preventer.
All lawn irrigation systems installed since 2006 are required to have either a Reduced Pressure Principle (RP) Backflow Prevention Assembly (most common) or a Pressure Vacuum Breaker (PVB) Backflow Prevention Assembly.
Both of these are installed above ground and are testable.