

Greetings from Bogue Banks Water Corporation!

I hope everyone is enjoying their time at the beach as much as we enjoy working here. It truly is an amazing area to live, work, and play. I wanted to let you know what is happening here at BBWC, why we are making the changes we are, and what to expect in the future. This is going to be a long one, so please bear with me.

We essentially have 2 'zones' of water here in our service area that are produced by 7 treatment plants. The Reverse Osmosis (RO) plant located on Coast Guard Rd produces an extremely high-quality water, but only serves about 30% of the west end customers during the summer season. All other customers receive a blend of RO water and the treated water from our other plants. The farther east, the less RO water. While the other 6 treatment plants produce perfectly safe drinking water, it is a harder water with more character, commonly called as "Beach Water".

Over the last couple of years, we (BBWC) have been working towards increasing the amount of RO treated water for all our customers. We are in the planning phase of building a second RO treatment plant that will provide 80-90% of the customer base with RO water during the summer at our current average demand rates. This is not a quick process. We are currently looking for new well sites and applying for a new discharge permit. After this process we can begin the piloting stage, followed by plant permitting and design, and finally construction!

During this planning phase we have 1 other major project happening, replacing and upgrading our aging meters. Water meters have a 15-20 year life cycle. Do they stop working suddenly? No, but from the day they are installed they start losing efficiency as the internals wear out. After 15-20 years a meter is typically only 80-90% efficient. Our costs to produce water keep going up, but our income gradually goes down for the same production rates. Our distribution crews have replaced roughly 65% of the meters over the past 2 years and will likely finish by sometime next spring depending on the weather. A new meter can be expected to show an increase in average usage as it is 100% efficient at the time of install. Our new meters also store the previous 90 days of hourly usage on them. We can pull a usage report showing how much water you used during 1-hour blocks for the previous 90 days! Finally, the meter will flag itself for a leak if during a 24hour period it goes without reading 0 usage for at least 1 hour. When we read the meter at the end of the billing cycle, we get a report on flagged meters. We then notify customers as a courtesy of the potential leak, saving wasted water and helping to keep the customer bill lower.

Early this year we had a rate increase and rate structure change. The timing of the rate change was just before the COVID restrictions started. None of us could have predicted the initial 2-week social distancing that happened or that it would have lasted for the next 6 months. We waived all late fees and suspended any disconnections during this time and offered hardship payment plans if needed. In the past BBWC has always tried to provide safe water as cost effectively as possible. While we still wish to provide cost effective water for our customers, our expenses have increased, and we have not kept up. It has been 10 years since our last base rate increase, and our usage rate has not changed since the 90s. The water quality has not changed much since then either, still safe, still mostly "Beach Water". The decision to switch to a tiered structure was not made lightly. Many water utilities [including most of our neighboring ones] across the nation have already made the switch. With summertime demand increasing to almost 400% of the offseason demand we sent out newsletters in the spring of the last 2 years asking customers to help by lowering their usage, specifically irrigation, during the summer season. The demand has not subsided any over the past 2 years. Statistically speaking, homes that irrigate use 70-80% of their water on the lawn. While we understand the desire for a plush green lawn, especially in a community that contains significantly more rentals than fulltime residents, it is ultimately a luxury item that is doing more

harm to the aquifer than good to the surface. We cannot continue to blindly abuse the groundwater aquifer with such a high demand without consequences to future generations. We've already starting to see those repercussions in the form of saltwater intrusion in the western end of the aquifer. As alternatives we highly encourage landscaping with natural flora that does not need as much water as grasses and non-native species do. If irrigation is a must for you, then shallow wells, low flow irrigation heads, working rain sensors, and no more than 3 days per week irrigation will also help reduce your usage.

We are aware of the high bills some have received. While a portion of that is from the rate change, there are other factors as well. These are some of the reasons bills can and do vary on occasion.

- We bill a month in arrears. The current bill is for July usage. Meters were read at the beginning of August and then mailed out at the beginning of September.
- Demand is higher in the summer. Showers are longer and more frequent, gardens are watered, pools are filled and kept topped off. Irrigation systems account for 90% of our high usage inquires.
- Some billing cycles are longer than others. While we try to read meter at the beginning of each month, sometimes due to uncontrollable circumstances we are unable to read for an extra week resulting in a longer billing period. 6 weeks vs 4 weeks is roughly 50% more usage.
- New meters! As I spoke about earlier, the new meters are 100% efficient whereas the 20-year-old meters were likely only 80-90% efficient, sometimes even less.
- Leaks and wasted water. We can detect leaks with the new meters, but it is still up to a month before we find out and can notify you.
- Irrigation is by far the number one reason usage is high resulting in higher bills under the tiered system. Check your settings and reduce them as much as possible or find alternatives.
- Recently our billing vendor's system did not process the auto-pay options for some of our customers leaving them with an unpaid balance. These customers are showing a balance for 2 months. No late fees of any type were assessed to these accounts for the error, but the balance is still due. We can setup payment plans to help if needed.

We are currently testing an add-on feature that would allow the homeowner to see water usage daily via an app, but it is still in a testing phase. It will require a different endpoint (antenna) than is currently installed. Pricing and features will be made public as soon as we have everything sorted out. This could be a powerful tool for those that do not live here fulltime, have rental homes, or just want to keep an eye on your everyday usage! Please give us a call at the office **(252-354-3307)** if you feel your bill is in error or you have any questions about your account. Please be patient with us as there at over 6,000 of you and very few of us. If you cannot get a hold of a representative immediately, please leave a message and we will get back to you as soon as possible. There is also a lot of useful information at <u>Boguebankswater.com</u>.

Lastly, we are a Non-Profit Water Utility. While we work closely with the towns of Emerald Isle, Indian Beach, and community of Salter Path, we are not affiliated with any government entity. We operate solely on the sale of water we treat and deliver to your homes and businesses so that everyone can enjoy this community without having to think about whether there will be safe water available. Our crews work incredibly hard through ice storms, hurricanes, floods, heat waves, you name it, to ensure the system stays intact, pressurized, and safe to consume every day of the year. My primary goal is to maintain a water system that is not only functionally healthy, but one that is prepared for the future with a healthy aquifer to provide safe water for future generations.

Sincerely,

Seola Hill Executive Director