

MOUNTAIN MUTUAL WATER COMPANY
4338 E TIMBERS DRIVE
CRIPPLE CREEK, CO 80813
719-689-2527

Dear Mountain Mutual Water Company Customers,

We, the Board of Directors and employees of Mountain Mutual Water would like to provide you some current information and facts about your water company.

Mountain Mutual Water Company (MMWC) is a non-profit "Mutual Ditch" company (a water utility) established to provide potable household water to the Cripple Creek Mountain Estates subdivision and surrounding customers. Our customers include mining claims we have easements with and customers along the pipeline from Gillette. Our water rights are very historic. MMWC is a separate entity from the Property Owner's Association.

Mountain Mutual Water Company (MMWC) has two types of customers. Users & Availability customers. "Users" are tapped on to the water system and pay a \$35.00 monthly fee. This fee must be paid whether you are here 12 months of the year or just a couple weeks of the year. "Availability" customers have a vacant lot and are not tapped on to the water system. Availability customers pay an annual fee of \$90.00 for the "Availability of a tap" and pay a \$500.00 connection fee at the time of tapping onto the system. The \$500.00 connection fee is new and has just been implemented by the Board of Directors to cover the costs of materials and labor at the time of connection. Most community water systems in the area (Teller, Park, Fremont counties) charge \$8000.00 - \$14,000.00 as a tap fee. If availability fees are not kept current, MMWC will file a lien against the parcel, forfeit the water rights and assess a \$3000.00 reinstatement fee.

It is the responsibility of Mountain Mutual Water Company (MMWC) to provide water to the "point of connection" on our main lines. It is MMWC's responsibility to maintain our lines, our valves and all related hardware. It is the responsibility of the customer to maintain your service line, your cistern and components and, your pump and related equipment.

If you hire an independent contractor to work on your system and Mountain Mutual Water Company property is damaged in the process, it is the responsibility of the property owner to reimburse MMWC for damages and repairs.

If your water line freezes, you have a malfunction, or some other problem arises and we have to deliver water, Mountain Mutual Water Company will gratuitously deliver the first load. Any additional deliveries need to be by a private contractor. Should it become necessary to deliver water due to MMWC transmission difficulties, water will be delivered at no charge.

Your cistern and incoming water system is **your responsibility** to maintain. If our employees notice your cistern overflowing, we will have to stop water supply until it is repaired. If your pump is not working properly, it is **your responsibility**. If your system needs to be updated or if you by-pass your cistern and "run direct", now is the time to get your system in compliance as we will no longer permit this to continue.

The population of Cripple Creek Mountain Estates and surrounding area is constantly changing. We would like to remind you that water usage is restricted to "Household" use. Please remind your "New to the neighborhood" neighbors that washing cars, planting sod, watering lawns and irrigation systems are not permitted.

Recently, our customers received notice of a rate increase. This increase became effective with the September 2008 billing. This is the first increase in several years for both users and availability customers. "User" fees are increasing to \$35.00 monthly. "Availability" customers will now have to pay the \$90.00 annual fee with a \$500.00 connection fee. For "Availability" customers, the connection fee is necessitated by the increased cost of materials such as the tap saddle. Previously, fees did not cover the cost of materials, let alone labor.

The Board of Directors really struggled with the potential of a fee increase but the cost of everything associated with doing business has increased and there was no other option. This company is a non-profit and we do not increase fees to increase or create profits. We merely have to increase fees to cover the costs associated with basic operation. In the first six months of 2008, MMWC has spent more money on basic items (fuel, electricity, propane, insurance) than for the full year of operation for

*This letter mailed to
all customers 10-14-08
TM*

the preceding 5 years. Mountain Mutual Water Company strives to responsibly and prudently make use of all revenue.

Constant upgrades to the system require a huge expense. MMWC has replaced one of two large pumps as the first step in increasing capacity. In the past 2 years, MMWC has worked to increase the size of the transmission line from the well out at Gillette to the subdivision. The majority of this work has been done by our two full-time employees, thus saving thousands of dollars in contractor expense. In addition, aging sections of pipe and related material are being replaced. New pipe, new valves and new joints are just small examples of the on-going upgrade. There are over 60 miles of transmission line in this subdivision.

In the near future, we will be required by the State to meter all water usage. The Colorado Revised Statute for metering states: *Any increase in rates charged for such water service attributed to such installation and billing service requirements shall be based on actual costs of installation and billing service. Such increase may recover the total cost of providing such service to the customers of the water service provider.* Once metered service is installed, we will need to have those meters read and flat rates will become a thing of the past for users. Mountain Mutual Water Company, as a water utility, follows all state and federal regulations as mandated. Mountain Mutual Water Company also has the expense of all testing requirements as mandated by state and federal regulations.

In the coming months, the MMWC Board of Directors will be embarking on a long process to update the way we do business and plan for the future. It will be a long, involved process and one that is long overdue if we are to continue to use a system that is over 30 years old. We will be using tools provided by the Colorado Rural Water Association as well as the EPA to gather data, evaluate needs and look to the future. This process is not only for current users, but will be beneficial to determine future needs as well. Board members and our office manager have attended seminars by Colorado Rural Water Association and will continue to do so in an attempt to provide the best service and system possible. We will be looking at assets and replacement costs for items including (but not limited to) trucks, pumps, valves, tanks and computers. Everything associated with doing business efficiently and effectively is being examined so we anticipate a long process.

Our staff is currently overtaxed. We have one certified operator who has been with us for 15+ years. In reality, we should have two. We have one technician who has been with us 14+ years. Our Office Manager has been with us 12+ years and is part-time. As the number of customers and level of maintenance increase, so do the responsibilities and demands on our staff. There has not been a staff increase since the formation of Mountain Mutual Water Company in 1972. The number of homes and, therefore, the number of taps have increased by over 100 in the past 10 years. This means more maintenance to the lines, more taps, more billings, etc.

The strain on our staff has become more evident as maintenance to our 30+ year old system increases and as cold weather wreaks havoc with our lines. Currently Don & Albert are on call 24 hours 5 days a week and trade off weekends. Everyday of the week, one of them is in the subdivision checking pressure and addressing issues. Last winter, our two guys could not keep up with the maintenance needs and the individual residences that needed water delivered by truck due to frozen transmission lines. We had to bring in an outside vendor to deliver our water to individual cisterns via truck.

Our office manager serves all of our customers, performs all office functions and has kept things running efficiently, effectively and economically, all on a part-time basis. Our office manager services all of Cripple Creek Mountain Estates and our additional customers located along our transmission lines between the subdivision and Gillette. We currently have more than 300 monthly customers with 1000+ additional land owners who are not yet tapped on to the system.

Mountain Mutual Water Company runs on a very lean staffing ratio. Until we gather all the information we can, continue with our planning sessions and, make decisions based on the best interest of the company, we will not make a decision to increase staff. We will not take such a decision lightly as it will result in a need for more revenue.

Please contact us with your input. We welcome hearing from you, our members. Send your correspondence to the office at: Mountain Mutual Water Company, 4338 E Timbers Drive, Cripple Creek, CO 80813.

Sincerely,

Mountain Mutual Water Company Board of Directors