

CARBON CANAL COMPANY NOTICE

TO: All Carbon Canal Company Stockholders
DATE: December 1, 2017
FROM: Board of Directors
SUBJECT: Winter Stockwater Program

THE WINTER STOCKWATER PROGRAM HAS CHANGED, as follows:

- 1. All drinking water used through the WINTER STOCKWATER PROGRAM and facilities from and after January 1, 2018 will be billed to each stockholder who has a winter stockwater connection.**
- 2. Carbon Canal Company (CCC) stockholders who have active winter stockwater connections will receive monthly bills from PRWID for water used through those connections after January 1, 2018 and it will be their responsibility to remit payment directly to PRWID.**
- 3. The Carbon Canal Company will NOT be responsible for payment of any Winter Stockwater bills sent to CCC stockholders by PRWID for water used after January 1, 2018.**
- 4. From and after January 1, 2018, all CCC stockholders having winter stockwater connections will also be responsible for any charges associated with having PRWID turn on or shut off any of their stockwater connections.**

EXPLANATION:

As you know, the CCC received a grant from the Bureau of Reclamation (BOR) to install the winter stockwater system that brought treated drinking and automatic drinkers to the stockholders' farms.

As part of the program the BOR also gave the CCC an additional One Million Dollars to fund the payment of stockholders' winter water bills for the months of October through March of each year.

The entire One Million Dollars has remained invested in Certificates of Deposit (CD) accounts in various banks and credit unions that are all FDIC insured. The interest earned on those CD accounts has been used to pay PRWID for the water used by the stockholders during the months of October through March of each year. A portion of the interest generated has also been used to pay for (a) the annual inspection of the backflow preventers on all winter water connections as required by PRWID (approximately \$4,000 per year); and (b) reimbursement to the CCC general

account in the amount of \$600 to cover the Bookkeeper's time in administering the winter water accounts.

The monthly bills received by CCC from PRWID for winter water use from October through March total approximately \$30,000 - \$35,000 per year.

Due to the steady decline in interest rates, the money earned from the CD accounts is not enough to pay the monthly bills from PRWID. Payment of the 2017 October, November and December bills from PRWID will deplete the balance of accumulated interest earnings.

For this main reason, the change in payment policy has been implemented. The change will (a) preserve the One Million Dollars; and (b) will allow those who depend upon their winter stockwater connections to continue using them.

The change in payment policy will also serve to encourage users to regularly inspect their connections and drinkers to detect any leaks in their systems or problems with their floats. In the past, some users have knowingly failed/refused to repair leaks resulting in higher monthly water bills being paid by the CCC.

FUTURE PLAN:

The CCC will continue to seek higher returns on the CD accounts. Interest earnings will be accumulated and saved for the benefit of the program.

The CCC Board will develop and implement a fair and reasonable procedure to reimburse stockholders for a portion of their winter water expenses as funds will allow. It is our belief that the Board could make an announcement at each year's annual stockholders' meeting on the status of the winter water account earnings and the projected reimbursement for that year.

We trust that this change and the explanation provided make sense to all of you.

We appreciate your cooperation.

Carbon Canal Company
Board of Directors