

April 2020



Bellflower-Somerset Mutual Water Company  
10016 Flower Street Bellflower, CA 90706

562.866.9980 | BSMWC.com

Dear Shareholder,

It is our honor to provide high-quality, cost-effective water service for our community. We base our rates on the cost of operations and maintenance, as well as the revenue required to sustain adequate reserves for emergencies. With that in mind, we are sending this letter to notify you of a bookkeeping error that has resulted in drastically reduced charges for those with meters 1.5 inches or larger.

Since July of 2017, shareholders with a 1.5-inch meter have been charged the lesser 1.25-inch meter rate. Those with 2-inch meters have been paying the rate for a 1.5-inch meter, those with 3-inch meters have been paying the 2-inch meter rate, and so on.

After an internal budget review, we immediately worked to identify how the error occurred and resolved the issue, developing a plan to address the discrepancy. First, we will not back charge for the difference in rates, which was in your favor. Due to a variety of cost-saving measures implemented by Bellflower-Somerset Mutual Water Company, we were able to cover current expenses.

BSMWC will adjust rates going forward, to match those approved by our Board of Directors and which were included in our last rate change mailer that went to all customers. The Company plans to implement the corrected service charge amount beginning July 1, 2020.

The following table on the right shows the corrected fixed service charges based on meter size:

Bi-monthly fixed service charges	July 1, 2020
5/8 inch	\$53.20
¾ inch	\$53.20
1 inch	\$84.90
1.5 inch	\$259.24
2 inch	\$512.82
3 inch	\$798.10
4 inch	\$1,590.55
6 inch	\$4,443.37

Meter charges are based on the burden they place on the water system. Larger meters require greater capacity and are also more expensive to install, maintain and replace than smaller meters.

We appreciate your patience and understanding in this matter. BSMWC will be happy to answer any questions you may have. Please feel free to contact us at 562.866.9980.

Sincerely,

**Steve Lenton**  
General Manager

Bellflower-Somerset Mutual Water Company