

Water Words



July 2012 Newsletter
Summer Edition

SAN MIGUELITO
MUTUAL WATER COMPANY

President's Message

Fellow Shareholders/Customers,

Passing the 2012 mid-year mark, I am happy to report some good news:

The Bay Inn project has been completed. Thanks to advances in pipe fabrication and installation technology, we now have a reliable and more serviceable force main there.

Our Capital Projects are underway and, again, technology advances have resulted in long term financial and energy savings. Aging pumps have been replaced with more efficient lower-horsepower pumps that require less electricity. Telemetry controls have also been installed allowing for real-time monitoring, thus allowing faster response time and pinpointing of problems, their location and necessary repairs.

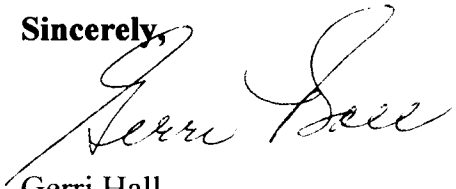
Sodium and Chloride levels are once again decreasing. While the vast majority of shareholders had complied with our goal of keeping these levels within the legal mandate so as to avoid hundreds of thousands of dollars in upgrades to our system, some did not and reinstalled self-regenerating water softeners. Resolution 2012-001 required immediate removal of those self-regenerating systems. To date we estimate at least a dozen of those systems have, once again, been disconnected.

Lots 17 & 67 were purchased at the end of last month as our permanent Maintenance & Operation base. Toward the end of last year, we were advised the lease of our current office space would not be renewed. Upon looking into all options within our service area, a few things became apparent. The general rule that as property values go down, rents go up applies to all! In our present situation, while we cannot do anything about our rent going up after our current lease expires in October 2013; we can and did take advantage of the lower property values and the tax advantages applicable to us, which allowed us to permanently secure the land necessary for the long-term. Lot 17 is where the Water Treatment Plant is located and Lot 67 is directly behind the Cal Fire Station. Once the plans are completed for Lot 67, they will be made available for you at a shareholders meeting.

Work continues on the remaining operation and financial issues for 2012 - Water supply & quality, waste treatment and plant improvements & maintenance so as to deliver you continuing superior water services and by-products while avoiding regulatory violations with resultant imposed fines and mandated upgrades.

I again thank our field and office staff, and managers for their continuing good work throughout this year as well as each member of our volunteer Board.

Sincerely,



Gerri Hall
President, SMMWC Board of Directors



A mutual water company serving the San Luis Bay Estates Area
Post Office Box 2120 – Avila Beach, CA 93424-2120
Phone: 805-595-2348

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