

MOUNT SHERMAN WATER ASSOCIATION

NEWTON COUNTY, ARKANSAS

President - James Bowen
HCR 70, Box 250 - Jasper, Arkansas 72641

August 27, 2008

Mr. Randy Young, Executive Director
Arkansas Natural Resources Commission
101 East Capitol, Suite 350
Little Rock, Arkansas 72201

RE: Proposed Water Main Extensions to Serve Murray Road and Shiloh Road (11 Families)
Mt. Sherman Water Association (Newton County, Arkansas)

Dear Mr. Young:

We have 11 families that are in serious need of a safe and reliable water supply. These families either haul water or drink water from contaminated springs or shallow wells. It is estimated that approximately 2 ½ miles of water main can serve all 11 families.

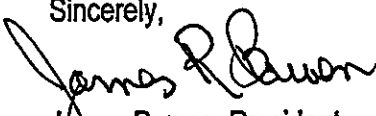
Attached to this letter is a copy of a layout map and cost estimate to serve these families. A total project cost of about \$180,000 is estimated by our consulting engineer. The cost per customer is estimated at \$16,400.

Our water system has operated very efficiently to serve the existing 300 customers. Due to the low income levels in the area we feel it is important to keep water rates to a minimum. The Median Household Income in Newton County is only \$24,756 per family (8th lowest County in the State). However, these 11 families are likely below the Newton County average income.

Our water system does not have funds available to serve these customers. We also do not have the resources to pay back a loan to serve these families. Based on an average bill of \$30 per month, the 11 customers would generate \$330 per month. After deducting the cost to produce the water, operations, pressure reducing valve maintenance and general water line maintenance, essentially no revenue remains to apply to a loan payment.

On behalf of these 11 families, our Association is hereby requesting a grant in the amount of \$180,000 for these water extensions. Any assistance you can provide will be greatly appreciated. After all have had an opportunity to review these documents, please feel free to call me at 870-446-2171. Also, if you have any recommendations or questions, please feel free to contact me.

Sincerely,



James Bowen, President

cc: State Senator Randy Laverly
P.O. Box 303, Jasper, AR 72641

Mr. Ivan Reynolds, Water Manager
P.O. Box 323, Jasper, AR 72641