

MOUNT SHERMAN WATER ASSOCIATION

NEWTON COUNTY, ARKANSAS

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

April 22, 2010

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

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

Dear Mr. Young:

In February of 2009 your agency provided a grant and loan to our Association for extending water service to several families in the Shiloh and Murray Road area, as follows:

<u>AGENCY</u>	<u>Grant</u>	<u>Deferred Loan</u>	<u>Total</u>
Arkansas Natural Resources Commission	\$144,200	\$41,200	\$185,400
Less: ANRC Fee	\$ 4,200	\$ 1,200	\$ 5,400
Total Available for Project	\$140,000	\$40,000	\$180,000

We recently opened bids, and it appears the project is significantly under the original budget of \$180,000. Based on our engineer's letter of recommendation, the total anticipated project expense is expected to be near \$140,000. We are hereby requesting use of the \$140,000 grant without utilizing the \$40,000 in deferred loan. This is requested on behalf of our customers for the following reasons:

- Concerned that we cannot establish a depreciation reserve fund for the Association by obtaining more loan funds (\$40,000). We are hopeful that any revenues experienced from the proposed customers can be used for a depreciation reserve fund.
- If we assume the \$40,000 loan, we are concerned that rate increases will be required on many customers that cannot afford an increase.
- We currently have about 300 customers, most of which are low income or fixed income. Due to the low income levels in the area we feel it is important to keep water rates as low as possible, and a new loan would only increase the possibly of a rate increase.

On behalf of our customers, thank you for your consideration of this request. Please feel free to call me at 870-446-2171 if you have any questions.

Sincerely,

James Bowen, President

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

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