



OILDALE MUTUAL WATER COMPANY

N E W S L E T T E R

Your Water Company Since 1919

May • 2012 Volume 4



7th Standard Mutual Merging with Oildale Mutual

Oildale Mutual Continues Drive Toward Greater Efficiencies

Your water company along with the California Department of Public Health (State Health Dept.) has been working for several years to consolidate their operations with the Seventh Standard Mutual Water Company (7th Standard), a merger that is nearing completion and will create a much more efficient use of resources. This consolidation, requested by both 7th Standard and the State Health Dept. will provide much needed high quality water to 7th Standard customers along with more dependable service and stable water rates. The State is providing a grant to construct a pipeline to this area, replace aging infrastructure to our specifications and pay all connection fees to the Company.

7th Standard Mutual Water Company serves only twenty-two customers and has struggled with nitrate contamination in their water supply – a situation that will be alleviated when they receive their water from Oildale Mutual's high quality water supply. This consolidation will also result in a more efficient use of resources for both companies. Oildale Mutual, as a not for profit, shareholder-owned company, is continually seeking ways to use our resources in a fiscally responsible manner while accomplishing our mission: providing clean, reliable water at the lowest rates to its customer/stockholders.

Oildale Mutual Water Company president Don Wattenbarger was pleased to see the acquisition nearing completion. "Consolidating with this smaller water company will result in a more efficient use of resources and provide a reliable high quality source of water to 7th Standard customers. We welcome these folks into our service area."

Extravagant Spending Continues at NOR Municipal Water District

As you know, our Company has been advocating for fiscal responsibility at **NOR Municipal Water District**, the entity from which we must procure our wholesale water supply. Here are a few examples of expenditures actually approved by NOR's Board of Directors demonstrating their questionable business judgment and accounting practices.

- Purchasing hundreds of thousands of dollars of computer equipment, satellite software, AM radio station, and other equipment, to name a few – OMWC is charged 40-80% of the original cost then billed a second time for the same asset through a depreciation charge resulting in a loss of principle and interest to the Company of several million dollars.
- Granting unwarranted salary and benefits to their former General Manager, culminating in a package costing the District well in excess of \$300,000 annually – this same General Manager, now retired, continues to receive lifetime health benefits, \$150 per hour for consulting services, a monthly retainer of \$600, and travel expenses to and from New York.
- Authorizing unnecessary trips for employees to travel to Cuba, Canada and China, in addition to numerous trips outside of California – all for a small water district (2,200 retail customers – 1 wholesale customer) having no reason to visit these countries.
- Employee costs at NOR Municipal Water District average over 35% higher than Oildale Mutual's....for doing the exact same job.

• In 2011, \$422,700 was charged to the Company for NOR's employee costs (40% of their total employee costs of \$1,056,750) – this is a ridiculous amount for the services provided.

These costs are billed to the Company and, unfortunately must be passed on to you, our customers. You should not be footing the bills for lavish expenses such as these. Your water company's Board of Directors has questioned the runaway spending of NORMWD, but our concerns have fallen mostly on deaf ears – thus the need to seek judicial relief from these burdensome and unreasonable expenses.

"We're concerned for our company and the financial burden of

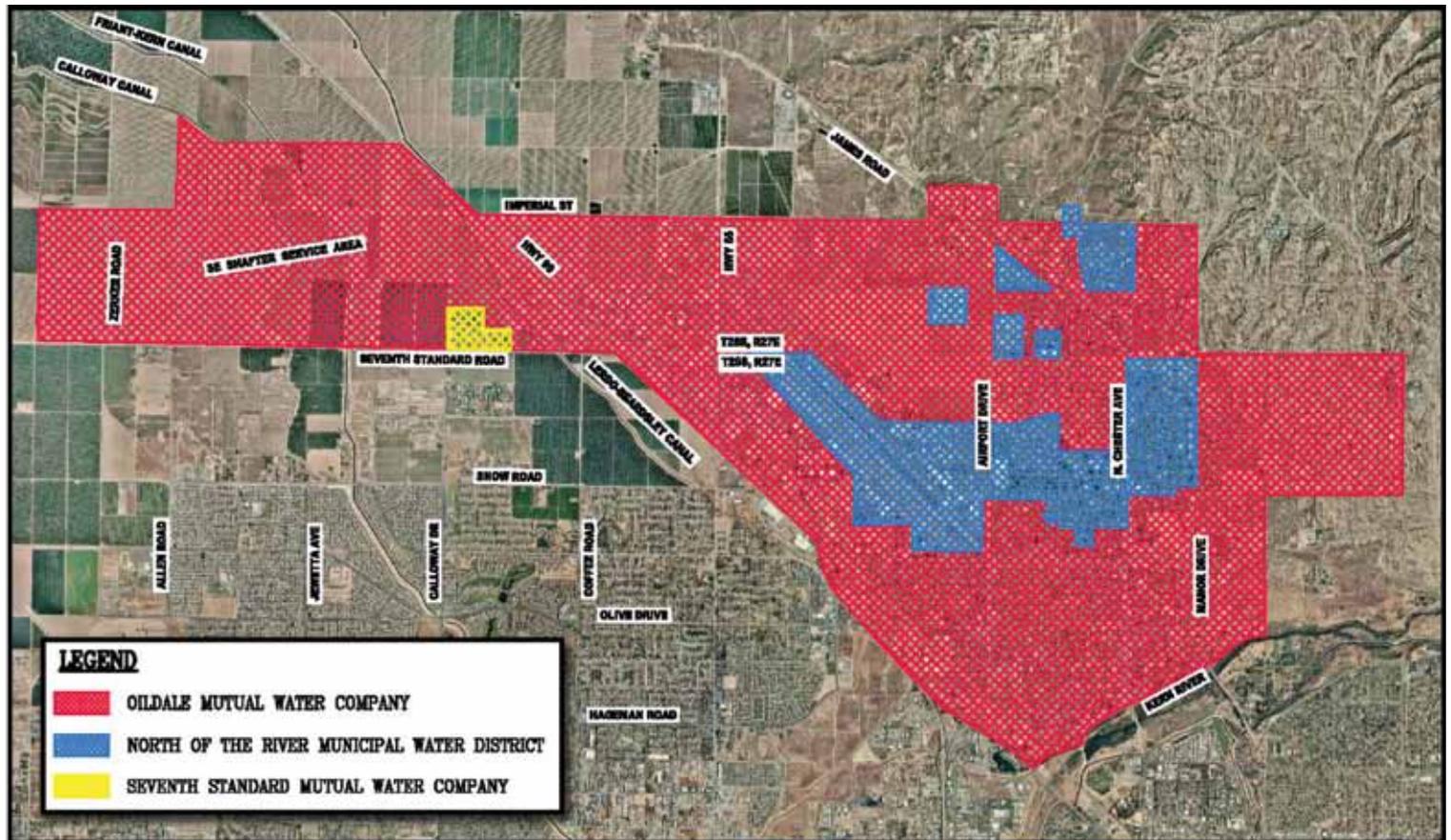
NOR's extravagant expenditures – spending money for things we don't want, and don't need – and then sending us the bill for it", said Board president Don Wattenbarger. *"I don't like people spending our customers' money for things we didn't ask for and simply cannot afford. It's as simple as that."*

Your comments are always welcome – and we encourage you to contact our general manager Doug Nunneley if you have any questions.

We will continue to work toward a solution and to make certain we have a safe, clean, reliable water supply – *at an affordable price* - just as this company has done for the past 93 years.

Oildale Mutual Water Co. Serves Area Since 1919

Number of connections: OMWC = 8,200....NORMWD = 2,200....7thSMWC = 22



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It has never been more convenient to pay your water bill – visit our website at oildalewater.com and pay online!

And check out our previous newsletters here as well!

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Bringing Business Smarts to Water Oversight

Lonny Boller was retired in 1998 when the Oildale Mutual Water Company called with an invitation to join its Board of Directors. He didn't know much about water beyond paying his monthly bill, but when he discovered the caliber of men he'd be working with he decided to learn.

"I could see that 80 percent of the board had been very successful in the private sector and knew how to get things done," Boller said. "I could tell this agency was run like a business and I suppose it

gave me some purpose and a vested interest in how we get our water and the cost involved."

Boller joined the OMWC Board of Directors that year and has served ever since, relishing the "opportunities to make a difference" in Oildale, his home for 68 of his 70 years. Being a board member, he said, is a commitment that's been easy to keep.

"Really, this community and the people who work at the Company make this board look good," Boller said.

Boller should know. A self-made man, he ran his own oil well service contracting business - Boller Well Service - for 25 years. He oversaw a staff of 40 that worked around the clock, throughout Kern County. It was a demanding job, but he "can't remember a morning when I didn't look forward to going to work."

As much as Boller enjoyed the work, he also knew when it was time to pack up. By the early 90s he found himself competing for contracts against increasingly bigger players. He sold the business and retired in 1992, on his 50th birthday.

OMWC General Manager Doug Nunneley said it was Boller's practical, no-nonsense outlook, combined with his career expertise that convinced Board members he needed to join their ranks.

"With his background in business, he was a good addition from the start," Nunneley said. "He's been a tremendous asset to the board."



Lonny Boller

Boller continued to work on a limited basis for a time, but has devoted most of his time to retirement and to Donnette Boller, his wife of 38 years. A blended family, the couple has three sons and a daughter and 10 grandchildren. They're due to be first-time great-grandparents on November 22.

Calling his marriage "the best thing that ever happened to me," Boller illustrates that claim with a story of the time in 1983 he bought an airplane without first telling his

wife. He wasn't a pilot at the time, but bought the plane anyway, figuring he'd learn to fly it later. Donnette, apparently quite a good sport, took the news in stride.

"My wife was a little surprised when I sat down at the dinner table and said 'Guess what I just did?'" Boller said, with a grin.

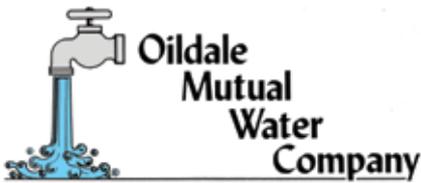
Boller brings that same sense of adventure to the board, refusing to shy away from politics, policy changes and other challenges that tend to arise, such as the OMWC's ongoing dispute with the North of the River Municipal Water District over what the Board calls unchecked spending.

Boller said the OMWC is making every effort to inform district water customers about the North of the River Municipal Water District's soaring charges and he's happy to be part of that effort.

"The customers will pay attention to the information we provide and will make their own decision on how they want things to go," he said. "The bottom line is the rates are going up in part due to NOR Municipal Water District's over-spending and it's our responsibility as board members to fight for our customers and protect ratepayer dollars."

Working with his fellow Board members and helping make hard choices is a big responsibility, but Boller wouldn't have it any other way.

"You get out of life what you put into it," he said. "I'm glad I'm here to make a difference."



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Summer Water Saving Tips for Outdoors



Most Californians think that they use more water indoors than out. The truth is that in some areas, 50% or more of the water we use daily goes on lawns and outdoor landscaping.

There are lots of ways to save water at home, but reducing the water you use outdoors can make the biggest difference of all. Here are a few easy ways to change the way we use water outside our homes.

Landscape

- ☀ Water early in the morning or later in the evening when temperatures are cooler. Save: 25 gallons/each time you water
- ☀ Check your sprinkler system frequently and adjust sprinklers so only your lawn is watered and not the house, sidewalk, or street. Save: 15-12 gallons/each time you water
- ☀ Choose a water-efficient irrigation system such as drip irrigation for your trees, shrubs, and flowers. Save: 15 gallons/each time you water.

☀ Water deeply but less frequently to create healthier and stronger landscapes.

☀ Put a layer of mulch around trees and plants to reduce evaporation and keep the soil cool. Organic mulch also improves the soil and prevents weeds. Save: 20-30 gallons/each time you water/1,000 sq. ft.

☀ Plant drought-resistant trees and plants. Save: 30- 60 gallons/ each time you water/1,000 sq. ft

Don't Overwater

One easy way to cut down how much water you use outdoors is to learn how much water your landscaping actually needs in order to thrive. Overwatering is one of the most common mistakes people make. To understand how much water your landscaping really needs, learn more about evapotranspiration (ET) here.

From www.saveourh2o.org

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