



JULY 2026 – THE STATE OF THE DISTRICT

NAME

MAILING ADDRESS

CITY, STATE ZIP

Dear Rainbow Customer,

Over the past couple of years we have provided a number of newsletters or bill inserts to explain how different parts of our water system work. We also took time to reflect on Rainbow's proud history, and to celebrate our 75th anniversary on August 22, 2024. That was a special time!

In June 2023 we mailed out a letter signed by the Rainbow Water District Board of Commissioners, informing customers about three challenges the District was working to address. It's time for an update so we want to tell you about our recent progress working on these challenges.

SUB'S FUTURE MCKENZIE RIVER WATER SUPPLY

The Springfield Utility Board (SUB) has launched the McKenzie River Water Supply Project. This project will construct a new river intake and treatment plant in Thurston, significantly expanding SUB's source and treatment capacity. (To learn more: <https://www.subutil.com/mckenzie/>)

For decades, SUB has purchased Rainbow's excess capacity and used that water to support growth in north Springfield. Rainbow's wells are not sufficient to meet our area's future needs, so SUB's investment is essential for the community. After that new source is built in an estimated 5-6 years, SUB will not need to buy Rainbow's excess water and Rainbow will lose significant revenue from our largest customer.

Rainbow will continue to supply water to serve our own Rainbow customers in the future, and we will have some surplus capacity to help SUB in emergencies or during the peak of summer. SUB and Rainbow have adopted new contract language that recognizes the changes in our operations and defines how we will continue to work together and support each other for the next 20 years.

FEDERAL WATER QUALITY STANDARDS

We have shared in the past that PFAS (per- and polyfluoroalkyl substances) are present in many everyday household products and are widespread in the environment. Rainbow proactively tested for PFAS and detected these in several of our wells. The U.S. Environmental Protection Agency (EPA) has established some very low limits of only 4 parts per trillion for two of these compounds, PFOS and PFOA.

Some of Rainbow's wells exceed the new standards for PFOS and PFOA, and the possible fixes are very expensive. The EPA requires we either construct treatment systems or replace the water with other sources that meet the new PFAS limits.

When the EPA adopted the new PFAS regulations impacting water systems all across the country, they also set aside some money for grants to help water utilities address PFAS. Furthermore, four manufacturers of different PFAS compounds (3M, DuPont, BASF and Tyco) have provided funds as part of legal settlements for public water systems harmed by PFAS contamination.

Some good news: Rainbow has successfully acquired money from both grants and manufacturer's settlements. Grants worth \$337,000 paid for two projects that studied how PFAS is impacting our wells and what we can do about it. We learned that the cost of treatment is significant, especially since wells at different locations would each require their own treatment system. Some bad news: Cost estimates for PFAS treatment exceeded \$9 million.

Grants and settlements will not cover even half of the estimated cost of treatment. As an alternative to new treatment systems, we are pursuing a two-pronged solution to spend our money carefully:

1. Design and construct two new wells as replacements. A \$2.4 million grant will pay for one well, and over \$2 million in settlement money for the other. These new wells will be drilled deeper to avoid shallow surface contamination and located further away from potential PFAS sources.
2. Once our new wells are ready and the new regulations are finalized, we will turn off wells that don't meet EPA standards and decommission them or keep them only for emergencies.

If conditions worsen or regulations tighten and we find that treatment is still necessary, treatment could still be an option available to us. However, we trust with the new wells we're planning and have funded we avoid both the upfront capital construction cost as well as long-term ongoing expenses to operate and maintain new treatment systems. The direction chosen by our Board is influenced by the knowledge that Rainbow will not need to produce as much water in the future once SUB is no longer buying our excess capacity.

Our continuing commitment to you is to meet all drinking water regulations and maximize the production of all our available water sources in a way that is both financially and environmentally responsible. We will keep you informed as more information becomes available.

CHANGING RAINBOW WATER RATES

Money to fund our water operations comes from your monthly water bills and from wholesale water sales to SUB until 2032 when its new plant begins operation .

The *base rate* portion of your bill covers costs that are fixed no matter how much water is used. Another portion of the bill, though, varies based on the amount of water *usage*. The District has a three-tiered water usage rate that gets more expensive as more water is used, to encourage conservation. Tier 1 covers normal indoor and modest outdoor water use up to 25 units. Customers pay the higher Tier 2 rate for water usage of 25-49 units, and the Tier 3 rate for water used over 50 units. Our June 2023 letter explained that the Board had voted to begin raising residential water rates immediately in preparation

for the future loss of revenue from SUB and to address the PFAS detections in our water supplies. Over these last three years your water bills have had several large increases as high as 15% per year.

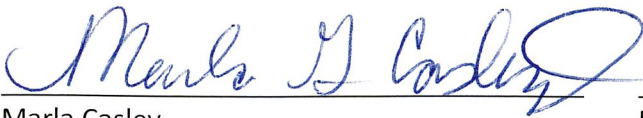
Our need to raise rates is not over, but we are pleased to report that because we have been successful with some grants and legal settlements to offset part of our costs, and our financial forecast has improved. **Our Budget Committee has determined that we can maintain our same high level of service with a smaller increase** of 7.5% this year instead of 15% as previously considered. Effective June 2026, the Board has raised the base rate to \$32.25 per month for a ¾" meter. Usage rates are set at \$2.26 per unit for Tier 1, \$3.23 per unit for Tier 2, and \$4.19 per unit for Tier 3.

The bill of an average water customer using 12 units of water increases from \$55.20 to \$59.37 per month for water bills mailed in June and due in July. Thanks to some unexpected money from grant and legal settlements, this rate increase is one-half of what was originally forecast.

Finally, we members of the Rainbow Board want to remind you we are volunteers elected by you. Along with our Budget Committee, we work together with Rainbow staff to continue a legacy of excellence. Our direction and decisions are guided by our Strategic Plan, which we developed nearly 10 years ago. You can see our Plan and much more at: <https://www.rwdonline.net/our-mission>. We thank you for the trust you have placed in us.

Sincerely,

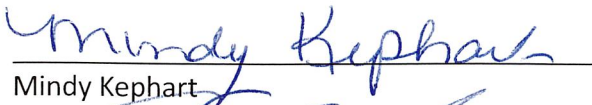
Rainbow Water District Board of Commissioners



Marla Casley



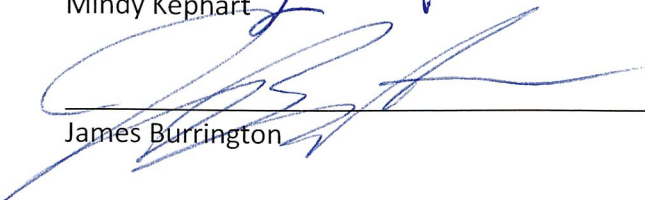
Doug Keeler



Mindy Kephart



Erik Westerholm



James Burrington

cc Jamie Porter, P.E. – Superintendent, Rainbow Water District
Rainbow Water District Budget Committee

Rainbow's office hours are 8 am to 5 pm, Monday through Friday. You may call us at **541-746-1676** or reach us by email at office@RWDonline.net with questions or if you need assistance of any kind.
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