



November 15, 2023

DEAR MEMBER CUSTOMERS OF 439 WATER SUPPLY CORPORATION:

The Board of Directors of 439 Water Supply Corporation has successfully staved off rate increases since August of 2017; unfortunately, economic conditions have evolved to such a place we can no longer put off the inevitable. In addition to the typical issues of rising costs for parts, materials, and salaries, our largest challenges remain securing adequate supplies of water and the treatment capacity of that water for our customers and future generations of customers.

The cost of our raw water plus the cost of treating that water has risen just shy of 30% since 2017 while labor costs and other expenses have risen 15.5% and 33.5% respectively. Current projections estimate that our peak daily treatment capacity will exceed regulatory thresholds by 2030. We have secured additional treatment capacity to come online by 2030 and construction is expected to begin on this project in 2025. Our portion of this additional capacity's cost begins to significantly increase our operating costs by January 2025.

In order to keep our system operating properly and to remain financially healthy, the Board of Directors voted at its meeting on November 13, 2023 to implement a rate change, to become effective January 1, 2024. This increase will be reflected on your bill due February 10, 2024. The new rates are listed below.

<u>Base Minimum (-0- Gallons)</u>	\$ 45.00
Additional Usage:	
1,000 to 10,000 Gallons-----	\$ 4.25 per thousand gallons
10,001 to 20,000 Gallons	\$ 5.00 per thousand gallons
20,001 to 40,000 Gallons	\$ 5.75 per thousand gallons
40,001 Gallons and over	\$ 6.50 per thousand gallons

Plus TCEQ Regulatory Fee (.005 of water charge)

Below are a few **examples** that reflect changes to billings. These examples do not include the mandatory TCEQ regulatory fee:

Under the **old** rate structure for a single base customer, if your bill was:

Your bill under the **new** rate structure will be:

\$ 35.00 (base minimum)	\$ 45.00 (base minimum)
\$ 44.45 (usage of 3,000 gal)	\$ 57.75 (usage of 3,000 gal)
\$ 66.50 (usage of 10,000 gal)	\$ 87.50 (usage of 10,000 gal)
\$ 99.00 (usage of 20,000 gal)	\$137.50 (usage of 20,000 gal)
\$168.00 (usage of 40,000 gal)	\$252.50 (usage of 40,000 gal)

Although the Board of Directors continues to work to keep our rates as low as possible, we are unable to control most of our costs, including the cost of our water and the facilities needed to treat and deliver the water. We will work diligently to meet the challenges that lie ahead and continue to deliver each of you quality water and great service at the lowest cost possible.

Respectfully,

THE BOARD OF DIRECTORS, 439 WATER SUPPLY CORPORATION