

August 20, 2024

Re: Notice of Temporary Utility Rate Increase Effective August 26, 2024, for the South Plains Water Supply Corporation on Behalf of Marion J. Smith dba Smith Management Services, a Nonfunctioning Utility

Dear Customer,

On March 21, 2024, the Public Utility Commission of Texas (the "Commission") appointed the South Plains Water Supply Corporation ("SPWSC") as the Temporary Manager for Marion J. Smith, dba Smith Management Services ("Smith"), a public water system that provides retail utility service in Lubbock County, Texas effective March 29, 2024. As the Temporary Manager, SPWSC has the authority and the duty to perform acts necessary to ensure continuous and adequate retail water service.

The attached rate increases were presented at the June 20, 2024 SPWSC Board of Directors meeting, which was open to the public and held at 6:30 PM at the Shallowater Community Center, 900 Avenue H., Shallowater, Texas. The rates discussed were to be implemented upon the transfer of ownership to SPWSC which is expected to be finalized in the next few months. Because SPWSC will operate in its capacity as Temporary Manager until the sale, transfer and merger are finalized, it is necessary that such rates are formally adopted as temporary rates prior to acquisition in order to address the immediate needs of the system. The current water system requires significant investment to address water quality issues and the lack of maintenance. The rate increases are sought to ensure sufficient funding for appropriate operations, maintenance, regulatory compliance, and financial stability. These adjustments are essential for addressing water quality issues and ensuring a more reliable water supply system for our community.

SPWSC will immediately begin charging the temporary rates under Texas Water Code § 13.4133 and 16 Tex. Admin. Code § 24.363. The water system costs approximately \$32,423 per month, and the water revenue is roughly \$23,424 per month, resulting in a shortfall. The Commission also authorized SPWSC to collect a temporary manager's fee, which is being waived. The rate increase is necessary to operate the system appropriately and provide adequate service prior to the transfer.

New Monthly Bill	
Monthly Minimum Charge:	\$72.00
Gallonage Charge per 1,000 gallons of water used	\$14.12
Temporary Manager's fee per connection per month for water:	\$0
Example bill at 3,000 gallons:	\$114.36
Example bill at 6,000 gallons:	\$156.72

This temporary rate increase will allow SPWC to collect the reasonable costs necessary to provide continuous and adequate retail water service in compliance with the rules of the Public Utility Commission of Texas and the Texas Commission on Environmental Quality. The temporary rate may be subject to an increase due to unforeseen capital expenses, operational expenses, and compliance costs.

Our Customer Support Team is available Monday through Friday from 9:00 a.m. CST to 4:00 p.m. CST. Via telephone at (903) 429-3008.

Sincerely,



Robert Sheets
Interim System Manager