

## NOTICE OF PROPOSED RATE INCREASE

This is to inform you that the South Plains Water Supply Corporation Board of Directors will consider the attached rate increases at the meeting on June 20th at 6:30 PM. The meeting will be held at the Shallowater Community Center, 900 Avenue H., Shallowater, Texas.

The current water system requires significant investment to address water quality issues and the lack of maintenance by the current owner. Rest assured, the Board has been diligently working with the Texas Water Development Board (TWDB) to secure \$3 million in funding to address these issues. The TWDB has agreed to provide the funds once the South Plains Water Supply Corporation (SPWSC) takes ownership of the system from the current owner and presents a comprehensive financial plan to operate and maintain the system in compliance with all regulations.

The proposed rate increases (see attached) are necessary to ensure sufficient funding for maintenance, regulatory compliance, and financial stability. These adjustments are not just for the benefit of the South Plains Water Supply Corporation but for the entire community. They are essential for addressing water quality issues and ensuring a more reliable water supply system for all of us. The Board will discuss this matter at the June 20th meeting.

This notice is provided so you can attend the meeting to learn more or express your opinion.

Thank you.

A handwritten signature in blue ink, appearing to read "R. Sheets", with a long horizontal flourish extending to the right.

Robert Sheets  
System Manager  
South Plains Water Supply Corporation

Attachments

# FY 2024 Tentative Operating Budget Detail

## Rate Adjustment Factors

Current Rates		Comparison of Current and Post Acquisition Budget Items			POST Acquisition	
Current Average Rate Calculation		<b>Budget Items Impacting Sustainability and Rates:</b>			Post Acquisition Average Rate Calculation	
		<b>Current Costs</b>	<b>Budget Item</b>	<b>Post Acquisition</b>		
Flat Rate	\$57.96	\$7,392	Contract Operations (includes Operations, Customer Service & Billing)	\$13,315	Flat Rate	\$72.00
Temporary Manager Fee	\$12.00	\$0	Depreciation	\$0 to \$22,473	Temporary Manager Fee	\$0
Rate per 1,000 gallons - \$2.25	\$12.81	\$0	Acquisition Costs & Operational Loan (Debt Service)	\$9,597	Rate Per 1,000 gallons - \$14.12	\$80.39
Average Usage (gallons per month =5,693) <sup>1</sup>		\$0	Renewal & Replacement Fund	\$4,313	Average Usage (gallons per month =5,693) <sup>1</sup>	
Bill for Average Monthly Usage	\$82.77	\$0	Legal Services	\$3,000	Bill for Average Monthly Usage	\$152.39

<sup>1</sup>Average monthly usage per CS submissions to TCEQ – November 2022 to June 2023

Percentage increase = 84%

# FY 2024

## Operating Budget Detail

### Monthly Water Usage Rate Comparison

Monthly Rate	Gallons Used Per Month = 3,000	Gallons Used Per Month = 4,500	Gallons Used Per Month = 6,000
<b>CURRENT RATES</b>			
Fixed Rate = \$57.96	\$57.96	\$57.96	\$57.96
Temporary Manager Fee = \$12.00	\$12.00	\$12.00	\$12.00
Volume rate per 1,000 gallons = \$2.25	\$6.75	\$10.13	\$13.50
<b>TOTAL MONTHLY RATE</b>	<b>\$76.71</b>	<b>\$80.09</b>	<b>\$83.46</b>
<b>POST ACQUISITION</b>			
Fixed Rate = \$72.00	\$72.00	\$72.00	\$72.00
Volume rate per 1,000 gallons = \$14.12	\$42.36	\$63.54	\$84.72
<b>TOTAL MONTHLY RATE</b>	<b>\$114.36</b>	<b>\$135.54</b>	<b>\$156.72</b>
<b>Difference in Monthly Rate</b>	<b>\$37.65</b>	<b>\$55.46</b>	<b>\$73.26</b>