

RAYWOOD WATER SUPPLY CORPORATION

NOTICE OF RATE INCREASE

March 8, 2024

The Raywood Water Supply Corporation Board of Directors held a public meeting on 12/18/23 and voted to increase the monthly rates for water service for all members. The new rates will take effect at least 30 days after this board decision and receipt of Tariff filing with the Public Utility Commission on March 8, 2024 and the new monthly rates will begin starting with the April 2024 billing.

Raywood Water Supply (RWS) was established in the 70's based on 125 customers. Since then, there have been two major expansions to increase the capacity of the system, which now totals 542 customers.

Due to the rapid growth of the area, our existing infrastructure has become inadequate for meeting TCEQ requirements for serving the number of customers we serve. In addition to the under capacity of the system at this time, growth in the area is increasing substantially, and the need to take steps for the future is at hand.

RWS has not increased water rates since 2017. Post Pandemic prices on material and supplies and overhead have continuously gone up. The Board of Directors understands the need of providing for the future water needs of this community which are accompanied with Rules and Regulations that require continued maintenance, capital improvements, periodic expansions and making ends meet.

Throughout the course of time due to growth of the area, we've had to comply with Texas Commission on Environmental Quality (TCEQ) regulations increasing well pumping capacity, increased Hydro pneumatic tanks, make costly repairs to the generators serving as back-up power for the system, fencing and facility repairs along with the cost of operations to maintain providing safe, quality drinking water to our customers.

OUR HISTORY:

The 1st expansion took place on the NE sector of the service area in 1989 when the #2 Plant was built just north of the intersection of FM 160 RD N and 2830 N. It consisted of a ground storage bolted tank (Life span 20-30 years), a submersible ground pump in well at approx. 181 ft. (produces 161 Gal/min), two booster pumps, control and chlorine room, and all valves/piping. That project (\$450,000) completed in 1990 with financing done through Liberty County's Community Block Development Grant (CDBG) program.

The 2nd expansion in 1994 consisted of 6" water lines connecting Plant 1 with Plant 2 and 6" line from Plant 1 to the eastern sector of the service area increasing volume and pressure to CR 184, CR 1822, CR1900, CR 190, CR 1902 and cross-country areas along with Fire Hydrants for Fire Protection. That project was funded by another CDBG for \$350,000.

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Several years ago, the Board of Directors purchased a 4-acre tract of land on the NE sector of the service area in regards to another well site consisting of another well, elevated ground storage, control room, chemical room, valves, piping, and fencing.

Also identified for improvement is the undersized main water line feeding 2830 S (in some areas only 2") along with subdivisions being created on the West side of the system, S of FM 160, West of 2830 S. Increased 6" line size to CR 190 (1 1/2" in areas) and along FM 770 from FM 160 down to the railroad tracks (2" in places).

When the land for the #3 Plant location was purchased, the anticipated Estimated Construction cost of the new Plant 3 was \$2.4 Million. Post Pandemic costs are now estimated at \$4.5 Million. Estimated cost of Line Size increases to areas needing increased pressure and volume (FM 2830S, CR 190, FM 770) are \$4.9 Million.

The Board of Directors has initiated a contract with our engineers to submit an Application to the Texas Water Development Board for funding. If we qualify, we may be privileged to a 70% Loan Forgiveness Grant, resulting in only \$2.8 Million or so.

A simple interest calculation of (anticipated) \$2.8 Mil (without interest) divided by 542 Members equals \$5203 Total/Member, \$1734/Year/Member, or \$144.53/Month/Member. The Board chose to seek alternate means of financing the (mandated) capital improvements needed.

To prepare for the future debt of improvements, the Board has approved the following Rate Increase. Analysis, with calculations based on existing and future needs, were performed by professional advisors from Texas Rural Water Association (TRWA) and Staff of RWS. The rate changes are as follows:

	<u>RATE SUMMARY</u>	<u>New Rate</u>	<u>Old Rate</u>
<u>MONTHLY MINIMUM</u>		\$ 50.00	\$42.24
0-2000		\$ 5.50	\$ 2.00
2001-6000		\$ 6.50	\$ 2.25
6001-10000		\$ 7.50	\$ 2.50
10001-20000		\$ 8.50	\$ 3.00
20001-UP		\$ 9.50	
Membership Fee (New Members Only)		\$ 600.00	\$ 150.00
Equity/Buy In Fee (New Members Only)		\$ 1,142.00	\$ 450.00
Effective date of New Rate (anticipated)		April 25, 2024	
Board of Directors Approval Date		December 18, 2023	

For more information about the rate increase, please contact the Corporation at 936 587-4505 or in person at our main office at 26 FM 2830 North, Liberty, TX 77575.