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Westwood Shores M.U.D

75 Cottonwood Trinity, TX 75862

June 18, 2024

Westwood Shores MUD Customers Update on Public Utility Commission Docket 54713

Background:

In July 2022, the MUD Board of Directors approved a budget that included expenses of \$1,646,500 and income of only \$1,196,755. This budget projected a \$449,745 shortfall in revenue. As a result, the Board approved two increases to water and sewer rates. The first was effective in October 2022 and second in February 2023.

In March 2023, approximately 124 ratepayers signed a petition to protest the rates and submitted it to the Public Utility Commission ("PUC") of Texas. A hearing is now scheduled for February 2025, and the District must prepare written testimony to be filed by an October 2024 deadline. While the Petitioner group has the right to protest rates, we would like to make sure that our all of ratepayers are informed regarding the potential cost **YOU** will incur as part of this rate appeal process.

Potential Costs to Customers:

The District's attorney estimates that the District could incur \$75,000 to \$100,000 in direct legal fees plus another \$35,000 or more for experts' testimony. We plan to include \$100,000 of litigation expenses in the fiscal year budget for July 1, 2024 – June 30, 2025.

Regardless of whether the PUC agrees or disagrees with the District's rates, the District must pay the costs of litigation. Typically, Districts cover this cost by adding a surcharge to monthly rates. If we assess our customers \$100,000 for the trial, then all customers can expect an increase to their bill of approximately \$10 per month for 12 months, which would begin sometime after the trial is complete. Of course, the Petitioners are also responsible for paying for their own attorney as well.

While we are confident in our chances at trial, if the PUC rules in favor of the Petitioners and requires us to refund revenues, then any PUC-ordered refund would be provided as a credit on monthly bills, spread across all ratepayers for a minimum of 12 months. Remember, there isn't a magic pot of money to pay refunds. Any lost revenue would likely cause an additional rate increase to make up for the lost revenue.

Withdrawing your name from the Petition

If you would like to help the District avoid these costs and potential rate increases due to the rate case, any Petitioner who signed the original petition may file a request with the PUC to withdraw their protest. We will mail a letter to each Petitioner along with a form they can send to the PUC to withdraw from the Petition. If the count of Petitioners drops below 10% of customers, the case will no longer be valid, and you may avoid incurring these additional costs. If you do not remember whether you signed the Petition, you can check the PUC website: https://interchange.puc.texas.gov/Documents/54713_1_1277610.PDF. You will need to read through the first 14 pages of the document to see the full list of Petitioners, as the petition included some blank pages.