



Statement from the Cities of Garland, Mesquite, Plano and Richardson in Response to the Public Utility Commission of Texas' "Yes" Decision on the Cities' Water Rate Methodology Review Request

The Cities of Garland, Mesquite, Richardson and Plano applaud the Public Utility Commission (PUC) for its decision to conduct a review of water rates charged by the North Texas Municipal Water District (NTMWD). We are hopeful that this next step in the process will bring us closer to establishing a new rate methodology that is fair and equitable to all members, encourages conservation and better serves the Region's long-term interests.

Our request was made after working for more than a decade to get relief for our ratepayers. Due to our lack of bargaining power, all parties remained at an impasse, and our most viable option was to request the PUC review of our rates.

- In December of 2016 the four cities asked the PUC for relief for a myriad of reasons. Our residents and businesses are paying too much for water under an outdated rate methodology that encourages water usage and does not provide incentives for water conservation. To date, our four cities' ratepayers have paid nearly \$275 million cumulatively for unused water since our cities' respective peak usage years.
- Forcing Member Cities to pay continually increasing rates for a fixed quantity regardless of actual consumption is not fair and is inconsistent with conservation initiatives.
- Member Cities lack the bargaining power to: negotiate new rates; decide which capital improvement projects the District will implement and whether debt will be issued to fund them; weigh in on the growing budget and increasing indebtedness; change District policies such as the rebate; and set Customer Cities' rates.
- The only way for us to protect our residents and businesses is to seek rate relief with the PUC.
- Unlike most contracts between water districts and cities, the contract with the NTMWD is in perpetuity. It never ends. Furthermore, the contract involves 13 Member Cities, which must approve any changes

unanimously. Most other water-supplying entities in Texas are in contracts with single cities.

We support the long-term initiatives of the District, but cannot continue to subsidize the system while waiting for a change in the rate methodology. The PUC decision appropriately acknowledges that the time for change is now.