

GRANT ROAD PUBLIC UTILITY DISTRICT

Dear Customers:

The Board of Directors of Grant Road PUD ("District") recently adopted an Amended Rate Order, which includes the implementation of a tiered rate structure and some increases in water and sewer rates charged to certain of the District's customers. This action was necessary due to the following reasons:

- The District has charged a flat water rate for many years. With a flat rate, there is no penalty for wasting water. The Amended Rate Order includes a graduated rate structure with progressively higher rates, which will result in higher costs for customers who exceed the normal monthly usage. For customers who continue to use 10,000 gallons per month or less, the average bill will stay the same.
- Overall, the District's rates are well below other districts and subdivisions in the area. In addition, the District's rates do not cover the cost of producing water and treating sewage. The moderate increases in the District's rates will keep them in line with other districts.
- Because the District used a flat water rate structure for many years, revenues need to be increased in its operating fund to offset the deterioration to its reserves caused by low rates and increased costs. Implementation of the tiered rate structure will assure that customers using the most water will pay proportionally higher rates.
- The Board of Directors also took into consideration the additional cost to its customers for the North Harris County Regional Water Authority ("RWA") charges that are assessed by the RWA. These are fees charged for (1) purchasing treated surface water from the RWA, and (2) for pumping the District's groundwater. The District uses partial groundwater and partial surface water. The RWA's fees will increase by \$0.50 per 1,000 gallons on April 1, 2017 and will very likely continue to increase. The District has no control over RWA cost increases.

NEW WATER & SEWER RATES

Residential Rates & All other connections not listed below (in thousands)

<u>Water</u>		<u>Sewer</u>	
0 - 10	\$11.00	0 - 10	\$11.00
10 - 20	\$0.75 per 1k	> 10	\$0.75 per 1k
20 - 40	\$1.00 per 1k		
> 40	\$1.25 per 1k		

Commercial (in thousands)

<u>Water</u>		<u>Sewer</u>	
0 - 8	\$11.00	0 - 8	\$11.00
8 - 20	\$1.50 per 1k	> 8	\$1.50 per 1k
20 - 40	\$1.75 per 1k		
> 40	\$2.00 per 1k		

RWA Fee (surface water at cost) charged to all accounts per rate set by NHCRWA

*****Effective April 1, 2017, rate will increase from \$2.85 to \$3.35. A 50 Cent Increase*****