

S. S. WATER SUPPLY CORPORATION

10393 US HWY 87 W, La Vernia, TX 78121

January 2024

Important Water Rate Information

S.S. Water Supply Corporation (SSWSC) remains well-capitalized with no loan debt, but the ever-increasing cost of delivering water to our Membership and customers – coupled with inflation that has not abated and the unrelenting growth our community continues to see – require us to re-visit our water rates. This is necessary to ensure the Corporation can continue providing the potable water service our Members and customers in Sutherland Springs, La Vernia, Adkins, Floresville, and Bexar County depend on.

Ever Increasing Costs Coupled with Large Capital Expenditures

S.S. Water has the water distribution system plans needed to accommodate the growth we are seeing in our service area. However, to enact those plans we must ensure the corporation is best positioned financially to weather the inflation-driven financial challenges we are dealing with now and very likely into the medium-to-long term future. As a private, Member-owned corporation, the vast majority of the corporation's revenue comes from retail water sales to our Members and customers. We last adjusted our water rates on 1 October 2022, but even our most pessimistic cost projections were exceeded in very short order. This, coupled with the need to continue building out our water distribution system to keep up with demand (which we are legally mandated to support), is putting upward pressure on our costs. Given this fiscal reality, upon the recommendation of the General Manager the S.S. Water Board of Directors accepted a proposed water rate increase at the 11 September 2023 regular meeting. This rate increase is scheduled to be formally voted on at the 11 December 2023 Board meeting, with the new rates taking effect on 1 **January 2024** if approved.

S.S. Water supplies nearly 7,000 accounts that serve over 20,000 customers across Wilson County and Bexar County. We maintain nearly 400 miles of water mains, 16 water distribution facilities, nine active wells, and a state-of-the-art Advanced Metering Infrastructure and Supervisory Control and Data Acquisition (SCADA) system that provides near-real time water use data that saves tens of millions of gallons of water a year. Additionally, numerous state and federal regulations require public water systems to maintain certain water storage, testing, back-up power generation capabilities, and service provision standards. This extensive regulation regime, coupled with the ever-increasing day-to-day expense of running and maintaining a capital-intensive business like a water utility while also saving for future capital improvements, require us to ensure that we have sufficient operating revenues to meet our current and future financial obligations.

Tables showing current v. proposed rates:

<u>Monthly Service Charge/Base Rate</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Standard 3/4" Meter	\$34.05	\$39.17
1" Meter	\$85.28	\$97.93
1 1/2" Meter	\$170.56	\$195.85
2" Meter	\$341.12	\$391.70

<u>Gallon Usage (First 2K gals. included in Base Rate)</u>	<u>Current Gallonage Charge per 1K Gallons</u>	<u>Proposed Gallonage Charge per 1K Gallons</u>
2,001 - 15,000	\$3.31	\$3.35
15,001 - 30,000	\$4.96	\$5.03
30,001 - 50,000	\$6.45	\$7.04

As of this writing, S.S. Water Supply Corporation remains one of very, very few utilities in the State of Texas that is completely debt-free. This is a testament to the judicious and effective stewardship of your Member dollars to fund current and future projects, but saving and spending prudently are not enough given the ever-rising cost of materials, land, capital, and business expenditures. Prudent financial planning requires us to forecast what the system's financial needs will be during both normal times and emergent situations. This is why we seek regular, incremental rate increases instead of larger ones over longer periods of time.

On the next page there is a table showing sample bills under the proposed new rate structure, and what those bills would be using the published rates of neighboring water utilities. The average SS Water monthly usage per meter is 9,600 gallons/month as of 31 December 2022:

Water Rate Comparison Chart (average use 9,600 gals/mo.)							
Standard 3/4" Meter							
Gallons Used	SSWSC Current Rates	SSWSC Proposed Rates	East Central	Crystal Clear	Springs Hill	Oak Hills	Sunko
3,000	\$37.37	\$42.52	\$67.64	\$27.60	\$53.33	\$27.60	\$45.72
11,000	\$63.87	\$69.32	\$102.00	\$38.60	\$103.65	\$43.10	\$78.89
15,000	\$77.11	\$82.72	\$142.00	\$48.60	\$123.25	\$53.10	\$96.98

Even with the proposed rate increase, our rates remain very competitive with those of neighboring water utilities.

Current and planned expenditures:

- Three new/replacement wells commissioned at an estimated project cost of \$4,500,000
- New 16" water main upgrade to be installed on FM 539; estimated project cost \$2,000,000
- New backup power generation totaling \$1,000,000+ to meet Senate Bill 3 mandates post 2021 Winter Storm Uri
- Greatly increased operating costs; for example banking/credit card/electronic payment fees nearing \$200,000 a year
- Plant improvements
- Land acquisition for additional wells and plant additions
- New water storage tanks
- New water mains
- New booster pumps
- Additional heavy equipment
- Continued funding of iron filtration fund
- Additional regulatory compliance (enhanced or additional water testing and other unfunded federal and state mandates)

***** Opportunities to Voice Your Opinion to your Board of Directors *****

- Monthly Board meetings on 9 October and 13 November 2023 at 7:00pm at our offices at 10393 US Highway 87 West
- Customer service email: csr@sswater.net
- Office telephone: (830) 779-2837
- Mailing address: 10393 US HWY 87 W, La Vernia, TX 78121

This proposal will ensure our ability to provide potable water service to our served population now and into the future, while continuing to meet or exceed all regulatory requirements. We thank you very much for your continued support!!

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