

PICOSA WATER SUPPLY CORPORATION

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April 25, 2022

To: All Picos Water Supply Corporation Members

Re: CY2022 Water Rate Increase Letter

The Board of Directors of Picos Water Supply Corporation (PWSC) have approved the Calendar Year 2022 Budget and Water Rates recently. This letter is communication to let all our members know, after a detailed study of both revenue and expenses for the past few years, management has determined we must increase water rates this year. We are happy to report that Picos's water rates have not increased in the last three (3) years, since March of 2019. But, as we all know, in 2020 and 2021 we have experienced worldwide devastating financial effects of the Covid-19 Pandemic and then also in Texas, the 2021 Winter Storm! The Texas Winter Storm of Feb 2021 alone cost us tens of thousands of dollars due to frozen pipes and valves, control valve leaks, no water to entire system due to electrical control malfunction, power outage in all of Floresville area, set-up capability of remote work by office personnel, and 24/7 round the clock coverage of field water operators. And now in the aftermath of these last two years we face soaring materials costs and increasing labor costs to keep up with the growth of our water system.

As always, our mission at Picos Water Supply Corporation is to continue to provide safe, high quality water and services at an equitable rate for all our customers. So, in order to sustain current budget requirements for operational and reserve costs, we must adjust our water rates to produce the necessary revenue needed to cover all system costs. In addition, in April 2020 the Board implemented a ten (10) year Growth Preparation Plan to put monies aside for future Capital Improvements. Subsequently, in May 2021 a higher "Impact Fee" (formerly Buy-In Fee) was put in place for new customers only to help support the future growth of our system which has already begun. We need to be prepared to provide water service to future landowners and land developers. That will mean major infrastructure improvements to ensure we can provide water to all those who need it. Our customer base has grown 10% since 2019 and we estimate it will continue to grow much more in the future.

New Water Rate Structure per thousand gallons of water:

Usage Tier 0 to 1,000	\$10.44 monthly minimum	Previously \$ 9.85
Usage Tier 1,001 to 2,000	\$ 7.86 per thousand gallons	Previously \$ 7.41
Usage Tier 2,001 and up	\$ 9.15 per thousand gallons	Previously \$ 8.63

Picos Water Supply Corporation volunteer Board of Directors invite you to become involved in the future planning and growth of your water system. All year long we meet at least monthly and collaborate with our field operators and office employees to make decisions for the future of our water system. We have a great team and are in need of one more board member to be appointed soon. Come be part of the planning and growth of PWSC and help us make decisions about its future. Our Annual Business Meeting is on Tuesday, March 15, 2022. We look forward to seeing and meeting you!

Most Sincerely,



Sylvia Tejada Howard
President, Board of Directors

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