

Dear Valued Texas Water Utilities Customer,

We want to update you on several rate changes to your water and wastewater bill that will take effect in the coming months. These updates are in anticipation of approval by our regulator, the Public Utility Commission of Texas (PUCT), and are designed to keep your service reliable and affordable. Upcoming changes include a decrease to monthly base and usage rates, adjustments to some surcharges/surcredits, and the implementation of the System Improvement Charge. Note that not all changes will apply to all customers. If you have any questions about the rate changes described below, we invite you to learn more by visiting our website at www.txwaterutilities.com.

DECREASE TO MONTHLY BASE AND USAGE RATES: We are pleased to share that, pending approval, your monthly base and usage charges will decrease. The actual decrease will depend on meter size and usage, but most residential customers with a 5/8" meter will see the following rate decreases:

WATER RATES	Current Rate	New Rate
5/8" monthly base water rate	\$62.99	\$59.39
Tier 1 (0-2 kgal) water usage	\$7.27	\$6.96
Tier 2 (2-10 kgal) water usage	\$8.95	\$8.57
Tier 3 (10-20 kgal) water usage	\$10.15	\$9.72
Tier 4 (>20 kgal) water usage	\$10.82	\$10.35
Water Passthrough Charge	\$2.47	\$2.41

WASTEWATER RATES	Current Rate	New Rate
5/8" monthly base water rate	\$82.92	\$79.19
All usage (based on winter average)	\$2.07	\$1.98
Wastewater Passthrough Charge	\$0.38	\$0.38 (no change)

CHANGES TO SURCHARGES/SURCREDITS: Several surcharges will be adjusted as described below.

Addition of a "Dkt 56665 Surcharge"

Another item pending approval from the PUCT is a surcharge to allow Texas Water Utilities to recover costs incurred during the recent rate review. The surcharges below are expected to be included on customer bills for approximately 36 months:

- \$0.51 per month per water connection
- \$0.36 per month per wastewater connection

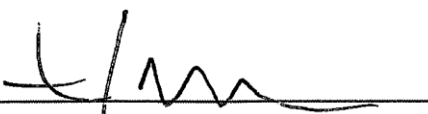
Elimination of the "Dkt 50944 Surcharge/Surcredit"

Over the past 18 months, many customers have seen a line item on their bill called *Dkt 50944 surcharge/surcredit*. Some customers received a monthly charge, while others received a monthly credit.

These charges were mandated by the PUCT to reconcile interim rates charged between September 2020 and February 2022 with the final rates approved in February 2022. These charges/credits began appearing on bills around March/ April 2024 and were scheduled to continue for approximately 18 months. Within the next couple of months these line items will no longer be included on your bill.

System Improvement Charge

In the coming months, customers will receive notice of the filing of an application for a **System Improvement Charge**. This charge allows Texas Water Utilities to continue making timely infrastructure investments to ensure safe and reliable water and wastewater service. Please note, this charge will not appear on your bill until the application is thoroughly reviewed and approved by the Public Utility Commission of Texas. We anticipate the review process to not conclude before sometime in Spring 2026, after which time the new rates will be included on your bill.


Eric J. Sabolsice
President, Texas Water Utilities