



# TWIN CREEK WATER SUPPLY CORPORATION

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December 27, 2022

Dear Twin Creek WSC Members,

I am writing you today, as per the requirement in our Tariff, to notify Members of changes in the Twin Creek WSC "rate" policy.

You may remember in my Fall Newsletter I told you that your Board of Directors and Management had to "put on their thinking caps" when looking at our fiscal financial situation for 2023 year. There are many challenges we face due to the age of our system, our growth and over all, the inflation that has occurred over the past two years with the expectation that it will continue in 2023.

We have spent a great deal of time during the last month doing research on the "best business practices" being used by other Texas Water Supply Companies in order to understand how we measure up with those practices. Our research revealed that we "measure up" really well with our day to day "operating" procedures. One of the things that we discovered is the annual revenues that WSC's our size (number of connections) are approximately 30-50% greater than ours. Further examination revealed that one of the reasons is because of the amount of water sold on a monthly basis. One of the things that contribute to this deficient is we include the first 3000 gallons a month with our meter charge. It appears that while this business practice was common in the early years of the Member Owned Texas Rural Water Companies, it has been abandoned over the last decades. One of the factors that contribute to our lower revenue is that, while the average monthly water usage in the U.S. per home connection is 200-300 gallons per day, our system typically measures 125-150 per day. So, the math tells us that while we still have the cost of maintaining the infrastructure of a 730 connection WSC, we have the revenue of a 500 connection WSC.

So, in dealing with the 2023 fiscal budget and an effort not raise our monthly meter charge, the Board has elected to lower the gallonage included with the monthly rate by 1000 gallons. This change may be seen as early as your February statement. While this does not make up what the budget calls for, it gets us closer. Our Management staff has done an excellent job over the past years in managing the budget, so we will be OK. If we have a small "shortfall" in the year, I believe we will be able to cover that with some of our financial reserve.

Please rest assured that your Board and Staff will be very diligent in managing your Water Company in order to make sure you can count on having quality drinking water at your tap. Also, please read the Public Utility Commission of Texas notice of a new policy in dealing with Winter's deep-freezing temperatures.

Thank you for your support of your WSC team.

Sincerely,  
John Edmondson  
President, TCWSC