ALTOGA WATER SUPPLY CORPORATION

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**REDUCTION OF TEMPORARY SURCHARGE**

**Effective October 1, 2013**

This letter will update the current status of AWSC as well as address the $10/month surcharge that was put into effect in August of 2011. First off let’s start on a positive note by saying AWSC is in one of the best positions we have been in since the year 2000. Rodney, Maureen and your Board of Directors have worked really hard in making the necessary investments so that AWSC remains a reliable and safe water distribution system. In the last 12 months we have added 30 new customers resulting in the most growth we have seen in the last 10 years. The McKinney Meadows subdivision and Trails of 1827 subdivision are finally starting to revive themselves since construction came to a screeching halt during the recession of 2009.

We promised to look at the surcharge in 24 months and that time is here. At this time we are unable to discontinue the surcharge however we will reduce it by $2/month resulting in the new charge being $8/month. We have also been considering a rate increase as our last one was in August of 2010. Due to recent growth we have decided not to pursue another rate increase at this time. Both will be reviewed annually.

The continuation of the surcharge is needed to be able to help fund repairs and hopefully at some point to start being able to create an emergency fund for repairs. In the fall of 2011 $22.5K was spent on the well at the tower and $25K was spent on our original well located adjacent to the current office in January of 2012. Both of these wells have endured unusually high usage since that time due to the current drought situation that the State of Texas has been in since the summer of 2011.

We have recently seen a reduction in pumping capacity at the tower well and during a recent checkup discovered we have a bad check valve that needs replacing and that well will need repairs this coming winter. The most interesting discovery during that checkup was the aquifer that we get our water from (Woodbine) has dropped 10 ft. in the last year. This just reiterates the need for water conservation and doing everything we can to not waste water. Please be mindful of your water usage and conserve when and where you can.

AWSC has seen several fees implemented in the last several years that have also increased our costs. The first one is a “Regulatory Assessment” fee collected by the TCEQ (Texas Commission on Environmental Quality) and the other one is a “North Texas Groundwater Fee”. Both of these are assessed based on the amount of water used and combined charges have been around $2500/yr. This doesn’t seem like much however every time we turn around another fee comes along and we felt like you should be made aware of these fees.

We will continue to do whatever we can to maintain expenses while also providing you with good quality, safe drinking water. We appreciate your understanding and welcome any comments you may have.

Sincerely,

AWSC Board of Directors