



For Immediate Release

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FOUR CITIES UNITE TO REQUEST WATER RATE RELIEF

Garland, Mesquite, Plano and Richardson have paid \$178 million for unused water under outdated rate methodology

Dec. 14, 2016 (Garland, Texas) – The Mayors of Garland, Mesquite, Plano and Richardson, in an unprecedented move, today announced that their cities are asking the Public Utility Commission (PUC) to conduct a review of their water rates with the North Texas Municipal Water District (NTMWD). The cities are taking this action because the rates set by the NTMWD under the six-decade old water supply contract are discriminatory, are inconsistent with water conservation and are not in the public interest. As a result, the four cities have paid a total of \$178 million for water they did not use.

“We are losing tens of millions of dollars at the expense of our taxpayers because the North Texas Municipal Water District’s current rate methodology is outdated and does not incentivize water conservation,” Plano City Manager Bruce D. Glasscock said. “Member cities pay according to a ‘take or pay’ system that is based on our greatest single year of use. This level cannot be reduced, regardless of whether or not the city uses the entire amount of water it is paying for.”

For Garland, Mesquite, Plano and Richardson, the greatest use took place during a time when water conservation was not anticipated. Years of drought and the successful adoption of water conservation strategies have changed the amount and way water is used; and it is unlikely the cities will ever again use the minimums that were set by their greatest annual usage.

“We filed this water rate review to seek a rate methodology that is equitable, encourages conservation and serves the region’s long-term interest,” Glasscock said.

The NTMWD is composed of 13 NTMWD member cities and includes approximately 34 NTMWD customer cities. The customer cities have individual contracts with the NTMWD and some of their effective rates are lower than some of the member cities. At the same time, the cost of water is rising as the NTMWD has raised water rates 69.8 percent since fiscal year 2012. Additionally, it plans to raise rates by approximately 10 percent per year for the next seven years.

| City * | Greatest Single Year Usage | Dollars Paid for WATER NOT USED |
|------------|----------------------------|---------------------------------|
| Garland | 2006 | \$28 Million |
| Mesquite | 2002 | \$36 Million |
| Plano | 2001 | \$78 Million |
| Richardson | 2001 | \$36 Million |
| | | \$178 Million Cumulative |

** More than 60 percent of the member city ratepayers (approximately 750,000) are in Garland, Mesquite, Plano and Richardson.*

“For many years, we have been trying to rectify the disparity in the effective rates that currently exist,” Glasscock said. “We have actively participated in every possible process to seek a solution that all 13 member cities and the water district could agree upon. But it is evident that due to our lack of bargaining power with the North Texas Municipal Water District, negotiating among ourselves will not result in the much needed changes. Asking the Public Utility Commission for this review is the next step.”

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