



# CITY OF HOUSTON

Public Works and Engineering  
Department

Bill White

Mayor

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December 10, 2009

Dear Contract Treated Water Customer:

As you may know, one informational meeting was held in January of 2009 and one informational letter (via email) was sent to notify you of a proposed increase in the rates you pay for Contract Treated Water service. Notice is hereby given that beginning January 1, 2010 an increase of \$0.30/ per one thousand gallons will be added to the current rate the City of Houston charges its Contract Treated Water Service customers. This increase (.30) will be effective January 1 and will appear on billing statements received in February 2010. The adjustment will raise the rate from \$1.884 to \$2.184 per one thousand gallons.

The primary reason for the rate increase is to reduce the gap between the cost to produce water and the actual rates charged by the City. The City of Houston has historically analyzed its rate structure to ensure that the true costs to provide treated water service to our customers are recovered through revenue that is sufficient to meet the water needs of the City and surrounding communities. The last such analysis was conducted in 2004 and water and sewer rates have been automatically adjusted annually using the previous calendar year's regional Consumer Price Index (CPI). However, the Contract Treated Water Service rates have always remained at levels below the 2004 established Combined Utility System class cost of service to treat and deliver this water.

In April of 2007, Houston City Council approved a \$.28 per one thousand gallon rate increase to Contract Treated Water customers that was effective in September of 2007. That increase was equivalent to half of the difference needed to cover costs per the FY04 rate study. This current increase is the second half of the remaining difference to adequately cover the cost of service deficit.

If you have any questions, please contact me at 713-837-0282.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan Bandy".

Susan Bandy  
Deputy Director