



BEAR CREEK SUD

Telephone 1-972-843-2101 • P.O. Box 188
Lavon, Texas 75166

June 22, 2020

Update Regarding Appeal of Bear Creek SUD's Water Rates

Dear Customer,

Bear Creek is continuing to oppose the appeal by a group of customers represented by Deborah Fato (current board member) and Michaelangelo Dillon of Bear Creek's rates adopted in October 2018. You can track the proceeding at the Public Utility Commission using the Commission's Interchange system (interchange.puc.texas.gov) and searching for Docket No. 49351.

Since the appeal was filed and, in an effort, to address the complaints expressed by Ms. Fato and Mr. Dillon, Bear Creek hired a rate expert to review the rates currently being charged to our customers, including the most recent increase approved by Board in January 2020. The rate expert presented the final results of the study to the Board on May 19, 2020. A video recording of the meeting and electronic copies of the presentations by the rate expert and our engineer are available on our website, under the News & Notices tab (bearcreeksud.com). The results of the study show that Bear Creek's current rates do not recover our projected costs for this year. The projected shortfall is \$275,000.

This revenue shortfall is even more challenging because Bear Creek has now incurred \$60,000 in additional unexpected costs related to the COVID19 pandemic, and we estimate that we will incur approximately \$300,000 in costs to defend our 2018 rates in the appeal. In these challenging times, the Board will do everything within our power to avoid another rate increase; but these costs will likely need to be recovered from our customers through a rate increase because we have no other sources of revenue.

If you have questions about the appeal or any other water system issues, please join us for an upcoming Board meeting. We welcome all our customers to participate in the discussions about their water system.

Sincerely,
Herman Stork, Board President
and
Camille Reagan, General Manager