

FOR IMMEDIATE RELEASE

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FY 2018 GRP Budget and Rates Recommended by Customer Review Committee; Includes Five Percent Rate Increase

On April 24, 2017, SJRA staff presented a proposed GRP budget to the GRP Review Committee, which is a six-member board selected by the cities and other utilities who are participants in SJRA's joint GRP program. On May 8th, the Review Committee held a budget workshop to further discuss the details of the proposed budget. Then on May 22, 2017, the Review Committee recommended approval of the Fiscal Year (FY) 2018 budget and also recommended approval of a rate increase of \$0.14 per 1,000 gallons (an increase over last year of approximately five percent).

The budget and rate increase apply to the 149 cities and other utilities who are participants in SJRA's joint GRP program. The new GRP pumpage fee will be \$2.64/1,000 gallons. The surface water fee will be \$2.83/1,000 gallons. These new rates will go into effect on September 1, 2017.

Over \$0.12 of the \$0.14 rate increase approved by the Review Committee is directly attributable to the City of Conroe's and City of Magnolia's refusal to pay last year's approved rates and the continued cost of the resulting litigation. Starting September 1, 2016, Conroe and Magnolia refused to pay the approved FY 2017 rates, negatively impacting all of the GRP participants and compromising the GRP's ability to meet its financial obligations. Were it not for these lost revenues and additional expenses, the proposed rate increase would have been less than \$0.02 per 1,000 gallons. The GRP Customer Review Committee requested that information related to the reasons for the rate increase be made available to all GRP participants and retail customers.

The recommended GRP rate increase was considered and approved by the SJRA Board of Directors on May 25, 2017. The GRP budget will be considered by the SJRA Board in August.

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