



San Jacinto River Authority

Notice of Proposed Amendments to Rate Order

April 22, 2016

The San Jacinto River Authority ("SJRA") is proposing amendments to the current Rate Order applicable to Participants in SJRA's Joint Groundwater Reduction Plan ("GRP"). The proposed amendments will be presented to the GRP Review Committee on May 23, 2016 and to the SJRA Board of Directors on May 26, 2016. The SJRA Board of Directors will thereafter consider formal adoption of the proposed amendments on June 23, 2016. Agendas for the meetings will be posted on SJRA's website at <http://www.SJRA.net>.

The proposed amendments to the Rate Order will revise the current rates for the Pumpage Fee, the Import Fee, and the Surface Water Fee. Also, proposed amendments to the Rate Order will include changes to the reporting requirements for GRP Participants and may address other items.

As a reminder, LSGCD's mandated deadline for reducing groundwater withdrawals was January 1, 2016. The implementation of SJRA's GRP will allow its Participants to collectively achieve and maintain compliance with LSGCD's groundwater reduction mandates through the development of reliable, long-term alternative water supplies for the future. This includes the construction of the GRP's surface water treatment plant and 55 miles of water transmission lines that can deliver up to 30 million gallons per day of treated surface water to certain Participants that will be used in lieu of groundwater.

The Fees adopted under the Rate Order generate the funds necessary to pay for the operations and maintenance of the GRP facilities, debt service and fund reserves. SJRA strives at all times to manage the costs of implementation of the GRP so that the lowest responsible Fees are adopted under the Rate Order.

Please visit our website at <http://www.SJRA.net/grp/> to learn more about the GRP.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Smith", is written over the typed name.

Mark Smith, P.E.

GRP Administrator

San Jacinto River Authority