



COMMITTEES:  
HUMAN SERVICES, CHAIR  
HIGHER EDUCATION

**Patrick M. Rose**  
TEXAS STATE REPRESENTATIVE  
DISTRICT 45

COUNTIES:  
BLANCO  
CALDWELL  
HAYS

October 2, 2008

Dear Friend,

I would like to take this opportunity to update you on the rate increase proposed by Aqua Texas, Inc. This application had been pending before the Commissioners of the Texas Commission on Environmental Quality (TCEQ) since March 19, at which time I submitted a letter urging the Commissioners to deny the proposed rate increase.

Despite the efforts of a broad legislative coalition and Aqua Texas customers, the TCEQ Commissioners voted on Wednesday, August 20 to approve a rate increase for Aqua Texas, Inc. While the approved base rate of \$84.64 is below Aqua's higher proposed rate for water and wastewater, I am extremely disappointed that the Commissioners chose to approve any increase at all.

This decision will not, however, impact those living within the area included in the settlement between the City of Woodcreek and Aqua Texas. Upon contacting the City of Woodcreek, the TCEQ and Aqua Texas, our office was informed that there is an appeal of the proposed settlement currently pending before the State Office of Administrative Hearings. Should you be interested in learning more about the proposed settlement, I would encourage you to contact the City of Woodcreek for additional information.

This rate increase will greatly impact hundreds of families across our region at a time when basic costs like fuel and food are increasing daily. Thousands of Texans protested this rate increase, and the Commissioners had an opportunity to be their advocate -- an opportunity that I believe they neglected by approving an increase for Aqua Texas, Inc.

Our work together, however, is not over. I will continue to serve as an advocate for Hays County families that are served by Aqua Texas, Inc. You and your neighbors in the Woodcreek neighborhood should know that the TCEQ will conduct a full compliance investigation of Aqua Texas' wastewater facilities at Woodcreek this fiscal year.

October 2, 2008  
Aqua Texas  
Page 2

During the course of this investigation, the TCEQ will be evaluating the condition of the wastewater plant in order to ensure that it is compliant. Investigators will sample the effluent, observe treatment processes, and review operation records. If the facility is found to be in noncompliance, depending on the severity, the TCEQ will either issue a Notice of Violation, which would require Aqua Texas to make corrections within a specified period of time, or a Notice of Enforcement, which would assess monetary penalties. I will be monitoring this process closely and strongly advocating that Aqua should be held accountable every time they provide inadequate service.

The Texas Legislature will reconvene in January 2009, and in preparation, the House Committee on Natural Resources has been reviewing and evaluating the regulatory model for investor-owned water and sewer utilities like Aqua Texas. This work has included an examination of the rate setting process, consultant fee recovery, overall cost reductions and options for more effective ratepayer participation in this process.

I am hopeful that the Committee's interim report, due this fall, will include strong recommendations to protect customers from excessive rate increases in the future and establish a better, fairer rate-setting process. These recommendations will then be filed as legislation in the coming session, and I assure you that I will work to ensure the passage of legislation that will improve this unfair process and better protect ratepayers.

If you encounter problems with your water and wastewater service, I encourage you to notify both Aqua Texas and the TCEQ as soon as possible. You may reach the customer service department of Aqua Texas at (877) 987-2782 and the Austin Regional Office of the TCEQ at (512) 339-2929. Notifying the TCEQ of any problems is extremely important, especially during its compliance investigation of Aqua Texas' wastewater facilities at Woodcreek.

Thank you for your continued input and leadership on this important issue. I will continue to keep you posted on our efforts. If there is any other way that we may be of assistance to you, please do not hesitate to contact my staff or me at your Capitol office at 512/463-0647.

Sincerely,

A handwritten signature in black ink that reads "Patrick M. Rose". The signature is written in a cursive, slightly slanted style.

Patrick M. Rose