



July 25, 2017

Dear Valued Customer,

On February 29, 2016, Monarch Utilities I, LP, (Monarch) filed an application with the Public Utility Commission of Texas to change rates for water and sewer services. The parties to this application, Monarch, Public Utility Commission of Texas Staff and the Office of Public Utility Counsel (the representative of residential and small commercial customers), recently completed a settlement agreement which included the rates that have been in effect since October 1, 2016. *There will be no further change in rates or surcharge adjustment in connection with this rate application.*

Under the settlement agreement, the monthly base rates for a 5/8" meter, which is typically used for residential customers, are \$49.30 for water service and \$75.26 for sewer service. Bills listed below show an example of the charges under the settlement agreement for 2,000 gallons of water, and it also shows the charges for the average monthly usage of 5,000 gallons of water and 4,000 gallons of sewer (average sewer use for a 5,000 gallon water user). Amounts shown do not include the PUC required Regulatory Assessment.

Bills for a 5/8" Meter

Service Type	Usage (gallons)	Total Bill
Water	2,000	\$64.24
Water	5,000	\$91.84
Sewer	2,000	\$80.54
Sewer	4,000	\$85.82

As part of this settlement, Monarch agreed not to file an application for a rate change prior to February 28, 2019, which is three years from the date of the filing of this rate application.

In addition, the settlement also includes refunding \$1.5 million to customers. This refund comes from a portion of selling our assets in Blue Mound and Oak Point/Midway. The rebate amount will be distributed as bill credits to you this fall.

Thank you for allowing Monarch to provide your water and sewer services. We value our customers, and work hard to provide the best water quality and service.

If you have any questions, comments or concerns addressing this settlement, feel free to contact our customer services at 866.654.SWWC (7992).

Sincerely,

Charles Profilet, Jr., P.E.
Managing Director, Texas Utilities