

November 14, 2011

Dear City of Collinsville Water Customer,

As you have probably heard, with a legislative charge to manage and conserve groundwater while monitoring its usage, the Red River Groundwater Conservation District ("District") has been working to meet the requirements placed by the State of Texas. In undertaking these responsibilities, the District incurred expenses. These expenses are paid by groundwater providers in Fannin and Grayson counties.

On October 19, 2011 the District adopted a budget for 2012 for approximately \$251,000.00 and a rate of \$0.06 per 1,000 gallons of production in 2010. This method of billing requests each groundwater provider to pay a proportionate share of the cost for the District's ongoing expenses. TCEQ also allows for a system water loss due to leaks, flushing lines, fire service, theft and other losses. That added amount is \$0.01 per thousand gallons. This brings the total pass-through rate to City of Collinsville customers at \$0.07 per thousand gallons.

Our average customer's water usage is approximately 6,000 gallons per month. At the rate of \$0.07 per thousand gallons, the average water bill will increase \$0.42 per month. This fee is imposed by the Groundwater Conservation District for their operational costs and this amount will show up on your water bill as a fee and the City of Collinsville will incur no profit whatsoever from this added fee and it is highly possible we may actually lose total revenue if our water loss rate exceeds the past water loss rate. Please call Collinsville City Hall during business hours if you have any questions.

Thanks,

Carrol McKnight, City Mayor