



## News Release

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**Contact: Denise Perrin | Community Relations Manager**

City of Rowlett | 4000 Main Street | Rowlett, TX 75088  
972-412-6192 | dperrin@rowlett.com

### **Rowlett Files Objection to Motion to Dismiss with the PUC**

**ROWLETT, TEXAS**— On November 3, 2020 the City of Rowlett, along with the cities of Fate and Lucas (The Alliance), filed a motion with the Public Utilities Commission (PUC) objecting to a motion to dismiss proceedings filed last week by the North Texas Municipal Water District (NTMWD) and its 13 member cities to settle a dispute regarding wholesale water rates. The Alliance asserts that not all outstanding issues regarding the dispute have been resolved as The Alliance was not included in the settlement negotiations. The City of Rowlett intervened in the PUC proceedings to ensure that its residents will participate in benefits arising from revised wholesale water rate terms and not continue to pay rates that are defined by the PUC as “adverse to the public interest.”

“While it is encouraging that the NTMWD and its member cities have come to an agreement on a very complex and lengthy issue, we are disheartened that our citizens have no guarantee of relief from high water rates,” said Mayor Tammy Dana-Bashian. “By filing this motion, Rowlett, as the NTMWD’s largest customer city, continues to vigorously advocate for our community.”

#### History

For many years, the NTMWD and its 13 member cities have been in a dispute over the methodology used to calculate minimum payments from each entity, referred to as “Take or Pay.” Under the Take or Pay contract provision, all member and customer cities purchasing wholesale water from the NTMWD are required to pay annually for the highest amount of water ever used. Rowlett is currently required to purchase a minimum of 3.2 billion gallons per year. As a result of the Take or Pay contract provision, in the past 19 years, Rowlett citizens have paid over \$21 million to the NTMWD for over 11 billion gallons of water that was not received or used by Rowlett residents and businesses.

The member cities of Plano, Garland, Mesquite and Richardson filed a petition with the PUC on December 14, 2016 to seek relief from the Take or Pay contract provision.

In February 2020, the PUC agreed to initiate a cost-of-service hearing after concluding that NTMWD rates were adverse to the public interest.

The Alliance filed a motion to intervene in the PUC proceedings on April 2, 2020.

Instead of issuing the expected order for the cost-of-service review at their meeting on Friday, April 17, the PUC ordered the parties into mediation.

On October 29, 2020, the NTMWD and its 13 member cities announced they had agreed to a settlement on the Take or Pay dispute and would file to dismiss the PUC petition. The Alliance was not included in the settlement negotiations. As a result, The Alliance filed today's motion objecting to the motion to dismiss PUC proceedings.

The North Texas Municipal Water District is a wholesale water provider serving more than 1.8 million people in nearly 90 communities across 10 North Texas counties. There are 13 member cities and over 30 customer cities and Special Utility Districts. A wholesale customer for 54 years, Rowlett is the largest customer city, with a population of over 66,000 residents and over 20,000 water accounts. Based on the current Take or Pay wholesale water pricing methodology in place, Rowlett will continue to be charged every year for hundreds of millions of unused gallons of water. Due to limited resources and the high cost of water infrastructure, communities such as Rowlett have no ability to mitigate the negative impact of the take-or-pay structure and there is no feasible option to transition to an alternate wholesale water provider.

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