

WARREN WATER SUPPLY CORP.

P. O. Box 95

Warren, Texas 77664

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June 20, 2016

Dear Warren Water Supply Corporation Member,

Your Board of Directors would like to make you aware of issues that the system is facing. Our Well #2 has failed again. We spent about \$24,000 trying to recover it, but it has failed and completely sanded up. The casing is deteriorated, and could not be salvaged. We had to spend several thousand dollars to abandon it and "cement it in" in accordance with TCEQ regulations.

We currently have two wells in service. One of these well was repaired three years ago, but its capacity was reduced. The system is functioning fine at present, and we are fully in compliance with all the rules and regulations that govern our system.

However, if any of the current wells fail we will not be able to furnish the water we all depend on. We are in the process of having the engineering prepared to dig a new well. The recent \$1.00 increase in minimum water usage is paying for the engineering. The cost to drill a new well will be between \$750,000 and \$850,000. We really have no other options. The board has worked very hard to keep cost down, yet maintain acceptable service. We will do all we can to reduce cost, but we will have to raise the rates substantially to be able to provide a constant and dependable supply of water.

Our Board of Directors has kept the rates very low for many years. Most systems in the area are charging three and four times our rates. We know many of our members are on fixed incomes, and times are hard for everyone. When and how much the rates will increase will depend on how much the bid comes in for, and when they would be able to begin.

Sincerely,

Warren Water Supply Board of Directors

Martin Nash, President

Ruth Hollingsworth, Secretary

Donna Renick

Jerry Laurent

Rodney Ashworth

"This institution is an equal opportunity provider and employer."

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