

April 4, 2025

The Honorable Charles Perry
Chair, Senate Ag, Water, Rural Affairs Committee
P.O. Box 12068
Capitol Station
Austin, Texas 78711

Via E-mail
charles.perry@senate.texas.gov

The Honorable Donna Campbell
Texas Senate (District 25)
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Capitol Station
Austin, Texas 78711

Via E-mail
donna.campbell@senate.texas.gov

Re: SB 2660

Dear Chairman Perry & Senator Campbell:

I am writing to you on behalf of the Board of Directors of the Wimberley Water Supply Corporation ("WWSC") regarding Chairman Perry's SB 2660 affecting the powers of the Hays Trinity Groundwater Conservation District ("HTGCD"). WWSC is a nonprofit water supply corporation headquartered in Wimberley, Hays County, Texas. Our service area is located within the regulatory territory of HTGCD, and we supply 1,850 retail customer connections. All six of our public water supply wells providing 100% of our water supply are permitted by HTGCD.

WWSC does not support and is strongly opposed to SB 2660 that establishes a production fee based on groundwater withdrawn. The fee is defined within a certain dollar range, with a maximum unspecified amount that could potentially be financially onerous and disastrous for WWSC and its customers, who must pay this fee. We believe that the proposed fees are not reasonable. Also, this production fee would be in addition to the \$1,000 new connection fee that HTGCD already receives, and our customers pay for. Section 8843.153 of the District's enabling legislation prohibits the imposition of a tax, and this "fee" seems to be a tax with another name.

WWSC questions the need for HTGCD to charge new fees when it has operated for many years with its existing revenue stream. Based on its 2023 annual report (the latest available on its website), new connections have increased 627% over the last ten years – from 111 in 2013 to 696 in 2023. The HTGCD 2025 budget is \$669,000 in total revenues, but with higher expenses results in a \$593,000 deficit. However, most of that deficit is caused by "Exceptional Expenses" of \$487,000, almost all of which are legal fees. HTGCD is engaged in lawsuits against some of the water supply companies in its district, but not WWSC, and we believe it is unfair for our customers to have to pay for such third-party lawsuits.

SB 2660 effectively allows for HTGCD's "double-dipping." In addition to allowing HTGCD to impose the new "production fee" on the volume of water pumped, HTGCD is allowed

to continue to collect a \$1,000 per utility connection fee (the maximum fee allowed by statute) *See* Tex. Spec. Dist. Local Laws Code § 8843.152. HTGCD should not be allowed to charge both a production fee and a connection fee.

WWSC is deeply concerned by the powers of HTGCD provided by SB 2660. The content of SB 2660 was not discussed in any public meeting of the District, and there was definitely never a public hearing on the changes of SB 2660 nor voter constituent input.

Production Fee (Tax)

Although we strongly disagree that a production fee is needed, if a production fee is considered and implemented, we have several comments and concerns. The proposed Bill appears to mirror a portion of (but with significant differences in other regards not included in SB 2660) the production fee authority for Barton Springs Edwards Aquifer Conservation District (“BSEACD”) granted under Code § 8802.104. SB 2660 would similarly allow a production fee by HTGCD:

- (b) A fee assessed under this section may not exceed the greater of:
 - (1) 38 cents per 1,000 gallons of groundwater withdrawn, or
 - (2) the raw surface water cost of other wholesale water suppliers providing water to customers in the district

The first observation is that item (b)(2) has no place in calculation of a production fee for WWSC, whose sole source is groundwater. Consider that such a surface water rate could be totally untenable and outrageous to charge as a production fee. For example, Guadalupe Blanco River Authority (“GBRA”) is developing a \$6 billion project to bring groundwater to Hays County. Preliminary discussions indicate that the rate delivered to San Marcos/Kyle would be in the range of \$15 per thousand gallons – plus to construct a pipeline and transport to Wimberley would make that rate significantly higher. Allowing such an unaffordable rate in the equation would be impossible to manage within WWSC’s finances or the ability for its customers to pay for such fees.

Now consider the \$0.38 rate in (b)(1). Why such a high rate? Using BSEACD as an example, it grandfathered existing wells and initially limited the fee rate to \$0.17 per thousand gallons, while SB 2660 has no grandfather provision. Or consider the neighboring Comal Trinity Groundwater Conservation District (“CTGCD”), whose rate is \$20.00 per acre foot, or \$0.06 per thousand gallons. Also, neither BSEACD nor CTGCD charge new connection fees as a source of revenue as HTGCD does. In addition to justifying whether HTGCD requires additional revenue, the level of the fees needs to also be justified. We believe any established rates should be lower than the rate proposed in SB 2660 and should have a maximum cap on such rate.

Also note that the BSEACD fee provision (§8802.104) mandates that any fee it imposes be “reasonable”. There is no such language in SB 2660 to ensure that such fees are “reasonable”.

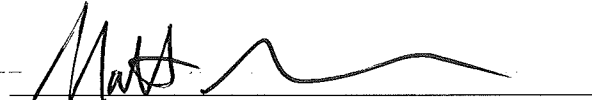
We believe that there are so many things wrong with SB 2660 and that its consideration should be deferred and subject to further evaluation due to the following considerations:

- The specifics of SB 2660 were never presented to, nor discussed with the constituents of HTGCD in a public meeting or during a public hearing.
- The need for and amount of additional funding for HTGCD has not been presented, established or justified.
- The production fee amounts specified do not seem reasonable and use of surface water costs in the equation could be disastrous to the finances of WWSC and the affordability of water to its customers.
- The production fee would be allowed in addition to a new connection fee, which does not seem to be common – at least in our adjoining water districts.

Based upon our review of SB 2260, WWSC respectfully requests that you *not* pursue the passage of this legislation. Please reconsider the introduction of SB 2660. If HTGCD needs the changes contemplated by SB 2660, use this opportunity to direct HTGCD to conduct an “interim study” to develop a consensus among its constituents that may support legislation in 2027.

Sincerely,

WIMBERLEY WATER SUPPLY CORPORATION



By: Matt Meeks,
President, Board of Directors

cc: (via e-mail)

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Honorable Erin Zwiener
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