

## Exhibit E

### Conservation or Confiscation?

As the population of a city increases, the city water department is faced with the challenge of increasing the water supply to provide for new residents. Apparently El Paso Water Utilities (EPWU) and the Public Service Board (PSB) are not up to the challenge.

The PSB simply confiscates water from old residents to supply new residents. They have raised the price of water by 93% so that old residents have no choice but to use less water. PSB internal documents boast that "EPWU has used pricing not only as a demand management tool but as a way to generate more revenue."

On November 9, 2006 the PSB estimated that the El Paso population would grow from around 700,000 in 2006 to around 1,100,000 in 2025 ([Note 1](#)). They estimated that the population would use around 35 Billion gallons of water in 2006 ([Note 2](#)) compared to over 60 Billion gallons in 2025 ([Note 2](#)). Rather than take action to bring in more water, the PSB elected to raise prices by 128% ([note 3](#)) so that their customers would use only 45 Billion in 2025. The price increase will not only force their customers to use less water, it will increase revenues and profits ([Note 4](#)).

It should be noted that El Paso citizens already use less water than citizens in any major city in Texas. It should also be noted that rates in other cities are based on the cost of service but PSB rates are used to confiscate water from existing customers to serve new customers and to confiscate money from existing customers to subsidize rich developers.

#### Notes:

1) [Pricing Effects on Water Demand, November 9, 2006 p3](#)  
[http://www.citizensmakethecall.com/restricted/tiny\\_mce/jscripts/tiny\\_mce/plugins/filemanager/files/PEOWDpg3.pdf](http://www.citizensmakethecall.com/restricted/tiny_mce/jscripts/tiny_mce/plugins/filemanager/files/PEOWDpg3.pdf)

2) [ibid p8](#)

3) [ibid p12](#)

4) [ibid p10](#)