

EPWU/Janacek
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EPWU revenues are legally obligated to be used according to the following principles: (a) revenues collected are first used to pay operating expenses; (b) debt service obligations are paid next; (c) reserve funds, required by bond resolutions, are paid thereafter if necessary; (d) then 10% of water revenues are paid to the City; and (e) any remaining funds are available for capital projects or to pay off existing debt. All revenue stays in the water and wastewater utility system; no "profits" are returned to any investor or stockholder. The 10% going to the City is comparable to a franchise fee that is paid by other utilities to the City for operating in the City and using City rights-of-way to provide their utility service.

Attempting to separate EPWU capital projects into those which benefit new growth and those which benefit existing customers is difficult because projects do not serve a single purpose. Projects supporting growth normally also improve reliability and benefit existing customers and vice versa. Also the mix of capital projects serving new development versus existing customers varies from year to year. Nevertheless, we project for the next 10 years that roughly 50% of expenditures relate to service for growth and 50% relate to service for existing customers. Major expenditures have been mandated in recent years for existing service in order to comply with federal and state regulatory requirements -- \$67 million for unfunded federally mandated additional arsenic removal and \$35 million renovating the Fred Hervey Reclamation Plant to comply with TCEQ requirements.

Growth, Impact Fees and Ft. Bliss

It is my understanding that you are opposed to growth in El Paso and growth of Ft. Bliss. If that is the case, you advocate a position that differs from that of the PSB and El Paso city fathers. The PSB, along with elected City officials, the Chambers of Commerce, El Paso Regional Economic Development Corporation, Ft. Bliss and many others have worked hard to assure Congress and military officials that El Paso has an adequate water supply for the future and for growth. As a result, El Paso and Ft. Bliss have been the beneficiaries of the Base Realignment and Closure process. Ft. Bliss will triple in size over the next five years.

This is good for the economy of El Paso and good for the people of El Paso. It provides jobs and helps the 200,000 EPWU customers living below the poverty level, for which you express concern.

It is EPWU's job to ensure that adequate water and wastewater service is available to support this growth. Failure to plan for and provide such service would not prevent growth. It would simply result in substandard service and potential public health and environmental problems. Refusing to provide utility service for growth that is occurring is in no one's best interest.

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