



Surveys and Reports

Capacity: The amount of water it would take to cover one acre of land in one foot of water. It is 325,851 gallons.

Firm water: Water purchased mainly by municipal and industrial customers. It is available without cutback through a repeat of the worst drought in the region's history, currently the 1947-57 drought.

Interruptible water: Water purchased mostly for agricultural irrigation at a lower cost than firm water; can be cut back or cut off during severe drought. For example, water from the Highland Lakes was withheld for most downstream irrigation in 2012 and 2013, and may be again in 2014.

Firm water rates: Rates paid by customers such as cities and industry and domestic users along the Highland Lakes.

Proposed rate increases: The information here reflects LCRA staff's preliminary rate proposal and is subject to change.

Introduction

LCRA provides water for more than a million people in Central Texas, as well as businesses, industries, agriculture and the environment throughout the lower Colorado River basin. Most cities and industries purchase **firm water** from LCRA, while farmers buy **interruptible water** (see definitions in left column).

LCRA does not make a profit on its rates, nor does it have the ability to levy taxes. LCRA's firm water rate is designed to cover LCRA's river management activities, such as:

- ... Daily operations, including monitoring supply and releasing water to meet customer demand;
- ... Water supply planning, permitting and development;
- ... Water conservation;
- ... Flood management; and
- ... Some dam safety and maintenance.

The LCRA Board is considering increasing rates for both firm and interruptible customers.

Supply and Demand

LCRA is proposing to increase its firm water rate in 2015, beginning in the January billing cycle, to cover existing costs and the costs of increasing LCRA's water supply to serve the future needs of a growing and drought-prone region. Specifically, the proposed firm rate and rate projections include the costs of five groundwater wells in Bastrop County and building a new reservoir downstream of Austin in Wharton County.

Survey and Report

LCRA staff is recommending the LCRA Board of Directors approve a new rate that would become effective in January 2015. The firm water rate would be set to cover the entire cost of water operations. This includes the costs of river management, new water supply and costs LCRA incurs to maintain agricultural irrigation operations even when not providing interruptible water. The firm rate would be set to cover all these costs because firm customers receive water every year, but interruptible customers, mostly rice farmers, can have their water cut off, as they did in 2012, 2013 and possibly 2014.

In years that interruptible customers do receive water, the revenue generated by those customers would be used for the benefit of firm customers. Possible uses of interruptible revenues collected may include building equity, firm rate mitigation and other lawful purposes. If LCRA is able to provide interruptible water, LCRA's firm rates may not have to increase as much. The table below shows a range of estimated projected firm rates for each year through 2019. From 2016 to 2019, rates are projected with and without the remaining cost of new water supply included.

Survey and Report of the Groundwater Supply

	Current	2015	2016	2017	2018	2019
Projections**	\$151	\$179	\$192	\$219	\$224	\$251
			\$185	\$193	\$180	\$186
Annual projected increase with remaining new supply costs		19 percent	7 percent	14 percent	2 percent	12 percent
Annual projected increase without remaining new supply costs			3 percent	4 percent	-7 percent	3 percent

* Customers would pay this amount for the water they use. This assumes the LCRA Board also maintains a reservation fee that is set at half this rate for water that customers have contracted for, but don't use, in a given year.

** The higher projections beginning in 2016 include remaining new water supply costs for the lower basin reservoir. The lower projections are without remaining new supply costs. Assumes no interruptible sales.

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