

OVERVIEW OF DRAFT PROJECTED WATER RATES, RULES AND DCP FOR CALENDAR YEAR 2020

LCRA Board of Directors Meeting
Dec. 10, 2019



Overview of Calendar Year 2020

- Rates and surcharges
- Availability of water
- Agricultural Drought Contingency Plan
- Agricultural Interruptible Contract Rules

What's Changed From 2019 Rate?

- Operations and maintenance costs updated
 - Based on fiscal year 2019 actual results
 - Adjusted for “known and measureable” changes
- River management cost allocation updated
 - Eight-year transition to full cost recovery of allocated river management costs to interruptible
 - CY 2020 is year five of the eight-year transition

What's Changed From 2019 Rate? (Continued)

- Billing units updated
 - Acres based on three-year rolling average of actual acres
 - 2017, 2018, 2019
 - Water use per acre based on 20+ year statistical analysis

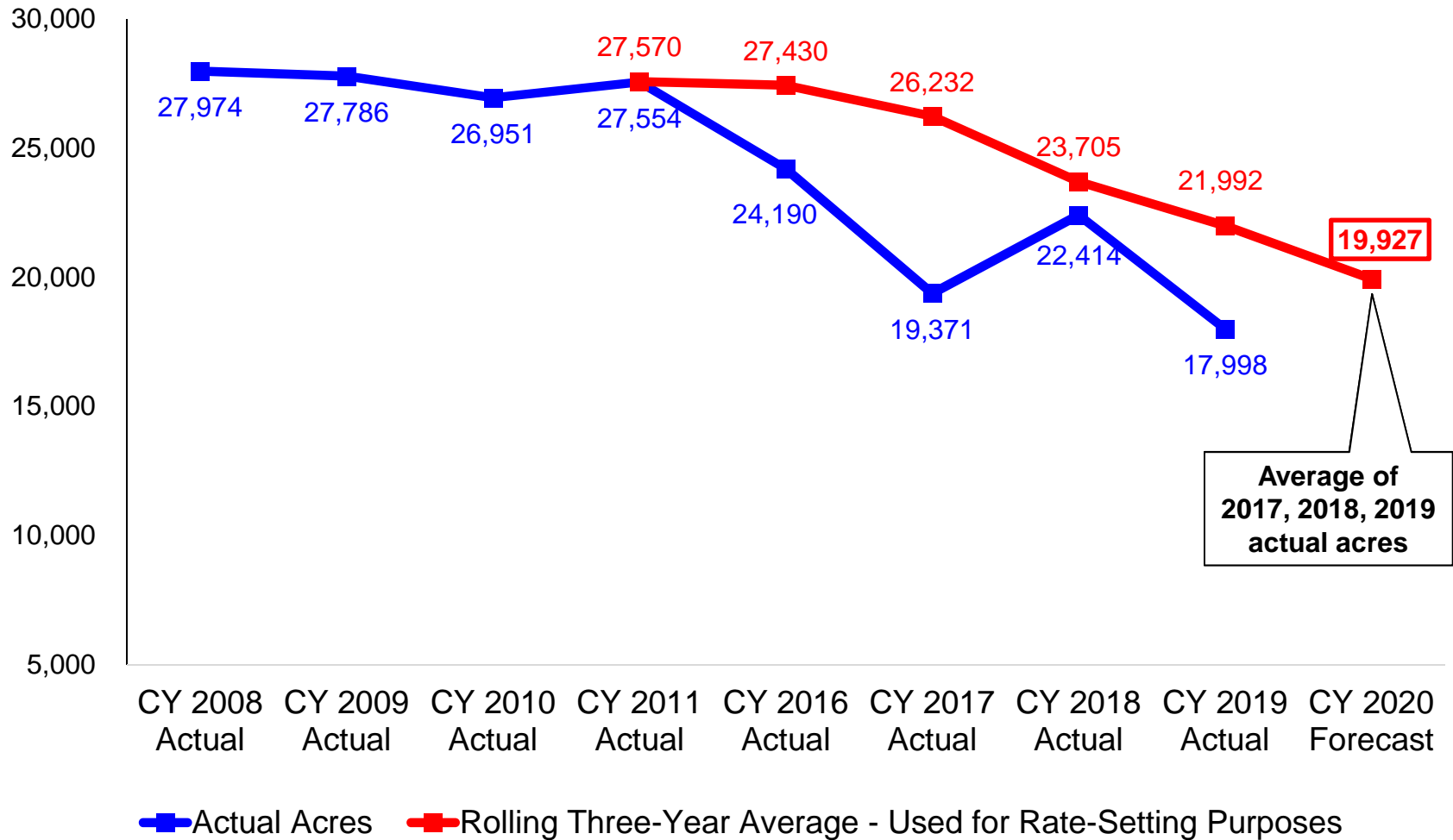
Firm Rate Calculation

(Dollars in thousands)	CY 2020 Rate	CY 2019 Rate	Variance – Favorable(Unfavorable)	
			Amount	Percent
River management operations and maintenance expenses	\$14,258	\$14,904	\$646	4%
Less: RM O&M costs allocated to interruptible	(\$2,769)	(\$2,967)	(\$198)	(7%)
Add: water debt obligation	\$6,455	\$6,790	\$335	5%
Add: other adjustments:				
Cash-funded capital/debt reduction	\$6,271	\$5,270	(\$1,001)	(19%)
South Texas Nuclear Project – revenue offset	(\$990)	(\$933)	\$57	6%
City of Austin Water Treatment Plant #4 – revenue offset	(\$593)	(\$601)	(\$8)	(1%)
Interruptible’s share of RM paid by firm	\$482	\$688	\$206	30%
Total firm costs	\$23,114	\$23,151	\$37	<1%
Divided by: firm billing units (a-f)	159,410	159,662	(252)	(<1%)
Equal: firm rate (\$/a-f)	\$145.00	\$145.00	\$0.00	0%

Lakeside – CY 2019 Acres and Water Use

	First Crop Rice	Second Crop Rice	Wildlife	Hay/Pasture
Number of contracts	54	27	21	1
Acres serviced	17,998	8,273	1,392	4
Water delivered (a-f)	31,642	10,286	2,869	<1
Water delivered per acre (a-f per acre)	1.758	1.243	2.061	0.135
Number of contracts in excess use surcharge	0	0	5	0

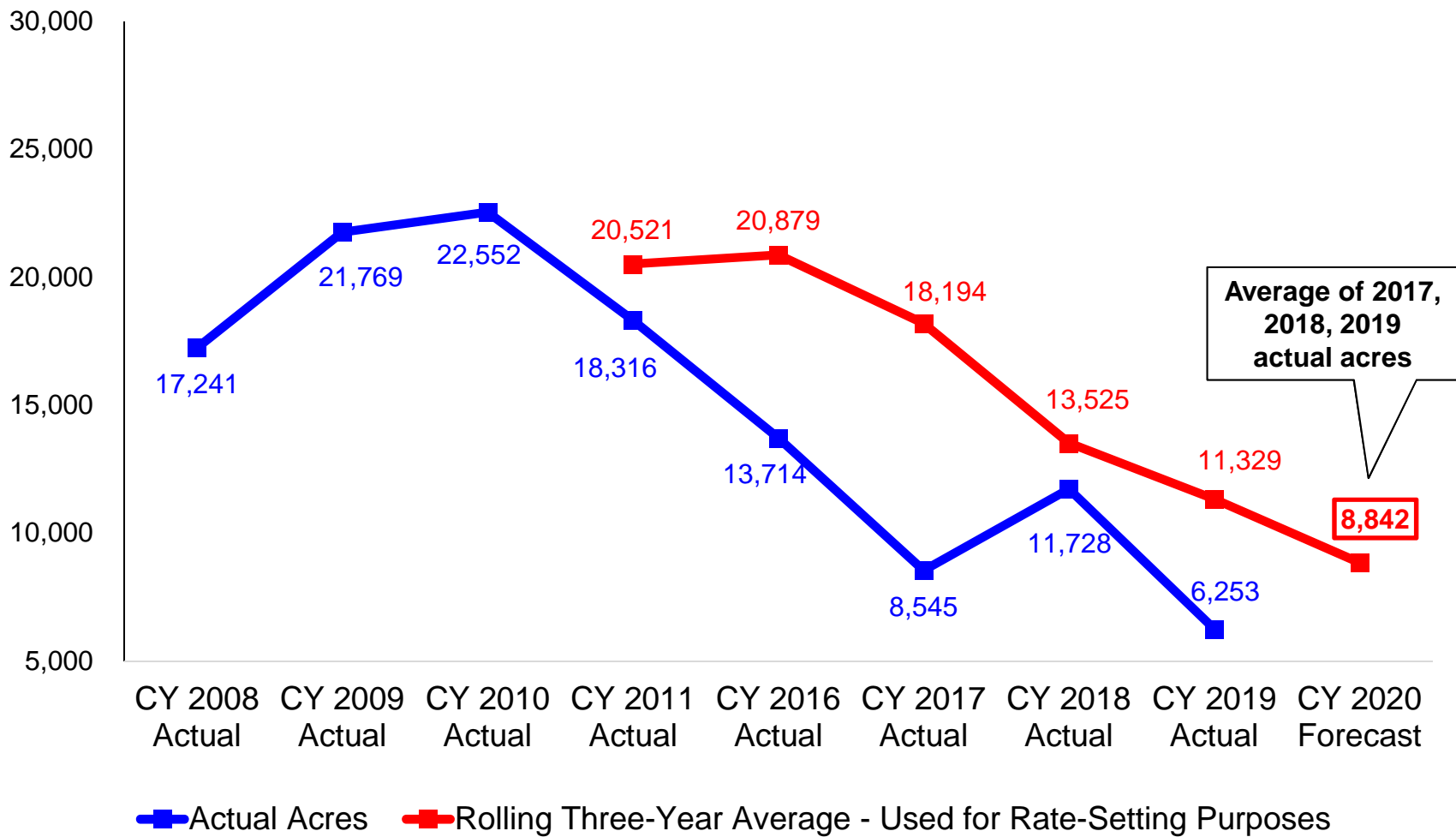
Lakeside – First Crop Rice Acres Serviced



Gulf Coast – CY 2019 Acres and Water Use

	First Crop Rice	Second Crop Rice	Turf	Row Crop	Aqua- culture	Wildlife	Hay/ Pasture
Number of contracts	18	10	6	1	1	15	1
Acres serviced	6,253	3,280	1,665	1	30	1,371	50
Water delivered (a-f)	15,712	3,425	1,197	4	35	1,695	19
Water delivered per acre (a-f per acre)	2.513	1.044	0.719	4.382	1.175	1.236	0.386
Number of contracts in excess use surcharge	1	0	0	1	0	1	0

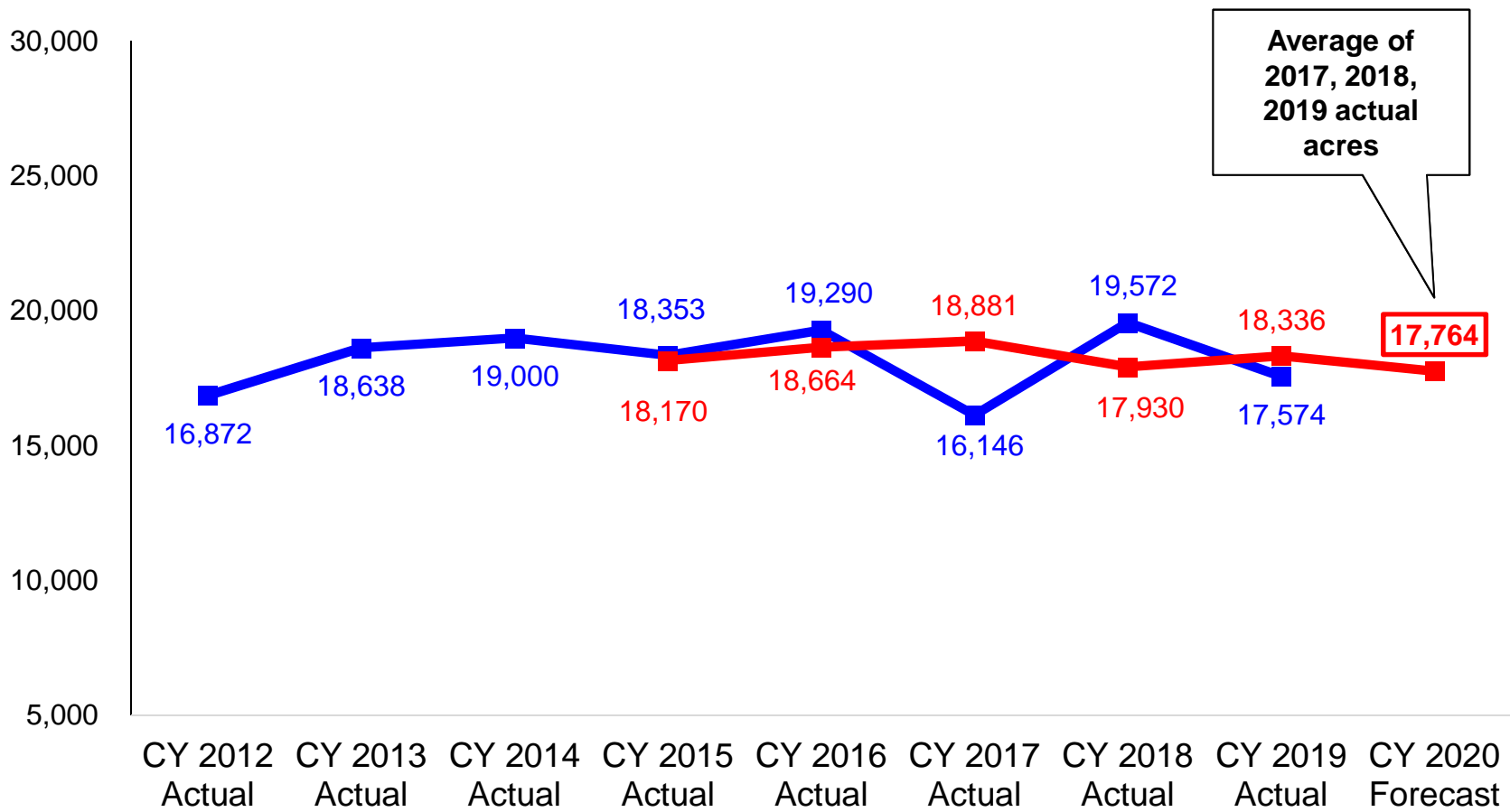
Gulf Coast – First Crop Rice Acres Serviced



Garwood – CY 2019 Acres and Water Use

	First Crop Rice	Second Crop Rice	Wildlife	Hay/Pasture	Row Crop
Number of contracts	55	47	32	2	2
Acres serviced	17,574	13,319	3,577	401	0
Water delivered (a-f)	37,382	16,850	7,502	4	0
Water delivered per acre (a-f per acre)	2.127	1.265	2.097	0.011	0.000
Number of contracts in excess use surcharge	1	2	8	0	0

Garwood – First Crop Rice Acres Serviced



■ Actual Acres
 ■ Rolling Three-Year Average - Used for Rate-Setting Purposes

Interruptible Billing Units – 2020 Rate

	Lakeside	Gulf Coast	Garwood	How Derived
Acres				
Rice – first crop	19,927	8,842	17,764	Three-year average – 2017, 2018, 2019
Rice – second crop	11,242	5,455	13,660	
Turf		1,541		
Times: water use per acre (a-f per acre) *				
Rice – first crop	2.019	3.003	2.017	20+ year statistical analysis
Rice – second crop	1.076	1.347	1.151	Three-year average – 2017, 2018, 2019
Turf		0.883		
Equal: billing units (a-f) *				
Rice – first crop	40,237	26,551	35,837	
Rice – second crop	12,100	7,347	15,717	
Turf		1,360		
Total interruptible billing units	52,337	35,258	51,554	

* Water use is delivered to the field

Lakeside Rate Calculation

(Dollars in thousands)	CY 2020 Rate	CY 2019 Rate	Variance – Favorable(Unfavorable)	
			Amount	Percent
Irrigation (water delivery) costs	\$2,591	\$2,995	\$404	13%
Add: net allocated river management costs	\$1,366	\$1,284	(\$82)	(6%)
Total costs	\$3,957	\$4,279	\$322	8%
Less: use of Agriculture Reserve Fund	(\$660)	(\$663)	(\$3)	(<1%)
Net total costs	\$3,297	\$3,616	\$319	9%
Divided by: billing units (a-f)	52,337	60,270	(7,933)	(13%)
Equal: rate (\$/a-f)	\$63.00	\$60.00	(\$3.00)	(5%)

Gulf Coast Rate Calculation

(Dollars in thousands)	CY 2020 Rate	CY 2019 Rate	Variance – Favorable(Unfavorable)	
			Amount	Percent
Irrigation (water delivery) costs	\$2,456	\$2,972	\$516	17%
Add: net allocated river management costs	\$921	\$995	\$74	7%
Total costs	\$3,377	\$3,967	\$590	15%
Less: use of Agriculture Reserve Fund	(\$1,155)	(\$1,165)	(\$10)	(1%)
Net total costs	\$2,222	\$2,802	\$580	21%
Divided by: billing units (a-f)	35,258	46,697	(11,439)	(24%)
Equal: rate (\$/a-f)	\$63.00	\$60.00	(\$3.00)	(5%)

Garwood Rate Calculation

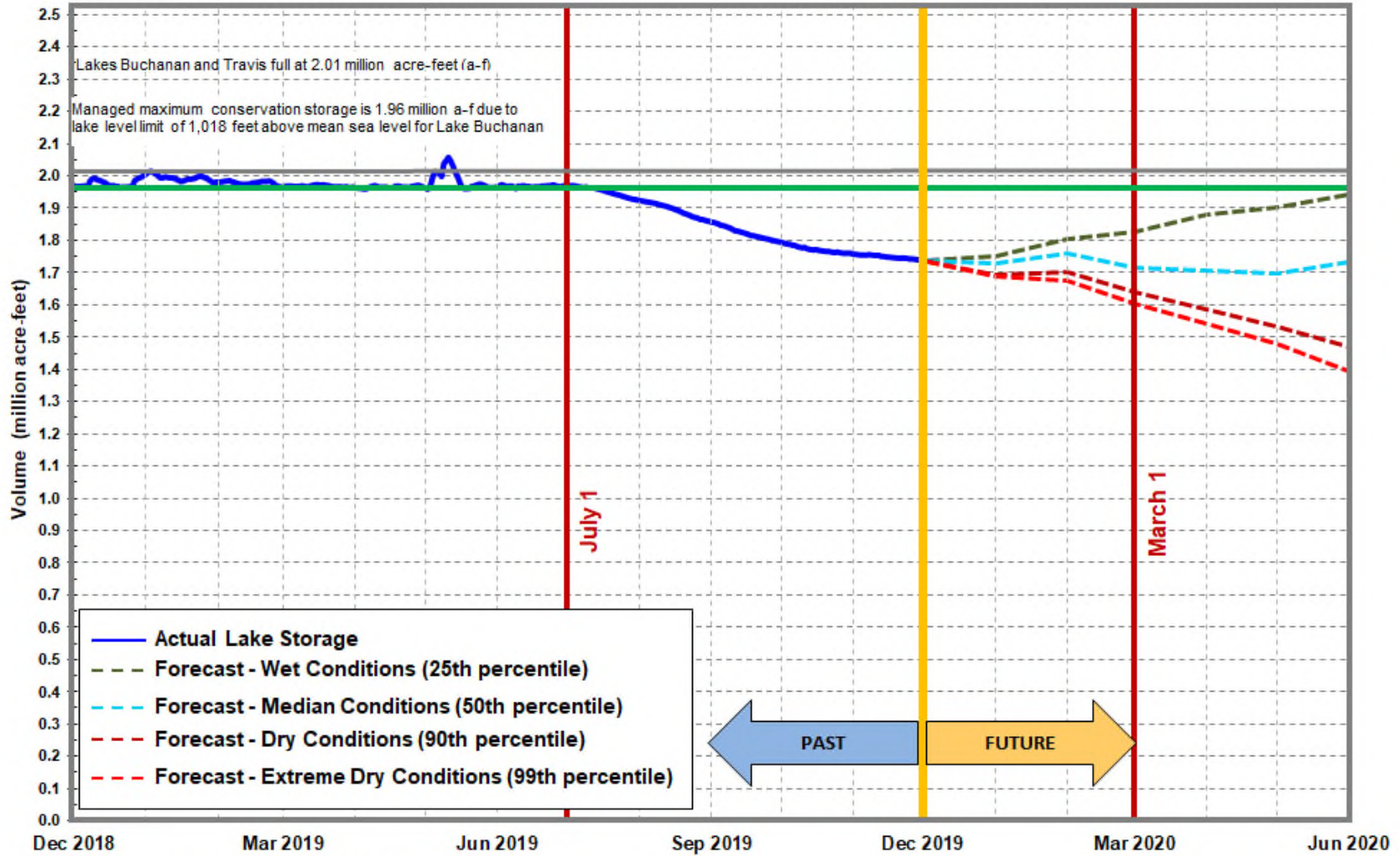
(Dollars in thousands)	CY 2020 Rate	CY 2019 Rate	Variance – Favorable(Unfavorable)	
			Amount	Percent
Total costs	\$1,997	\$1,942	(\$55)	(3%)
Divided by: billing units (a-f)	51,554	50,916	638	1%
Equal: rate (\$/a-f)	\$38.74	\$38.14	(\$0.60)	(2%)
Rate – one lift	\$37.44	\$36.86	(\$0.58)	(2%)
Rate – two lifts	\$44.38	\$43.69	(\$0.69)	(2%)

Proposed Rates and Surcharges

(\$ per acre-foot)

Division	Rice/Turf and Supplemental	Excess Use Surcharge		
		Tier 1 (40%)	Tier 2 (80%)	Tier 3 (150%)
Gulf Coast	\$63.00	\$25.20	\$50.40	\$94.50
Lakeside	\$63.00	\$25.20	\$50.40	\$94.50
Garwood – one lift	\$37.44	\$15.50	\$31.00	\$58.10
Garwood – two lifts	\$44.38			

Lakes Buchanan and Travis Total Combined Storage Projections



Note: One acre-foot equals 325,851 gallons.

Date: Dec. 1, 2019

Drought Contingency Plan and Contract Rules

- DCP allocates interruptible stored water under the Water Management Plan
- Interruptible Agriculture Contract Rules spell out the “how”
- Will include changes to allow us to operate under the existing WMP or the new WMP if adopted by Texas Commission on Environmental Quality

CY 2020 Rule/Rate/DCP Implementation Summary and Timeline

- Firm rates – no change for CY 2020
- Interruptible rates – increasing
- Agriculture DCP and contract rules
 - Post on website for review and comment late December 2019
 - Agenda Jan. 22 Board meeting
- Water availability – driven by conditions March 1



Questions?