

LCRA Interruptible Water Rates for Calendar Year 2023

**Water Operations Committee
Meeting**

Jan. 18, 2023



Interruptible Water Rates Review

Costs associated with interruptible water rates:

- **Irrigation canals water delivery**
- **Allocated portion of river management (21.3%) – Gulf Coast and Lakeside agricultural divisions only**
- **Irrigation debt (100%)**

Interruptible Water Rates Review

(Continued)

- In 2023, interruptible rates will recover full allocation of river management costs (21.3%) – Gulf Coast and Lakeside
- Transition occurred over eight years beginning in calendar year 2016

2015 WMP: 20.7%

2020 WMP: 21.3%

Calendar Year	2016	2017	2018	2019	2020	2021	2022	2023
Transition year:	1	2	3	4	5	6	7	8
Interruptible – 2020 WMP	13.5%	14.7%	15.9%	15.9%	17.1%	18.5%	19.9%	21.3%
Interruptible – 2015 WMP	13.5%	14.7%	15.9%	15.9%	17.1%	18.3%	19.5%	20.7%

What's Changed From 2022 Rate?

- **Agricultural division – operations and maintenance costs updated**
 - Based on fiscal year 2022 actual results
 - Adjusted for known and measurable changes
 - 3.5% base labor increase; market adjustments
 - Electric costs adjusted to reflect CY 2023 estimate of acres and water use
 - Other adjustments, including outside services and materials costs

What's Changed From 2022 Rate?

(Continued)

- **River management cost allocation updated**
 - CY 2023 is year eight of the eight-year transition to full-cost recovery of allocated river management costs
- **Interruptible billing units updated**
 - Acres based on three-year rolling average of actual acres
 - 2020, 2021, 2022
 - Water use per acre based on 20-plus year statistical analysis

Interruptible Billing Units – CY 2023

		Gulf Coast	Lakeside	Garwood	How Derived
Acres					
	Rice – first season	8,956	22,893	19,836	Three-year averages: <ul style="list-style-type: none"> • First season rice, turf – 2020, 2021, 2022 • Second season rice: <ul style="list-style-type: none"> Gulf Coast and Lakeside – 2019, 2020, 2021 Garwood – 2020, 2021, 2022
	Rice – second season	3,762	11,908	15,707	
	Turf	1,700			
Times: water use per acre (acre-foot per acre)*					
	Rice – first season	2.826	1.848	1.854	20-plus year statistical analysis
	Rice – second season	1.346	1.165	1.248	Three-year weighted averages: <ul style="list-style-type: none"> • Gulf Coast and Lakeside – 2019, 2020, 2021 • Garwood – 2020, 2021, 2022
	Turf	0.710			
Equals: billing units (a-f)*					
	Rice – first season	25,310	42,311	36,785	
	Rice – second season	5,065	13,875	19,601	
	Turf	1,206			
	Total interruptible billing units	31,581	56,186	56,386	

*Water use is delivered to the field

Gulf Coast Agriculture Rate – CY 2023

(Dollars in thousands)	CY 2023 Rate	CY 2022 Rate	Variance – Favorable (Unfavorable)	
			Amount	Percent
Water delivery costs	\$2,282	\$2,173	(\$109)	(5.0%)
Add: allocated river management costs – full-cost recovery	\$1,158	\$1,199	\$41	3.4%
Total costs – full-cost recovery	\$3,440	\$3,372	(\$68)	(2.0%)
Less: amount paid by firm during transition of river management costs	\$0	(\$79)	(\$79)	(100.0%)
Less: Agriculture Reserve Funds used	(\$1,094)	(\$1,235)	(\$141)	(11.4%)
Total costs	\$2,346	\$2,058	(\$288)	(14.0%)
Divided by: billing units (a-f)	31,581	29,633	1,949	6.6%
Equal: rate (dollars per a-f)				
Water delivery costs	\$72.26	\$73.33	(\$1.07)	(1.5%)
River management costs – full-cost recovery	\$36.67	\$40.45	(\$3.78)	(9.3%)
Total full-cost recovery rate	\$108.93	\$113.78	(\$4.85)	(4.3%)
Less: river management costs paid by firm during eight-year transition	\$0.00	(\$2.66)	\$2.66	100.0%
Less: Agriculture Reserve Funds used	(\$34.63)	(\$41.68)	\$7.05	16.9%
Total Gulf Coast agriculture rate	\$74.30	\$69.44	\$4.86	7.0%

Lakeside Rate – CY 2023

(Dollars in thousands unless otherwise noted)	CY 2023 Rate	CY 2022 Rate	Variance – Favorable (Unfavorable)	
			Amount	Percent
Water delivery costs	\$3,117	\$2,747	(\$370)	(13.5%)
Add: allocated river management costs – full-cost recovery	\$2,060	\$2,088	\$28	1.3%
Total costs – full-cost recovery	\$5,177	\$4,835	(\$342)	(7.1%)
Less: amount paid by firm during transition of river management costs	\$0	(\$137)	(\$137)	(100.0%)
Less: Agriculture Reserve Funds used	(\$1,002)	(\$1,113)	(\$111)	(10.0%)
Total costs	\$4,175	\$3,585	(\$590)	(16.5%)
Divided by: billing units (a-f)	56,186	51,624	4,561	8.8%
Equal: rate (dollars per a-f)				
Water delivery costs	\$55.48	\$53.21	\$2.27	4.3%
River management costs – full-cost recovery	\$36.67	\$40.45	(\$3.78)	(9.3%)
Total full-cost recovery rate	\$92.15	\$93.66	(\$1.51)	(1.6%)
Less: river management costs paid by firm during eight-year transition	\$0.00	(\$2.66)	\$2.66	100.0%
Less: Agriculture Reserve Funds used	(\$17.85)	(\$21.56)	\$3.71	17.2%
Total Lakeside rate	\$74.30	\$69.44	\$4.86	7.0%

Garwood Rate – CY 2023

(Dollars in thousands unless otherwise noted)	CY 2023 Rate	CY 2022 Rate	Variance – Favorable (Unfavorable)	
			Amount	Percent
Water delivery costs	\$2,394	\$2,155	(\$239)	(11.1%)
Add: allocated river management costs – full-cost recovery	n/a	n/a	n/a	n/a
Total costs – full-cost recovery	\$2,394	\$2,155	(\$239)	(11.1%)
Less: amount paid by firm during transition of river management costs	n/a	n/a	n/a	n/a
Total costs	\$2,394	\$2,155	(\$239)	(11.1%)
Divided by: billing units (a-f)	56,386	53,139	3,247	6.1%
Equal: rate (dollars per a-f)				
Water delivery costs	\$42.46	\$40.55	\$1.91	4.7%
River management costs – full-cost recovery	n/a	n/a	n/a	n/a
Total full-cost recovery rate	\$42.46	\$40.55	\$1.91	4.7%
Less: amount paid by firm during transition of river management costs	n/a	n/a	n/a	n/a
Garwood rate – weighted average	\$42.46	\$40.55	\$1.91	4.7%
Garwood rate – one lift (81% of total volume)	\$41.04	\$39.19	\$1.85	4.7%
Garwood rate – two lifts (19% of total volume)	\$48.64	\$46.46	\$2.18	4.7%

CY 2023 Interruptible Rules and Rates

- **In Garwood, add second season minimum charge of \$25 per acre (same as first season)**
- **In Gulf Coast and Lakeside, allow first season wildlife management as a supplemental use with an allocation of up to 1 acre-foot per acre of interruptible water**
- **Move the deadline for first use of interruptible water from June 30 to June 15 to receive second season allocation**
- **Change the number of days to deliver water once requested to eight days**
- **Add a \$5 per acre charge when a customer orders water but does not take it (would not apply in the instance of high rainfall)**

CY 2023 Interruptible Rules and Rates Changes (Continued)

- Gulf Coast surcharge triggers

	First Season		
	Tier 1	Tier 2	Tier 3
Current	3.75	4.75	5.25
CY 2023	3.50	4.00	4.25

- Lakeside surcharge triggers

	First Season		
	Tier 1	Tier 2	Tier 3
Current	3.25	3.75	5.25
CY 2023	3.25	3.75	4.00

- Garwood surcharge triggers

	First Season		
	Tier 1	Tier 2	Tier 3
Current	3.25	3.75	5.25
CY 2023	3.25	3.75	4.00

