



February 9, 2016

**COMMENTS OF CTWC ON LCRA'S PROPOSED
AGRICULTURAL INTERRUPTIBLE WATER SERVICE CONTRACT RULES
AND DRAFT WATER SERVICE CONTRACTS**

1. We appreciate the opportunity to provide comments on LCRA's proposed Agricultural Interruptible Water Service Contract Rules and the associated draft Water Service Contracts for the Gulf Coast, Lakeside, and Garwood Agricultural Divisions, and we appreciate LCRA's efforts to revise and clarify these documents in response to the new Water Management Plan.
2. The provisions in the proposed Contract Rules establishing limits on LCRA's obligations to provide water to fields and crops where water delivery or use has exceeded specific amounts are extremely important and valuable provisions, yet it is somewhat difficult to understand and reconcile the numbers that are applicable to each situation. For example, the Contract Rules and draft Contracts refer to a "Per Acre Duty" and a "Per Acre Limit" for turf and for rice. The Per Acre Duty for Turf in the Lakeside and Gulf Coast Divisions is 1.75 acre-feet/acre (AF/acre).

The Per Acre Duty for First Crop Rice is 3.25 acre-feet/acre (AF/acre) in the Lakeside and Garwood Divisions, and 3.75 AF/acre in the Gulf Coast Division. The Per Acre Limit is 4.25 AF/acre for "first crop" for all three of these divisions. The Contract Rules state that if the amount of water delivered to any Contract Field for the first crop is 4.0 AF/acre or greater, LCRA will not provide water to the Customer for the irrigation of a second crop. Please assure that the volumes of water set forth in these different documents allow LCRA to enforce the terms of these documents so that irrigation water may be responsibly and carefully managed without any risk of waste or application of water in excess of the 5.25 AF/acre duty for two crops of rice that the state used in the 1980s as an acceptable irrigation volume.

3. LCRA's ability to perform its contractual obligations to provide interruptible water without delivering water to rice fields in volumes exceeding a 5.25 AF/acre duty appears to be hindered by several factors. First, although a customer is asked to provide a "description of land to be irrigated" under Exhibit 1 of its contract, the provision on computation of charges (Section II.E.5. of the Contract Rules) indicates that the determination of the number of irrigated acres for purposes of tracking the amount of acreage supplied water under the contract "shall be made on the basis of the **entire area within Customer's outside levee or farmed tract, as applicable...**" [emphasis added]. This vague language seems to put the total irrigated acreage into question, and that poses a risk that the water- per-acre calculations for the customer are based upon incorrect acreage numbers.

Second, the Contract Rules and Contracts should be more precise regarding the need to apply different per-acre duty numbers when different crops are being irrigated. The very high duty for irrigation of two crops of rice should not be used as a basis for supplying water for any other crops or purposes. To address this concern, please add clarifications throughout these documents to assure that LCRA's supplies of interruptible water are based on accurate total acreage numbers and have correctly allocated appropriate volumes of water for each crop (or use) and

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each acre. The paragraphs regarding interruptible water in Section II.B.1. of the Contract Rules are examples of areas that need further clarification. As currently written, it appears that interruptible water could be diverted and used for “Supplemental Purposes” (as defined in Section II.A.6.) without regard to the “acre-feet per acre” metric that is essential to avoid the waste of water. In other words, a customer’s request to use water for Supplemental Purposes should be calculated based on reasonable volumes of water for the specific use and acreage involved, and should not be calculated by multiplying 5.25 AF/acre by the largest number of acres a customer might wish to use. Instead, the proposed water use and a precise number of acres to be used should form the basis for calculating the appropriate amount of water to be supplied to the customer.

4. The importance of detailed and accurate data on irrigated acreage and water uses per acre is highlighted by the fact that LCRA is calculating the amounts of water used under its contracts at the point at which the water is diverted from the canal onto the customer’s property (the delivery point). It was our understanding that LCRA intended to apply a 5.25 AF/acre duty at the point where irrigation water is diverted from the Colorado River, and not at the point of delivery to a customer’s fields. Using a “point of delivery” location for calculating LCRA’s water sales that is a great distance downstream from the Highland Lakes (and a great distance from the diversion point on the river) overlooks the significant conveyance losses that preceded the water’s arrival at the customer’s field. Please reconsider the provisions governing the point of delivery for computation of water sales, so that at least some of the conveyance losses can be recaptured in the form of water sales to a customer.

Other Comments and Questions:

1. Please fill in the blanks under Section I.B. of the draft Contract for the Gulf Coast and Lakeside Divisions (regarding supplies subject to curtailment) so that the public can compare the terms of these draft interruptible water supply contracts to the terms of the new Water Management Plan.
2. Please clarify the meaning of this sentence in Section II.G.4. of the Contract Rules: “Continuation of water starts after water is controlled or contained, and water is ordered following the ordering procedures.”
3. Will Pierce Ranch have an LCRA Contract this year? If so, when will the LCRA draft and consider that Contract?
4. Why are the Per Acre Duty amounts different for the various Agricultural Divisions? (The draft Contracts include a Per Acre Duty for First Crop Rice of 3.25 AF/acre for Lakeside and Garwood, and 3.75 AF/acre for Gulf Coast. There is no mention of Pierce Ranch.)

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**COMMENTS OF CTWC ON LCRA'S PROPOSED
DROUGHT CONTINGENCY PLAN
FOR INTERRUPTIBLE AGRICULTURAL CUSTOMERS**

1. Sometimes, an interruptible customer will call for water, resulting in a release of stored water from the Highland Lakes, but not divert and use the water once it reaches them. The customer who called for the water is not charged for it and the amount of the water is not counted against the customer's allocation. In other words, while this precious water is forever lost from the Highland Lakes, the interruptible customer is unaffected by the regulatory and financial consequences of that release of stored water from the upstream reservoirs – and it appears that there are no regulatory or financial incentives for interruptible customers to limit the amount of stored water provided in this manner. CTWC understands that there are valid reasons for calling for water and subsequently not diverting it. However, regulatory measures should be implemented to minimize these occurrences. If it is not done already, LCRA must require reporting any time an interruptible customer calls for water and does not divert it; track these occurrences by timing, water amounts, and customer; and make that information publicly available. LCRA should also require that an interruptible customer who calls for water and does not divert it must provide a written justification for failing or declining to divert the water within some reasonable time period after the water passes by his or her diversion point. These practices would add accountability for calls for stored water and would enable the LCRA to determine any trends or problem areas where additional steps may be necessary to decrease the number of calls for water that is not used as expected.

2. Under the proposed Contract Rules, LCRA is calculating the amounts of water used under its contracts at the point at which the water is diverted from the canal onto the customer's property (the delivery point). On the other hand, the proposed Drought Contingency Plan states that "system delivery losses will be deducted from the amounts available at the river pump stations when determining the total amount of interruptible water available for on-farm use." The former does not deduct the (very significant) canal losses while the latter does. Please explain the reasoning for choosing each measuring point in each document.