



**COMMENTS OF THE CENTRAL TEXAS WATER COALITION  
ON PROPOSED FIRM WATER RATES FOR 2022 CALENDAR YEAR**

*Submitted to the LCRA via upload to [www.lcra.org/public-comment](http://www.lcra.org/public-comment) on October 12, 2021*

On behalf of the Central Texas Water Coalition (CTWC), thank you for the opportunity to provide these comments on the proposed Firm Water Rates for Calendar Year 2022. We understand that the Board will be considering the proposed rates at its Board meeting on Wednesday, October 20, 2021, and that the rates could become effective on January 1, 2022.

CTWC members, leaders, and supporters include thousands of LCRA water customers, including persons holding domestic use contracts and persons residing in areas served by water utilities holding Firm Water Contracts with LCRA. Please accept these comments opposing the proposed increase in Firm Water Rates from an organization that can speak more freely than LCRA's current Firm Customers, who often have no alternatives for water supplies and are reluctant to question LCRA's actions. While LCRA management may have the impression that Firm Customers are "fine" with the proposed rates, please keep in mind that those customers may refrain from speaking openly in view of the water supply monopoly that is held by LCRA in Central Texas.

In its rate-setting decisions, LCRA is governed by its enabling legislation, including the statutory mandates set forth in Texas Special District Local Laws Code Section 8503.011 (copied below):

RATES AND CHARGES. (a) The board shall establish and collect rates and other charges for the sale or use of water, water connections, power, electric energy, or other services sold, furnished, or supplied by the authority. The fees and charges must be reasonable and nondiscriminatory and sufficient to produce revenues adequate to:

- (1) pay all expenses necessary to the operation and maintenance of the properties and facilities of the authority;
- (2) pay the interest on and principal of all bonds issued under this chapter as the interest and principal become due and payable;
- (3) pay the principal and interest on any legal debt created by the authority;
- (4) pay all sinking fund and reserve fund payments agreed to be made with respect to bonds and payable out of those revenues, as the payments become due and payable; and
- (5) fulfill the terms of any agreements made with the bondholders or with any person on their behalf. ...

Over the years, LCRA has developed practices in which it sells raw water to both "Firm" and "Interruptible" Customers. Water rates for these two customer groups are vastly different, yet there is

nothing in LCRA's enabling legislation that excuses LCRA from its overriding obligation to set rates for all customers that are "reasonable" and "nondiscriminatory" and "sufficient to produce revenues" adequate to comply with the costs and expenses cited above. The proposed Firm Water Rates being presented to the Board in October 2021 do not meet these statutory directives.

According to the background materials provided by LCRA regarding the basis for the Firm Water Rates and the proposed increase from \$145 to \$155 per acre-foot, LCRA's Firm Customers will continue to pay for costs that benefit all LCRA Customers and will now be asked to bear the burden of significant increases in expenses that appear to benefit both the Firm and the Interruptible Water Customers. For example, it appears that the line item for "Outside Services" has more than doubled since 2021, and the line item for "Electric service" has increased by more than 700%. The public documents associated with the calculation of the proposed rates do not explain these huge increases, and, importantly, there is no explanation of why these dramatic increases in costs are being allocated to LCRA's Firm Customers.

The continuing practice of assigning all "water debt obligations," as well as all other adjustments and revenue requirement offsets to Firm Customers is also in conflict with LCRA's statutory mandates for rate-setting. These practices need to change. Please revisit and address these inequities prior to approving the proposed Firm Water Rates.

In addition, CTWC urges the LCRA to conduct its rate-making activities for Firm and Interruptible Customers concurrently, so that its customers may be better informed regarding the overall financial conditions and allocations of costs and fees. As an example, prior Board actions relating to Interruptible Customers have indicated that future rate increases will not exceed 5%. We are aware of no such limitation for LCRA's Firm Customers. Further, in the interest of transparency, we request LCRA's rate comparison to be raw water rates only, in order to see an apples-to-apples rate comparison. When the treatment of these customer groups is presented in a side-by-side comparison, the disparities between the rate bases will be clearly visible, and truly disturbing.

In conclusion, for the reasons described above, CTWC opposes the proposed Firm Water Rate for 2022. Thank you for your consideration of these comments, and we look forward to the upcoming discussions on this important topic.

Sincerely,

*Jo Karr Tedder*

Jo Karr Tedder  
President, Central Texas Water Coalition

CENTRAL TEXAS WATER COALITION  
P O BOX 328, SPICEWOOD, TX 78669  
[www.CentralTexasWaterCoalition.org](http://www.CentralTexasWaterCoalition.org)

Central Texas Water Coalition is a 501(c)(4) non-profit, non-tax deductible organization.