

COMMENTS TO LCRA BOARD AT MEETING ON TUESDAY, APRIL 18, 2023
Bevy Hotel, Boerne, Texas
1 PM

Good afternoon. I'm Cindy Smiley, an Austin attorney, speaking to you on behalf of the Central Texas Water Coalition. Thank you for the opportunity to make a few short comments. First, I am sorry to sound like a broken record, but I do think the topic of LCRA's water supplies should be an agenda item at every Board meeting. I respectfully renew that request for a Water Supply Update at every Board meeting. The Lakes are now at 50% full as we enter the hot summer.

Second, after reviewing the Draft "LCRA Fiscal Year 2024 Business and Capital Plans" that will be discussed later today in your work session, we had a few questions about it. Basically, the questions seek clarification or explanations about the Water Business, including questions about the basis for, and assumptions regarding, revenues, expenses, water rates, reserve funds, and water availability.

I've provided a short written list of the questions, assuming that we won't be able to ask questions when the topic is brought up (*see attached handout – 25 copies distributed a few minutes before*).

I'm hoping the questions we've presented will be addressed, in public, during your discussions on the draft Plan later today.

I also wish to say that the CTWC is always interested in meeting with any and all of you to discuss water issues. We share the same interest: water for Texas.

Thank you very much.

QUESTIONS ABOUT LCRA'S DRAFT BUSINESS AND CAPITAL PLANS FOR FISCAL YEAR 2024

1. Water – Firm Billing Units and Rates (page 17)

Statement:

Billing units are forecast to rise by less than 1% in each calendar year of the five-year planning period.

Questions:

Can you please explain what a “billing unit” is in this context? Is it a wholesale water customer? If so, how is that related to the growing population in Texas? (It seems like the population in LCRA’s service area is growing by more than 1% each year?)

2. Water -- Interruptible Rates (page 18)

Statements:

- *Gulf Coast and Lakeside agricultural divisions are cut off for water deliveries in calendar year 2023. Full water availability is assumed to resume in CY 2024.*
- *Rates for Gulf Coast and Lakeside are projected to increase to gradually recover the divisions’ costs, including river management costs, assuming full water availability. The Garwood Division is not subject to river management costs.*
- *The rates for Gulf Coast and Lakeside for 2024 through 2028 reflect an annual contribution from the Agriculture Reserve Fund. The fund is projected to be essentially depleted by the end of CY 2028. The rate impacts of the Fund’s contributions are reflected in the delivery component of the rate.*

Questions:

-If full water availability will occur in the 2024 irrigation season for this customer class, please provide the weather forecasts and predicted inflows into Lakes Buchanan and Travis that support this projection. The storage lakes are now 50% full, and we are just now entering the hottest time of the year.

-Please revise and provide the new *Lakes Buchanan and Travis Total Combined Storage Projections* that support sufficient storage volumes to support the projected interruptible water sales in the 2024 Business Plan.

-In the 2023 Business Plan, LCRA indicated that the Agriculture Reserve Fund would end in 2026. The Draft 2024 Business Plan indicates that the Agriculture Reserve Fund will end in

2028. Please explain the reason for extending the term of the Fund and explain the source of the Funds to be used for the additional years of its existence.

-Please explain why LCRA's Plan assumes that, for the next five (5) years, it will continue to sell Interruptible Water for the Gulf Coast and Lakeside Divisions at rates that are less than LCRA's estimated costs of providing that water.

3. Water -- Financial Summary (page 20)

Observation:

During fiscal year 2024, Agriculture Reserve and Rate Stabilization funds are used to help mitigate the revenue loss from the CY 2023 Gulf Coast and Lakeside cutoff.

Question:

Why is the Agriculture Reserve Fund used to help mitigate revenue loss from calendar year 2023? Wasn't that the stated purpose of the Rate Stabilization Fund? Please provide an explanation of the sources and uses of these Funds in the FY 2024 Business Plan.