



**COMMENTS OF THE CENTRAL TEXAS WATER COALITION  
FOR CONSIDERATION AT THE LOWER COLORADO RIVER AUTHORITY'S  
BOARD MEETING ON WEDNESDAY, MAY 20, 2020**  
*Submitted to the LCRA Board via Email on May 19, 2020*

On behalf of the Central Texas Water Coalition (CTWC), thank you for the opportunity to communicate with the LCRA Board and Management with these written comments on items to be considered at the upcoming LCRA Board Meeting on May 20, 2020. While we certainly understand that this is a highly unusual time for our society, and that the Governor has temporarily suspended certain provisions of the Texas Open Meetings Act, **we respectfully request the thoughtful and diligent review of the questions and concerns raised in our comments, as well as an oral or written response to them.** We believe that some aspects of the draft "Fiscal Year 2021 Business and Capital Plans" (the "Business Plan") are so significant and precedent-setting that additional time should be provided for public review and comment - it would be appropriate for the Board to delay the vote on the water-related portions of the draft Business Plan for several weeks, so that these changes can be fully discussed by the Board, the Management, and the interested public. We look forward to the time when we can discuss these matters with LCRA leadership in person. In the interim, please review our comments below, which relate to Action Item 13 on the posted Agenda.

**Item 13: "Fiscal Year 2021 Business and Capital Plans."** This Agenda Item presents a series of proposed draft LCRA Board Resolutions for the adoption and approval of the Fiscal Year 2021 Business Plan. The proposed Business Plan appears to be a DRAFT that was used for discussion in an "LCRA Board Work Session" (according to the markings on the document). **Was there a Work Session of the Board that was publicly noticed according to the Open Meetings Act?** Prior to Board approval, please consider the following comments and questions:

**Page 18: "Water - Interruptible Rates."** On Page 18, the Business Plan includes a bar graph for Interruptible Water Rates that distinguishes between the "Delivery" and "River management" components of the total rate. Please provide a similar bar graph for Firm Water Rates, which includes the various components of the total Firm Water Rate. This information would assist those who wish to understand the relative cost burdens assigned to the different water customers. CTWC continues to request that LCRA set its Firm and Interruptible Water Rates in a non-discriminatory manner, yet this Business Plan continues to rely on LCRA's Firm Water customers (and other unique LCRA funds expended for the sole benefit of its Agricultural customers) to subsidize its Water operations. The Business Plan indicates that LCRA's Firm Water customers pay 100% of the Dam Rehabilitation costs and 100% of the capital costs of New Water Projects, in addition to a disproportionately large share of the River Management Costs that should be fairly allocated to the Interruptible customers.

Also on Page 18, the Business Plan refers to a goal of "full cost recovery" in LCRA's Interruptible Water Rates. Please define this term, which could vary wildly depending on the choice of "costs" to "recover." **For example, does it include Dam Rehabilitation costs? Or the capital costs of new Water Supply Projects?**

The description of Interruptible Rates on Page 18 refers to a decision to "hold the annual rate increase to 5% per year." **When did the Board make a decision to limit the maximum annual rate increase? Was it made in an open meeting, with advance public notice and an opportunity for public comment?** This seems to be a significant change in strategy on rate-setting and achieving full cost recovery, yet we have not discovered the explanation and justification for this change.

Please revise the bar charts representing the Lakeside and Gulf Coast Rate Outlooks to include the portion of each rate coming from the Agriculture Reserve Fund. This additional information would provide more transparency in the rate-setting process.

**Page 19: "Water – Capital."** In the discussion on Dam Rehabilitation projects, the Business Plan indicates that "LCRA funds will pay for the Lane City Dam Rehabilitation project." **Will you please explain which LCRA funds will be used for that purpose? And describe the source of those funds?**

**Page 20: "Water – Financial Summary."** The Financial Summary lists three sources of revenue: Firm Water, Agriculture, and Other. **What does the "Agriculture" category include? Is it synonymous with "Interruptible Water"?** Please explain the meaning of the terms used to describe the revenues from LCRA's water operations.

If the reference to revenues from "Agriculture" are intended to refer to revenues from sales of Interruptible Water, this raises an additional question. If LCRA sets its Interruptible Water Rates using the assumption that such water could be curtailed from delivery in times of drought, and LCRA therefore justifies its drastically discounted rates on the basis of the uncertain (interruptible) nature of the water, **how does this Business Plan make revenue projections from "Agriculture" and include Agriculture Revenue in the Debt Service ratio calculation? Is there another source of Agriculture revenue for LCRA's water operations?**

As stated in prior comments to the Board, the CTWC remains concerned about the consequences and implications of LCRA's artificially low and discriminatory Interruptible Water Rates. These rates pose a high risk that precious state water resources will be wasted as agricultural customers order cheaply-priced water from LCRA, while they bear no costs for losses of the water due to conveyance losses, evaporation, canal losses, or a subsequent decision not to divert the water that they ordered to be released from lake storage. In our view, LCRA's Interruptible Rates result in the waste of water and undermine the state's water conservation policies and goals. It is not in the public interest for LCRA to price agricultural water in a manner that contradicts water conservation efforts, and this practice is not consistent with LCRA's responsibilities as a steward of the states' water resources in the Colorado River Basin. Please consider these concerns about water rates as the 2021 Business Plan is reviewed and discussed.

**Pages 46-48: "Water Projects."** These pages list a variety of water projects in the capital plan that are intended to improve the management and delivery of raw water. CTWC encourages the LCRA to add the agricultural water conservation projects and strategies included in the 2021 Regional Water Plan to this list of Water Projects. As currently written, with the current policies and practices relating to agricultural interruptible water rates, sales, and deliveries, it is unclear how these important conservation projects will be funded. **How will LCRA generate the revenues needed to implement all of these projects?**

Thank you for your consideration of these comments, and please contact me if there are any questions.

Sincerely,



Jo Karr Tedder  
President

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