

Background

LCRA staff is proposing a 9.5 percent increase to the firm raw water rate effective January 2011.

LCRA has taken significant steps to control costs.

LCRA eliminated positions in water services through reductions in workforce, achieving a total savings of \$1.8 million. Also, studies and other projects requiring external resources were re-prioritized with several projects delayed or canceled.

LCRA has taken these steps to manage costs to its customers. These cost-saving measures have allowed LCRA to absorb unexpected expenses associated with two unfortunate lawsuits filed by the San Antonio Water System and a lakeside resident who is seeking a guaranteed lake level on Lake Travis.

Frequently asked questions

What does the firm water rate pay for?

The firm water rate pays for essential functions related to managing and protecting the Colorado River and Highland Lakes on behalf of LCRA's customers.

The firm raw water rate funds three primary goals for LCRA's water customers:

- Manage and protect the water resources to meet the needs of communities and the environment in the Colorado River basin.
- Reduce the risk of loss of life and property caused by flooding in the lower Colorado River basin.
- Protect the water quality of the Colorado River.

Why is a rate increase necessary?

The need for the rate increase is driven by two primary factors:

Buchanan Dam Project – As part of its ongoing program to inspect and maintain its dams, LCRA is rehabilitating floodgates at Buchanan Dam. This dam creates Lake Buchanan, one of two water supply lakes in the Highland Lakes chain. The rehabilitation project also includes adding 24 automated hoists that can lift floodgates to quickly respond to a severe rain event to prevent additional flood damages and maintain the dam safety and integrity. The project is expected to cost more than \$54 million over 10 years.

Enhanced conservation programs – In 2008, LCRA worked with a Water Conservation Task Force, made up of customers and stakeholders, to help identify water conservation strategies and goals.

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Based on this input, LCRA prepared an updated water conservation plan that calls for saving 2 billion gallons per year by 2019.

LCRA is working with its customers to kick off programs to achieve these water savings. This year, LCRA is partnering with Cedar Park, Travis County WCID 17 and Lakeway MUD to offer residents 1,500 high efficiency toilets that use much less water.

In its next fiscal year, LCRA will begin its second year of implementing expanded firm raw water conservation programs as included in the LCRA 2009 Water Conservation Plan. Highlights will include distribution of about 1,500 toilets, and implementing a new Water Smart Home certification program, a Golf Course Best Management Practices program, and new hotel/motel, commercial and industrial, and school conservation programs. These conservation programs will help extend the water supply to meet the growing needs of our customers.

Who are LCRA's raw water customers?

LCRA sells raw water by contract to cities, water districts, golf courses, industry, lakeside residents and agriculture. Most of these customers have contracts for a firm supply of water. LCRA currently has almost 1,000 contracts for firm raw water. With recent outreach efforts LCRA has obtained about 750 contracts from lakeside residents for domestic use.

Who approves LCRA's rates?

The LCRA Board establishes raw water rates. The Board plans to discuss the proposed rate increase at its August 2010 Board Committee Meeting and may take formal action during the September 2010 Board Meeting. Customers may appeal LCRA water rates to the Texas Commission on Environmental Quality.

How was LCRA's proposed increase in rates determined?

LCRA staff reviewed the activities and projects that it must undertake to manage the Colorado River to provide a clean, safe and reliable water supply to its customers. Staff then estimated the cost to implement these activities and projects and the revenues and rates necessary to pay these costs.

When did LCRA last raise its raw water rate?

LCRA last increased its raw water rate by 9.5 percent on Jan. 1, 2009.

Is LCRA proposing to change the structure of raw water rates?

No. LCRA is not recommending any changes in the structure of rates at this time.

Will new contracts need to be signed?

No, existing customer contracts already address rate modifications.