LOWER COLORADO RIVER AUTHORITY
WATER CONTRACT RULES
DRAFT – For Planned Board Consideration
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WATER CONTRACT RULES

ARTICLE 1. PURPOSE

The Water Contract Rules provide guidance and establish procedures for the administration of the Lower Colorado River Authority's water contracts and related activities, consistent with LCRA Board Policy and state law. These rules include the Water Conservation Plan Rules, Drought Contingency Plan Rules, and Firm Water Curtailment Rules attached as Appendices A, B and C, respectively. The LCRA Board of Directors may amend these rules from time to time. These rules apply to LCRA's various water contracts, as well as resolutions passed by the LCRA Board for the supply of water under water rights and from water supplies owned or otherwise controlled by LCRA. These rules do not apply to LCRA's Agricultural Interruptible Water Service Contracts, as the LCRA Board has promulgated separate rules specifically for those contracts. Sales of water by LCRA are subject to, among other things, water availability, the policies and directives of LCRA, including the Water Management Plan, and the requirements of the Texas Water Code and Texas Commission on Environmental Quality (TCEQ) rules.

ARTICLE 2. AUTHORITY

These rules are promulgated in accordance with state law, including the LCRA enabling legislation and the Texas Water Code, LCRA's existing water rights, LCRA's Water Management Plan, and LCRA policies and rules.

As a Texas conservation and reclamation district and owner of major water rights in the lower Colorado River watershed, LCRA makes water available from its water rights to purchasers in accordance with state laws, rules and permits, and applicable LCRA policies and rules on terms that are just, reasonable and without discrimination to the extent that water is available based on LCRA's water rights.

ARTICLE 3. DEFINITIONS

The following definitions apply to terms used in these administrative rules and in LCRA's water contracts, unless such terms are otherwise defined in the water contracts.

3.1 **Acre-foot of water**: A quantity of water equal to 325,851 U.S. gallons. Such quantity of water would cover 1 acre of land to a depth of 1 foot.

3.2 **Agriculture or Agricultural**: These terms mean any of the following activities:

a) Cultivating the soil to produce crops for human food, animal feed, or planting seed or for the production of fibers;

b) The practice of floriculture, viticulture, silviculture, and horticulture, including the cultivation of plants in containers or non-soil media by a nursery grower;
c) Raising, feeding, or keeping animals for breeding purposes or for the production of food or fiber, leather, pelts, or other tangible products having a commercial value;
d) Raising or keeping equine animals;
e) Wildlife management;
f) Planting cover crops, including cover crops cultivated for transplantation, or leaving land idle for the purpose of participating in any governmental program or normal crop or livestock rotation procedure, and
g) Aquaculture, as defined by Section 134.001 of the Texas Agriculture Code.

3.3 **Agricultural Interruptible Water Service Contract**: Contracts issued typically on a seasonal term for water diverted and delivered to Purchasers by LCRA's agricultural operations. These rules do not apply to Agricultural Interruptible Water Service Contracts.

3.4 **Agricultural Use**: Any use or activity involving Agriculture, including Irrigation.

3.5 **Applicant**: A person, association of persons, or other entity who has applied for a contract to purchase water from LCRA, and who has provided all information required under these rules.

3.6 **Beneficial Use**: Use of that amount of water that is economically necessary for the purpose authorized in the contract, when reasonable intelligence and reasonable diligence are used in applying the water to the purpose.

3.7 **Certificate of Adjudication**: An instrument evidencing a water right issued to each person adjudicated a water right in conformity with the provisions of the Texas Water Code.

3.8 **Conveyance, Delivery or System Loss:** That amount of additional water needed to transport water downstream using the bed and banks of a stream or watercourse, and/or through a canal system or other similar conveyance system to meet the requested or ordered amount of water at the point or location of delivery under the contract; or that amount of water that is reasonably expected to be lost due to evaporation, transpiration, recharge, seepage, leakage or other similar losses in the transportation of the water from the source of supply to the Point of Delivery or Point(s) of Availability under the contract

3.9 **Customer**: A person, association of persons, or other entity to whom a water contract has been issued (*see* Purchaser).

3.10 **Demand Schedule:** A demand or use schedule that reflects an Applicant's best estimate of the scheduled initiation of diversions, initial usage, annual projected water usage, and any increases to it over time (at intervals at least as frequent as every five years). Such schedule shall also include Applicant's anticipated diversion rate(s) over this period, including the Applicant's maximum diversion rate. Upon request by LCRA, the schedule shall also include annual projections regarding effluent arising under the contract, including the projected amounts of return flows, direct reuse or other means of disposal.

3.11 **Domestic Use**: Use of water by an individual or a household to support domestic activity. Such use may include water for drinking, washing, or culinary purposes; for irrigation of lawns, or of a family garden and/or orchard; for watering of domestic animals; and for water recreation including aquatic and wildlife enjoyment. If the water is diverted, it may be diverted solely through the efforts of the user or may be diverted using facilities that are shared by other domestic users, so long as the water that is diverted does not receive any treatment prior to receipt by individual users or households. Domestic use does not include water used to support activities for which consideration is given or received or for which the product of the activity is sold.

3.12 **Drought Contingency Plan**: A plan prepared by an Applicant or Purchaser, in accordance with LCRA's Drought Contingency Plan Rules (included in these Water Contract Rules as

Appendix B), which includes a strategy or combination of strategies for temporary supply and demand management responses to temporary and potentially recurring water supply shortages and water supply emergencies.

3.13 **Firm Water Supply**: A supply of water available for Beneficial Uses including domestic, municipal, agricultural, industrial, mining, aquifer storage and recovery, wildlife management, livestock use, instream flows, and bays/estuaries inflows that could be provided during a repetition of: i) the historical drought for the lower Colorado River specified in the Water Management Plan or other written determination of Highland Lakes firm water supply approved by TCEQ; or, ii) the most severe historical drought – according to TCEQ, the Texas Water Development Board or applicable groundwater conservation district permit, water management plan and/or rules and regulations for any other source of supply from which LCRA makes water available.

3.14 **General Manager:** The general manager of LCRA or his/her designee.

3.15 **Highland Lakes:** Lakes Austin, Travis, Marble Falls, LBJ, Inks, and Buchanan.

3.16 **Industrial Use**: The use of water in processes designed to convert materials of a lower order of value into forms having greater usability and commercial value, and the development of power by means other than hydroelectric. This does not include agricultural use.

3.17 **Interruptible Water Supply**: A supply of water available for agricultural use, instream flows, bays/estuaries inflows, and other non-firm water supply uses that is subject to interruption or curtailment pursuant to published policies and procedures as established in LCRA's Water Management Plan.

3.18 **Irrigation Use**: The use of non-potable water, not including reclaimed water or sewage effluent distributed through a municipal distribution system, for the irrigation of crops, trees, and pastureland including, but not limited to, golf courses and parks.

3.19 **Livestock Use**: The use of water for the open-range watering of livestock, exotic livestock, game animals, or fur-bearing animals. For purposes of this definition, the terms "livestock" and "exotic livestock" are to be used as defined in §142.001 of the Agriculture Code, and the terms "game animals" and "fur-bearing animals" are to be used as defined in §63.001 and §71.001, respectively, of the Parks and Wildlife Code.

3.20 **Maximum Annual Quantity (MAQ)**: The maximum amount of water to be made available from LCRA supplies to a Purchaser in any year under a water contract.

3.21 **Mining Use**: The use of water for mining processes including hydraulic use, drilling, washing sand and gravel, and oil field repressuring.

3.22 **Municipal Use**: The use of potable water within a community or municipality and its environs for domestic, residential (including multi-family), recreational, institutional, commercial or industrial purposes or for the watering of golf courses, parks and parkways. Such use also includes all non-revenue uses and the volume lost during the conveyance, treatment or transmission of the water. Such use further includes the use of reclaimed water in lieu of potable water for the preceding purposes or the application of municipal sewage effluent on land, under a Texas Water Code, Chapter 26, permit where: a) the application site is land owned or leased by the Chapter 26 permit holder; or b) the application site is within an area for which TCEQ has adopted a no-discharge rule.

3.23 **Point(s) of Delivery**: The point or points where the Secondary Purchaser's water conveyance system is connected to a Primary Purchaser's water conveyance system.

3.24 **Point(s) of Availability**: The point or points from which water is diverted, pumped, impounded or otherwise withdrawn, from a reservoir, watercourse, stream or other water source.

3.25 **Potable Water**: Water that is suitable for direct human consumption.

3.26 **Primary Purchaser**: A Purchaser who receives water directly from LCRA's firm water supply and delivers all or a part of that water to a Secondary Purchaser.

3.27 **Purchaser**: A person, association of persons, or other entity to whom a water contract has been issued (*see* Customer).

3.28 **Recreational Use**: The use of water impounded in or diverted or released from a reservoir or watercourse for fishing, swimming, water skiing, boating, hunting, and other forms of water recreation, including aquatic and wildlife enjoyment, and aesthetic land enhancement of a subdivision, golf course or similar development by addition of water features such as amenity ponds or water traps from which no water is withdrawn for other purposes.

3.29 **Replacement Contract**: A contract that is entered into with an existing Purchaser for a service area and purpose of use that were already under contract; upon execution of the Replacement Contract, the prior contract is terminated. A Replacement Contract can have a larger service area and/or MAQ than the contract it replaces.

3.30 **Return Water or Return Flow:** That portion of water diverted from a source of water supply and put to Beneficial Use, which is not consumed as a consequence of that use and is returned to the source of supply. Return flow includes sewage effluent.

3.31 **Reuse or Direct Reuse**: The authorized use of water obtained pursuant to a water contract, for the Beneficial Use identified in and within the service area of the water contract, which remains unconsumed after the water is used for the original purpose of use but before that water is either disposed of or discharged or otherwise allowed to flow into a stream, watercourse, lake or other body of state-owned water.

3.32 **Secondary Purchaser**: A Purchaser who receives firm water under contract with LCRA through delivery from a Primary Purchaser.

3.33 **Standard Contract**: A contract that may be issued by the General Manager without specific approval of the LCRA Board in accordance with these rules. The General Manager may, at his or her discretion, recommend that any request for a Standard Contract be considered by the Board if the General Manager determines there are extenuating circumstances.

3.34 **Surplus Water:** Water taken from any source in excess of the initial or continued Beneficial Use of the appropriator for the purpose or purposes authorized by law. Water that is recirculated within a reservoir for cooling purposes shall not be considered to be surplus water.

3.35 **Temporary Water Contract**: A contract issued for any of the various Beneficial Uses of water authorized in LCRA's Certificates of Adjudication or any other water right associated with water under LCRA's control when a small volume of water is needed for a short period of time.

3.36 **TCEQ**: The Texas Commission on Environmental Quality or any of its predecessor or successor agencies.

3.37 **Water Conservation**: Water conservation includes, but is not limited to, those practices, techniques, and technologies that reduce the consumption of water, reduce the loss or waste of water, improve efficiency in the use of water, and increase the recycling and reuse of water so that a water supply is made available for future or alternative uses.

3.38 **Water Conservation Plan**: A plan prepared by an Applicant or Purchaser, in accordance with LCRA's Water Conservation Plan Rules (attached hereto as Appendix A), which is intended to, among other things, promote efficiency in a Purchaser's use of water.

3.39 **Water Contract Rules**: The rules promulgated by the LCRA Board which provide guidance and establish procedures for the administration of LCRA's water contracts and related activities, including LCRA's Water Conservation Plan Rules, LCRA's Drought Contingency Plan Rules and LCRA's Firm Customer Pro Rata Curtailment Rules.

3.40 **Water Management Plan**: A plan required in specific water rights held by LCRA and approved by TCEQ that defines LCRA's reservoir operations, water management program and policies under those water rights.

3.41 **Water Right**: A right acquired under the laws of the State of Texas to impound, divert, or use state water.

3.42 **Water Contract or Water Sale Contract or Contract**: A contractual agreement between LCRA and a Purchaser for the sale of water from the source of supply as specified in these rules.

ARTICLE 4. APPLICATION PROCEDURES

4.1 Pre-Application Meeting.

(a) The intent of the meeting is to offer constructive comments regarding the required submittal information, review process, requested water amount, availability of water, and expected Water Conservation and Drought Contingency Plan contents. The Applicant should be prepared to review and discuss its draft application materials, including ownership information, site location, intended water use, Demand Schedule, amount of requested water, appropriate water source, proximity to the water source, intended method of wastewater management including reuse and if applicable the estimated amount and location of Return Flow. This meeting is required before an application is accepted by LCRA staff. Pre-application meetings are not required for any requests for 30 acre-feet per year or less or for renewal applications.

4.2 Application Submittal.

(a) The Applicant shall submit to LCRA for review and approval a water contract application and associated materials as described in Article 5 of these rules. Prior to submittal of the application, the Applicant (or the Applicant's representative) may request a meeting with LCRA staff to discuss the application procedure and various requirements.

(b) An application for a single contract for multiple purposes of use may be submitted unless the General Manager finds that a separate application and contract for each category of use is required for accounting, reporting, or consistency with any underlying LCRA water right.

(c) The timelines in these rules for LCRA staff to conduct its administrative and technical review of an application are intended as guidance to be followed in good faith and are not enforceable by the Applicant or any other party against LCRA. Failure by LCRA to complete review within the timelines provided in these rules shall not constitute a waiver by LCRA of any of its rights. The timelines in these rules are not applicable to review of an application that requires a non-standard contract.

(d) An application is considered filed on the date the Applicant delivers the application to LCRA or deposits the Application with the U.S. Postal Service by certified mail addressed to LCRA at: Lower Colorado River Authority, c/o Firm Raw Water Sales, 3700 Lake Austin Blvd., Austin, TX 78767.

4.3 Administrative Review.

(a) LCRA staff will use reasonable efforts to conduct a review of the application for administrative completeness and provide written notice to the Applicant within ~~15~~20 calendar days after the date the application is filed that specifies the necessary documents or other information needed to consider the application administratively complete. Such notice shall also specify the date on which the application will expire if

the documents or other information is not provided. To be determined administratively complete, the Applicant must submit all information required under Article 5 of these rules.

(b) If the application is determined to be administratively incomplete, LCRA staff shall notify the Applicant in writing of the deficiencies. After receipt of such notice from LCRA, the Applicant shall have ~~15~~30 calendar days to file additional information as requested to correct such deficiencies.

~~If the information subsequently provided by the Applicant does not allow LCRA staff to determine that the application is administratively complete, or if the Applicant does not provide additional information, the application will be returned in accordance with Section 4.8.~~

(c) If applicant fails to provide additional information within that timeframe, the application will be returned in accordance with Section 4.9. If applicant provides such information, within 15 days following receipt of such additional information, LCRA staff will determine if the application is administratively complete or notify Applicant that additional information is necessary. If additional information is necessary, Applicant shall have 10 calendar days to provide such information. If LCRA staff cannot determine the application to be administratively complete based on information provided within the additional 10 days, the application will be returned pursuant to section 4.9.

(d) In the event LCRA determines that its firm water supplies are inadequate to meet the requested needs of competing contract applications for firm water, LCRA shall use the order of preferred uses contained in Texas Water Code (currently, section 11.024) in determining the preference in contracting to assign to requests that are deemed administratively complete on the same date. In the event the competing applications are for the same purpose of use and all required information was received on the same date, the available supplies will be allocated in equal amounts to each request.

4.4 Technical Review.

(a) Once the application has been declared administratively complete, LCRA staff will use reasonable efforts to conduct a technical review of the application material within ~~60~~30 days of the declaration.

(b) If additional information is needed to complete the technical review of the application, LCRA shall notify the Applicant in writing, and the Applicant shall have 30 days from receipt of such notification to submit the additional information to LCRA. If the Applicant fails to submit the requested information within the requested timeframe, the application will be returned in accordance with Section 4.8.

(c) The review of the Applicant's proposed water conservation plan and any applicable drought contingency plan shall be conducted as part of the technical review in accordance with the procedures published in LCRA's Water Conservation Plan Rules, attached hereto as Appendix A; LCRA's Drought Contingency Plan Rules, attached hereto as Appendix B; and TCEQ rules governing water conservation plans and drought contingency plans. Contracts will not be presented to the LCRA Board and/or approved by LCRA staff without LCRA staff accepting Applicant's water conservation and drought contingency (if applicable) plans.

(d) If necessary, an extended technical review period will be defined by LCRA staff in writing to the Applicant to determine: (i) the source of supply, infrastructure, conveyance, water right permits or other authorizations needed to supply water under the contract; (ii) the time frames in which water may be developed under the contract; and, (iii) the appropriate share of the costs to be contributed by the Applicant, or charged to the Applicant through

surcharges, in addition to the rates, fees and charges under a Standard Contract, and (iv) the reasonableness of the requested quantity. Such extended technical review may be necessary as determined by the General Manager for contract requests such as: (i) any contract request for an amount of 1,500 acre-feet of water or greater; (ii) any contract request for industrial purposes for an amount of 250 acre-feet or greater; (iii) any contract request for which the water supply would be inconsistent with the most recently approved Lower Colorado Regional Water Plan; or, (iv) any contract request for which LCRA staff determines that the request seeks a supply for which water may not be immediately available from existing supplies without additional water right permits, infrastructure, or firm water supplies; or (v) any contract request with a diversion or delivery location at a point other than from the Highland Lakes or Colorado River downstream of Lake Austin. Technical review of all other aspects of the application material will be conducted in accordance with the procedures herein.

(e) After the appropriate technical review has been completed, the Applicant shall be notified of the approval or rejection. ~~or rejection of the application. In addition, LCRA staff shall provide to the Applicant proposed non-standard terms for inclusion in the contract, if any.~~

(f) ~~LCRA shall provide the Applicant a final draft of the proposed contract. If the Applicant accepts the terms of the final draft, then~~ In the event non-standard terms are deemed appropriate by LCRA, such terms will be provided to applicants for review, followed by ~~the applicant submitting~~ public notice ~~will be provided~~ in accordance with Section 4.5.4

No reservation of water or other consideration shall be made for the requested water until execution of the contract.

4.5 Reasonableness of Requested Quantity.

LCRA shall determine the reasonableness of the MAQ requested by the Applicant by evaluating the availability of water, LCRA's current water commitments, the amount necessary for the Beneficial Use of the water without waste for the proposed use, Applicant's Water Conservation Plan, the amount of conveyance, delivery or system losses for the proposed contract, and any impact to LCRA's water rights. Agency and industry standards shall be used in LCRA's assessment under this section including, but not limited to, the Water Conservation Implementation Task Force Report to the 79th Legislative (TWDB November 2004); Texas Water Development Board Water Conservation Task Force Best Management Practices; Regional Water Plans and, other best management practices, standards and guidance commonly used by the same industries. To the extent that an Applicant proposes an MAQ that is based on standards other than those provided in this section, the Applicant shall submit a written justification describing the reasons the standards were not employed in the calculation of the MAQ. In addition, LCRA shall use the following criteria in determining the reasonableness of the MAQ:

(a) Temporary Uses shall not exceed 10 acre-feet per year or any lower limitations provided by these rules for specific types of temporary uses.

(b) Municipal Uses:

~~Shall not be less than the average annual quantity required by TCEQ under its requirements for public drinking water systems.~~

1) Shall not result in a baseline (current) ~~average per capita~~ consumption greater than the lesser of: (a) the baseline GPCD ~~average per capita~~ adopted ~~consumption of adjacent and similar water users; or, (b) the average per capita consumption recommended~~ in the current TWDB adopted Population and Municipal Demand Projections for the Region K Planning Group; ~~approved and applicable Regional Water Plan~~. (b) a recent five-year average GPCD based on TWDB Water User Group GPCD reports; (c) average per capita consumption identified in the current approved

LCRA Water Supply Resource Report or (d) a GPCD calculated using the following resources: recent customer connection data, connections and population estimates from recent TWDB Water Use Survey reports, and the most recent US census data for the service area to determine a reasonable estimate of persons per household. In evaluating GPCD for smaller customers and new customers, LCRA will also consider lot sizes, area irrigated with automatic irrigation systems, per capita water use of existing LCRA customers with similar water use profiles, availability of wastewater infrastructure, and water loss data from TWDB water loss audits. When determining the reasonableness of the requested quantity, the total GPCD for new developments shall be no greater than 150 as such term is defined in the Water Conservation Plan Rules.

(c) Irrigation Uses:
1) Shall be determined by consideration of crop type, soil characteristics, topography, method of irrigation, average annual precipitation, and average annual evaporation.
2) Shall not result in an average per acre water demand greater than the average per acre water demand of adjacent and similar water users.

(d) Industrial Uses:
1) Shall be justified, in a written report, by a registered professional engineer's estimate, ~~or other qualified personnel~~, of the water demands of the specific industrial process being used.
2) Shall not result in average daily consumption greater than the average daily demand of similar water users in the same region.

Notwithstanding the above, for contract purposes, the MAQ shall be no less than ~~0.75~~ 0.5 acre-feet per annum.

4.6 Notice of Application.

(a) LCRA staff shall post on the LCRA website a list of pending firm water contract applications with the exception of applications for temporary contracts, domestic use contracts, or landscape irrigation or recreation contracts for up to 30 acre-feet per year.

(b) Upon completion of the technical review of an application for which Board approval is required and acceptance by Applicant of LCRA's proposed contract terms, including preparation of all necessary exhibits, LCRA staff shall post on the LCRA website notice of the application and proposed Board action. LCRA staff shall maintain a list of persons requesting notice of such applications and provide email updates when notice is posted.

(c) Notice of the application and proposed Board action shall contain:
1) the name and address of the Applicant;
2) the date on which the application was received by LCRA;
3) the proposed amount, purpose of use and location of the requested water;
4) a description of the diversion works and impoundment(s) and their locations;
5) the date and location where the Board will consider the application; and
6) information on where a person may obtain a copy of the application from the Applicant.

The notice of the application and scheduled Board action shall be posted not less than 30 days prior to the date set for Board consideration of the application.

The Applicant also shall provide ~~mailed~~ notice ~~by certified mail~~ of the application and proposed Board action to the commissioner's court of the county or counties in which the requested water is proposed for impoundment, diversion, or use. Such notice shall contain the information as provided in subparagraph (c) of this section and shall be received by the commissioners court not less than 30 days prior to the date set for Board consideration

of the application. Receipt of notice to the commissioners court shall be provided to LCRA staff 30-days prior to the date set for Board consideration of the application. ~~Receipt of delivery of certified mail shall be provided by the Applicant to the General Manager within five business days of Applicant's receipt of the delivery receipt.~~ If action on the application is delayed to a Board meeting held within 6 months of the date for which notice was provided, the Applicant shall not be required to re-notice to commissioners court.

4.7 Approval Required.

(a) The following contracts and contract amendments are subject to approval by the LCRA Board:

1) Contracts with a MAQ of 500 acre-feet per year or more that are not Replacement Contracts
2) Replacement Contracts or amendments with a MAQ of 1,000 acre-feet per year or more or that reflect an increased commitment of 500 acre-feet per year or more.
3) Any non-standard water contracts or amendments to non-standard water contracts that modify non-standard terms.

(b) All other contracts and contract amendments may be approved by the General Manager in accordance with these rules.

4.8 Action on an Application by the General Manager or Board.

(a) Upon completion of technical review, if LCRA staff determines that a contract (or contract amendment) can be approved by the General Manager as provided by these rules, LCRA staff will prepare the contract for execution and send such contract to the Applicant for signature.

(b) If Board approval is required, following notice of application and proposed Board action in accordance with Section 4.5, LCRA staff shall schedule the proposed contract for consideration by the Board. If approved by the Board, LCRA staff will prepare the contract for execution and send such contract to the Applicant for signature.

(c) Within 30 days of receipt, the proposed contract(s) shall be signed by the Applicant or the Applicant's duly authorized representative, and returned to LCRA. If the Applicant is a corporation, partnership, public district, county, municipality, or other corporate entity, the contract shall be signed by a duly authorized official.

(d) Upon LCRA's receipt of the proposed contract signed by the Applicant or the Applicant's duly authorized representative and all other documentation requested as part of the application process, the proposed contracts will be delivered to the General Manager for signature.

4.9 Return of Application.

LCRA will return an application following notice by LCRA and the failure of ~~expiration of 30 days if~~ the Applicant ~~fails~~ to:

(a) Provide documents or other information necessary to comply with LCRA's requirements relating to the form and content of the application for either administrative or technical review (including for a non-standard application) as provided in Sections 4.3, 4.4, and 4.5 and Article 5;

(b) Provide application deposits where applicable, and application fees, including any funds for a non-standard application as provided in Section 5.8; or

(c) Sign and return a contract approved for execution by LCRA as provided in Section 4.8.

4.10 Application Following Default**.**

LCRA reserves the right to reject an application for a water contract or renewal of a water contract by a person or entity that has defaulted on another water contract with LCRA, or for an entity for which the majority interest is controlled by a person or entity that has defaulted on another water contract.

4.11 Retention in Central Records and Transmittal to Purchaser.
Following execution of the water contract by the General Manager, the contract will be incorporated into LCRA's central records, where an original executed contract will be retained as a public record. Another original executed contract will be transmitted to the Purchaser for its records as soon as reasonably possible following the approval of the contract.

4.12 TCEQ Filing Requirements.
LCRA staff shall file with TCEQ a copy of any newly executed water contracts if required by TCEQ's substantive and procedural rules for water rights.

ARTICLE 5. APPLICATION CONTENT REQUIREMENTS

5.1 Elements of an Administratively Complete Application.
An application for a water contract shall be considered administratively complete upon the receipt by LCRA of the information listed below. The number of copies of each required item will be specified in the application form and/or instructions.

(a) The full name, physical address, mailing address (if different than physical address), telephone number, and taxpayer identification number for each Applicant, as follows:
   1) A corporation shall be designated by the firm name followed by the words "corporation" or "Inc." Corporate applications shall include a listing of all corporate executives and titles. A partnership shall be designated by the firm name and the words "a partnership." Partnership applications shall include a listing of all partners, titles, and taxpayer identification numbers. A joint venture shall be designated by the joint venture's name followed by the words "Joint Venture." Joint venture applications shall include a listing of all ventures, titles, and taxpayer identification numbers. A trust shall be designated by the trust's name, the trustee's name, followed by the word "trustee." Trust applications shall include the taxpayer identification number;
   2) If someone other than the named Applicant executes the application, the name, position, mailing address and telephone number of the person executing the application shall be given as well as documentation evidencing the authority of the person to sign the contract on behalf of the named Applicant.

(b) Documentation describing the Applicant's organizational structure (e.g., if the Applicant is a corporation, provide a certificate from the Secretary of State).

(c) Evidence in the form of bylaws, charters, resolutions or other written documentation that specifies the authority of the official that will execute the contract. A corporation may file a corporate affidavit as evidence of the official's authority to sign.

(d) All information necessary to establish:
   1) The Applicant's intended water use, including a Demand Schedule of the water to be made available by LCRA under the proposed contract;
   2) The amount, or Maximum Annual Quantity, of water that Applicant requests LCRA to supply, including a detailed description of how Applicant determined the amount

necessary for the proposed Beneficial Use without waste, considering the implementation of Applicant's Water Conservation Plan;

3) The appropriate water source and any necessary infrastructure or water rights amendments that may be required to supply the water requested (based on Applicant's proximity to water source, topographic, hydraulic, hydrologic and jurisdictional constraints);
4) The Applicant's intended method of wastewater disposal, and the estimated amount and location of Return Flow;
5) Whether the Applicant intends to request a renewal or amendment of the contract upon its termination and any related future long-term water supply requests by the Applicant to LCRA; and
6) The Applicant's compliance with any applicable rules of any regulatory agencies.

(e) The application fee as provided in the amount described in Section 5.8 of these rules.
(f) Maps and GPS coordinates for the Point(s) of Availability, Point of Delivery (as appropriate), point of Return Flow (if any), and the legal description of the service area as further described in Section 5.2. (Applicants for domestic use contracts not to exceed 10 acre-feet per year need only supply such maps upon request by LCRA).
(g) A copy of any water rights or permits, or applications for water rights or permits, associated with the Point(s) of Availability or service area upon which the Applicant may rely.
(h) If the Applicant is a corporation, partnership or joint venture, documentation showing the Applicant's legal rights with regard to the property included in the service area (e.g., deed, lease).
(i) A draft or current Water Conservation Plan and Drought Contingency Plan that meets LCRA's Water Conservation Plan and Drought Contingency Plan rules, unless these rules, ~~LCRA's Water Conservation Plan Rules or LCRA's Drought Contingency Plan Rules~~ do not require such a plan for the type of contract sought by the Applicant.
(j) If the Applicant has an alternate source of water supply that it will also divert under the requested contract, the Applicant shall provide a proposed accounting plan setting forth how it intends to account for and report water used from the various sources of supply.
(k) An estimate of conveyance, delivery or system losses that are expected to be incurred to make the amount of water requested available at the Point(s) of Availability under the contract. Such estimate shall be prepared by a professional engineer or other qualified professional approved by LCRA. Upon approval by LCRA staff of appropriate estimates of conveyance, delivery or system losses, such amounts shall be incorporated into the requested MAQ, as appropriate.
(l) For a contract for water upstream of any of the Highland Lakes, or water from a tributary of the Colorado River downstream of the Highland Lakes, a technical analysis by a of the potential maximum impact of the proposed sale on LCRA's Combined Firm Yield of Lakes Buchanan and Travis or any other senior water rights that LCRA staff may designate. Such analysis shall be prepared by a professional engineer or other qualified professional approved by LCRA. Upon acceptance and approval of appropriate estimates by LCRA, such analysis shall be used to establish the MAQ of the contract. Applicant also shall include such estimates in its application for the Permit to Use State Water necessary to use the water sought in the contract request.
(m) Any other information required by the General Manager, these rules, the application form, or otherwise by law.

(n) The notarized signature of a representative authorized to sign the application on behalf of the Applicant.

5.2 Maps and Descriptions Required.

The Applicant shall submit multiple copies of the items listed below, except that an Applicant for a domestic use contract not to exceed 10 acre-feet per year shall only submit such items upon request by LCRA. All maps should be of reasonable size and scale to permit attachment to the contract as exhibits and must be legible and readable when reduced to 8.5" x 11" size. The items below will be attached to the water contract and incorporated by reference.

(a) Point(s) of Availability map. The Applicant shall provide a map identifying the location of all Points of Availability (points of diversion and/or impoundment) and points for discharge of Return Flow, if any. The map shall be a 7.5-minute United States Geological Survey topographic map indicating the bearing and distance from an original county survey, or from abstracts or surveys in the State of Texas Stream Adjudication Map, to the Points of Availability or its latitude and longitude. LCRA may, at its option, accept an alternate map providing necessary detail to establish the Points of Availability. The Applicant shall also provide GPS coordinates of any intakes or impoundments.

(b) Legal description. The Applicant shall provide the legal description of the service area. A complete metes and bounds survey of the service area, or other legal documentation filed with county, state, or federal agencies (e.g., a plat filed in county public records; a Certificate of Convenience and Necessity map filed with TCEQ) will be accepted. The Applicant may submit as a service area only that area for which it has a legal right and requisite authority to serve. The service area for a city shall not extend outside of the city's extraterritorial jurisdiction absent documentation showing the city's authority to serve the area. A service area as defined in a Certificate of Convenience and Necessity (CCN) or a service area of an officially recognized political subdivision should appear exactly as it appears in the documentation of any applicable regulating authority. If an Applicant has applied for but not yet been granted a CCN or similar right to serve a particular area, the service area proposed in the contract shall be that area that is included in the filing for a certified service area. If no CCN or other right to serve is required, the service area shall be the area where the Applicant intends to provide water.

(c) Service area map. The Applicant shall provide a map delineating the service area in relation to the surrounding landmarks, established cities, and major thoroughfares. This map should reflect the legal description provided above.

5.3 Water Conservation, Drought Contingency Plans.

(a) The Applicant shall submit for review and acceptance multiple copies each of a water conservation plan and a drought contingency plan (where applicable) in accordance with the LCRA Water Conservation Plan Rules (attached hereto as Appendix A), LCRA Drought Contingency Plan Rules (attached hereto as Appendix B) and any applicable TCEQ regulations for drought contingency plans. The plans must address the requirements of the rules in regard to conservation and drought contingency.

(b) LCRA staff will review each plan to determine whether it is consistent with the LCRA Water Conservation Plan Rules, LCRA Drought Contingency Plan Rules and applicable state law or rules. Any required plans accepted by LCRA staff will be attached to the proposed contract and will be incorporated into the contract by reference.

5.4 Purchasers with Multiple Contracts.

If the Applicant has a pre-existing water supply contract with LCRA for a different use or service area than the proposed contract, and the Applicant desires to designate some or all

of the same Point(s) of Availability for its proposed contract, the Applicant must provide multiple copies of the following additional information:

(a) A map of reasonable size and scale, showing the Point(s) of Availability to be shared and the Points of Delivery on the Purchaser's water conveyance system for Purchaser's existing and proposed contracts. Such map will be incorporated into the proposed contract(s) by reference.

(b) At the Points of Delivery, Purchaser shall install appropriate water measuring devices in order to determine the amount of water being supplied under each contract. The map submitted pursuant to subsection (a) shall show the location of such measuring devices.

5.5 Secondary Water Sales.

In the event the Applicant, as a Secondary Purchaser, desires to procure a contract for water from LCRA but have another of LCRA's water sale customers, the Primary Purchaser, divert and deliver that water from LCRA's firm supply, or the Applicant is a Primary Purchaser that will divert and deliver water to a Secondary Purchaser, the Applicant must provide multiple copies of the following additional information:

(a) A map of reasonable size and scale, showing the point where the Secondary Purchaser's water conveyance system is connected to the Primary Purchaser's water conveyance system. Such map will be incorporated into the proposed contract by reference. At the Point of Delivery, the Secondary Purchaser shall install an appropriate water measuring device in order to determine the amount of water being supplied to the Secondary Purchaser such that the Primary Purchaser is not charged for that water.

(b) A summary of the agreement between the Secondary Purchaser and the Primary Purchaser for the supply of water documenting the quantity of water expected to be delivered and the demand schedule.

5.6 Non-Standard Application.

Any applicant for a contract that, in the General Manager's determination, would require terms in addition to, or a variance from, the Standard Contract terms shall provide the information and fees requested in this Article and shall provide any additional technical information or data that the General Manager determines is necessary for the evaluation of the contract application, including, but not limited to, any information related to the infrastructure, water right or other authorizations, and estimated costs and schedules that may be needed for LCRA to supply the water sought by the application. The General Manager will work with the Applicant to develop a proposed schedule for having the Applicant or a third party (on which third party Applicant and the General Manager must agree) develop any additional technical or other information needed for LCRA to evaluate the contract application. If the Applicant does not provide the requested additional technical or other information within a reasonable timeframe as outlined in the proposed schedule, then said application shall be returned to the Applicant as administratively incomplete with the deficiencies noted.

5.7 Application Forms.

The application form, example drought contingency plans, and example water conservation plans are found on the LCRA website. ~~LCRA staff shall furnish, upon request, an application form(s) and instructions for preparing such application.~~ The use of the application form is not mandatory; however, the Applicant must submit all the information required by these rules and requested in the application form. Should an Applicant choose not to use the form provided by LCRA, the Applicant shall provide all data requested in the application form and by these rules in such a manner that the information is separated into paragraphs numbered

to correspond with those on the printed form. All applications shall be typewritten or printed legibly in ink. Illegible applications will be returned to the Applicant.

5.8 Application Fees and Deposit.

(a) Deposit. Except as set forth in this section, any Applicant seeking a contract ~~for~~ which reflects a new or increased commitment of 250 ~~500~~ acre-feet per year or more shall provide a deposit equal to the Reservation Rate in effect on the date the application is submitted multiplied by the MAQ. The deposit shall be submitted prior to LCRA commencing technical review. If Applicant fails to submit the deposit within 30 days of notice that the application is administratively complete, the application will be returned pursuant to section 4.9. Upon approval and execution of any proposed contract, LCRA shall use funds on deposit as a credit toward the Applicant's Reservation Fees. If no contract is issued, LCRA shall refund the deposit within 30 days of any final LCRA action regarding such contract request, less any additional expenses incurred by LCRA in reviewing such application, if the Application Fees were insufficient to cover such expenses. A deposit is not required for applications submitted by existing customers in good standing (with an on-time payment history of at least five years) if the requested MAQ as compared to the current MAQ reflects less than a 100% increase and is less than a 2,000 acre-feet per year increase. A deposit also is not required for ~~or~~ governmental authorities that are exercising taxing authority (including contract tax pledges in support of the raw water contract).

(b) Application fees. A non-refundable application fee shall be charged for all applications for firm water, including contract renewals, as described below. The fee must be submitted with the application. Applicants requesting more than one water contract must submit the appropriate application fee for each application. The LCRA Board reserves the right to occasionally modify the fees associated with water contract applications.

(1) Contract for domestic use ≤10 acre-feet per year (a-f/year)	No charge
(2) Temporary contract	$100
(3) Landscape irrigation or recreational use contract ≤30 a-f/year following standard water conservation and drought contingency plans	
(i) Contract	$500
(ii) Amendment	$100
(4) Standard contracts other than (1), (2) or (3), above	
(i) Application for a Standard Contract (New or Replacement) or Substantive Amendment <500 a-f/year	$2,000
(ii) Application for a Replacement Standard Contract or Substantive Amendment ≥500 a-f/year or a New Contract ≥500 a-f/year and <5,000 a-f/year	
Base fee	$2,000
Additional fee per acre-foot per year of additional water above 500 acre-feet/year	$1.00 per a-f/year
(iii) Application for a New Contract ≥5,000 acre-feet/year	
Base fee	$10,000
Additional fee per a-f per year of additional water above 5,000 a-f/year	$1.00 per a-f/year

(iv) Application for a Nonsubstantive Amendment to a Standard Contract or a Substantive Amendment not: a) increasing the MAQ or duration; b) requiring a Replacement Contract; or c) requiring an update to the water conservation or drought contingency plan	$500

In the event that the General Manager determines the application fee filed with an application for a standard or non-standard contract is not sufficient to cover the costs of LCRA staff evaluating the technical information provided by the Applicant, the General Manager may, at his/her sole discretion, require the Applicant to: (1) provide additional funds to LCRA in advance of LCRA conducting further evaluation of the application, or (2) reimburse LCRA for any such costs. LCRA may also negotiate an agreement with the Applicant to allow for such evaluation to take place by a third party chosen by the General Manager at the expense of the Applicant. Applicant's refusal to provide additional funds necessary for LCRA to complete its technical evaluation within 30 days of receiving a request from LCRA for such funds shall be grounds for returning the application.

ARTICLE 6. STANDARD CONTRACT PROVISIONS

6.1 Required Standard Contract Elements Regarding Water Use.
The proposed contract must address the following elements regarding the Applicant's proposed use of the water:

(a) Purpose. Classification of the purpose for which the water will be used shall be determined in accordance with the definitions in Article 3.
(b) Amount. The contract shall specify the MAQ of water to be supplied by LCRA.

6.2 Source of Supply.
(a) Unless specifically provided otherwise in the contract, LCRA may make available water under a contract from any existing or future source of firm water supply available to LCRA.
(b) It is the Purchaser's sole responsibility to obtain access to the source of supply. A contract does not convey any express or implied easements.
(c) Water is not available for direct diversion from Arbuckle Reservoir. The reservoir will be operated as an off-channel reservoir with significant fluctuations in water level; at times, there may be no water supply in the reservoir.

6.3 Terms of Contracts.
(a) The standard terms for firm water contracts are as follows:

	Minimum	Maximum
(i) Temporary Contracts	30 days	3 years
(ii) Domestic Use Contracts ≤ 10 acre-feet (a-f)	1 year	10 years
(iii) Landscape Irrigation and Recreational Contracts ≤ 30 a-f	3 years	10 years
(iv) Municipal or Industrial Contracts	5 years	40 years
(v) Industrial Contracts < 500 a-f	1 year	40 years
(vi) Other Firm Contracts >=500 a-f	5 years	10 years
(vii) Other Firm Contracts <500 a-f	1 year	10 years

(b) The General Manager, in his/her discretion, may approve a term up to 10 years in excess of the maximum term provided in this rule if a Purchaser requests a longer term that coincides with the terms of loans, bonds, or other financial instruments, as required by governmental entity or financial institution or for other good cause. The Purchaser, to justify the longer term, must provide, in writing, a letter from that governmental entity or financial institution requesting such extension or other special circumstances or compelling reasons in support of the request for an extended term for good cause. In determining whether to grant a longer term, the General Manager shall consider the priority for firm water for municipal and domestic use provided in these rules.

(c) Purchaser may terminate its contract or reduce the MAQ in its contract under the terms and conditions specified in Purchaser's contract. However, if the terms and conditions specified in Purchaser's contract are more restrictive than the provisions of this Rule 6.3(c), under the following circumstances, if Purchaser first provides at least 365 days' prior written notice to LCRA of its intent to terminate its contract or reduce the MAQ in its contract (the "Purchaser's Notice"), subject to the payment of all amounts due to LCRA, the contract will be deemed to have been terminated or the MAQ reduced by mutual consent (as applicable), effective when described in this Rule notwithstanding different or conflicting provisions in a Purchaser's contract:

1) Temporary Contracts – Purchaser may terminate or reduce the MAQ of a temporary contract, to be effective after the completion of the minimum term defined in Section 6.3(a).
2) Contracts with MAQs less than 500 acre-feet per year – Purchaser may terminate or reduce the MAQ after the five-year anniversary of the Effective Date of the contract.
3) Contracts with MAQs of 500 acre-feet per year or more – Purchaser may terminate or reduce the MAQ of a contract with a MAQ of 500 acre-feet per year or more after the five-year anniversary of the Effective Date of the contract; provided however, the MAQ may not be reduced by more than the greater of 250 acre-feet or 25% percent of the original MAQ every 12 months.

Purchaser may request a waiver from LCRA staff of any of the prerequisites, limitations, or restrictions set forth in this Rule 6.3(c) or the contract. In considering waiver requests, in addition to any information provided by Purchaser, LCRA shall consider, among other things, LCRA's then-existing contractual commitments to its then-existing firm water customers and LCRA's ability to meet the needs of its then-existing firm water customers, as well as the factors relevant under the most current Water Management Plan.

During the period between the date of the Purchaser's Notice and the effective date of the contract termination or MAQ reduction (as applicable), the contract shall remain in full force and effect, except that when a MAQ reaches zero and all amounts payable have been received in full by LCRA, the contract shall be deemed to have been terminated by mutual agreement of the parties.

(d) LCRA may terminate a contract or reduce the contract quantity based on use that is less than certain thresholds as specified in the contract. ~~If customer has not used at least ten (10) percent of its contract quantity on an annual basis within the first ten (10) years, LCRA may require that customer demonstrate that water will be put to use within the next two years. If customer does not demonstrate such progress, or if at least 10 percent of the contract quantity is not put to use on an annual basis within the two-year period,~~

~~LCRA may terminate the contract or reduce the contract quantity to an amount LCRA deems reasonable under its water contract rules in effect at the time.~~

(e) No continuation of the service obligation under any contract after the expiration of the contract term shall be expressed or implied. The terms of a contract may expressly provide that the Purchaser is required to develop alternative or replacement supplies prior to the expiration of the contract and may further provide for the enforcement of such terms by penalties, fees, or other such provision. LCRA, however, in its sole discretion, may extend the term of an existing contract for a specified period of time pending issuance of a new contract to the same customer provided that the customer has submitted an application for renewal contract prior to the expiration of the existing contract.

6.4 Modifications to Standard Contract Terms.
When it is necessary to modify the Standard Contract terms to more accurately define specific circumstances related to the Applicant's particular location, intended use, etc., the General Manager may modify the standard form water contract, unless the modification is a substantive amendment requiring other actions or approval as provided herein.

ARTICLE 7. REQUIREMENTS FOR PURCHASERS

7.1 Ongoing Requirements of Purchasers.
Purchasers of water from LCRA have ongoing obligations as defined in the Contract and these rules, including, but not limited to the provisions of this Article, the Water Conservation Plan Rules, and the Drought Contingency Plan Rules.

7.2 Upstream or Downstream Tributary Contracts.
A Purchaser for the use of water upstream of any of the Highland Lakes or for use of water from a tributary downstream of the Highland Lakes must also obtain a term or temporary permit from TCEQ as required by TCEQ's substantive and procedural rules for water rights.

7.3 Surplus Water and Return Flows.
Water that a Purchaser diverts but does not use for Beneficial Use in accordance with the contract shall be returned to the Colorado River or a tributary of the Colorado River unless otherwise provided in a Board-approved non-standard contract.

7.4 Implementation of Water Conservation Plan and Drought Contingency Plan.
A Purchaser shall adopt and implement its Water Conservation Plan and Drought Contingency Plan for the duration of the water contract and update such plans as specified in section 7.6. In addition, the Purchaser must periodically report on progress made in implementation of its water conservation plan according to LCRA's Water Conservation Plan Rules.

7.5 Water Audit and Unaccounted-for Water Loss.
Purchaser shall conduct water loss audits in accordance with the TWDB rules (Texas Administrative Code, Title 31, Chapter 358).

7.6 Update to Demand Schedule, Water Conservation Plan and Drought Contingency Plan
At least once every five years, a Purchaser must submit an updated Demand Schedule to LCRA. The Purchaser shall review and update its Water Conservation Plan (WCP) and Drought Contingency Plan (DCP) not less than once every five years or following written request by LCRA consistent with any other schedule required by LCRA's Water Contract Rules. The Purchaser further agrees to submit any amended WCP or DCP to LCRA within

30 days after its adoption. LCRA, in accordance with applicable law, may from time to time adopt reasonable rules and regulations relating to water conservation and drought contingency measures, including LCRA's Water Management Plan. The Purchaser agrees to amend its WCP and/or DCP, as necessary, to reflect amendments in state law or regulations, or LCRA's rules and regulations. The Purchaser further agrees to do so within 180 days of the effective date of such amendments. Revisions to the Purchaser's WCP or DCP are not required under this section if the Purchaser has not initiated diversions; however, the Purchaser shall update its WCP and DCP to be consistent with LCRA's rules and regulations related to water conservation and drought contingency and provide LCRA a copy of such updated plans at least 60 days prior to initiating diversions under this Contract. In the event that the Purchaser agrees to furnish water or water services to a third party, who in turn will furnish the water or water services to an ultimate consumer, the Purchaser agrees to include in its agreement with the third party provisions that obligate the third party to: a) develop and implement water conservation and drought contingency programs consistent with the Purchaser's WCP and DCP; and b) amend its water conservation and drought contingency programs to reflect amendments in state law, regulations, or LCRA's rules, regulations, or Water Management Plan within the same timelines that apply to the Purchaser. If the Purchaser fails to amend its plans, or fails to implement its WCP or DCP, LCRA may terminate the water contract following written notice to Purchaser and opportunity to cure of 90 days.

7.7 Use of LCRA Property.

Purchasers are required to secure from LCRA, separate from a Purchaser's water contract, any leases, easements, or permits necessary to construct and/or operate any facility on, over, or under any LCRA-owned property, including, but not limited to, the water surface of all LCRA-owned reservoirs.

7.8 Water Intakes, Diversion Works, and Impoundments.

(a) All intakes should be designed by a registered professional engineer using standard engineering practices and should be able to facilitate the diversion of water at various water surface elevations. Intake structures or their appurtenances must not pose a threat to public safety or navigability of the Colorado River or the Highland Lakes. Municipal use intakes should be designed in accordance with TCEQ rules for public water systems. Any and all markers, buoys, floating intake structures or appurtenances must be approved by LCRA Water Surface Management. The intake structure should not create erosion issues and shall be approved through the LCRA Highland Lakes Dredge and Fill Ordinance. Information relating to the elevations and depth of the intake shall be submitted with the application if the Highland Lakes are the source of supply.

(b) LCRA representatives shall be provided with reasonable access to any impoundment, storage facility, intake or diversion works for the purpose of inspection and monitoring for compliance with the contract. The diversion works, impoundments, or intake structures shall be equipped or designed in a manner that allows LCRA to access and lock or otherwise prevent Purchasers' continued diversion or other use of water as a result of a default under the contract and after notice to the Purchaser as provided in the contract.

(c) It shall be the Purchaser's responsibility to have the capability to take the water at the Point(s) of Availability. No implied easement to access the source of supply is provided by the contract.

(d) Table 1 provides reference elevations for designing intakes on the Highland Lakes. However, these elevations should not be construed as a guarantee of any minimum lake elevation.

7.9 Water Measurement.

(a) If the water purchased under a contract is to be diverted from a source of supply, the Purchaser must measure water diverted with a measuring device approved by LCRA unless otherwise provided in the contract. The Purchaser shall measure water use and self-report such use to LCRA on a monthly basis or at such other frequency that may be specified in the Purchaser's contract. Measurement of water purchased under contract that does not solely involve the diversion of water from the source of supply (e.g., impoundment of water for recreation or livestock watering) may be accomplished through an alternative method approved by LCRA and included in the contract.

(b) Meters and measuring devices acceptable to LCRA include the following types: displacement, venturi, multi-jet, turbine (various), propeller, proportional, compound, or other appropriate water meters as recognized by the American Water Works Association. Other measuring devices that may be proposed by a Purchaser must be approved in writing by LCRA. All acceptable meters or measuring devices must, unless otherwise approved in writing by LCRA:

1) Be designed and installed by a licensed engineer, plumber or irrigator, or other qualified personnel approved by LCRA.
2) Be installed on the Purchaser's system as near to the water source as practical and upstream of any connections, taps, faucets or other appurtenances where water may be withdrawn.
3) Be installed in a location that provides LCRA (including its representatives) with reasonably safe access to the meter for the purpose of making meter readings, testing, and/or periodic inspections and that does not disrupt the periodic reading of LCRA's other customers' meters. The Purchaser must provide LCRA access to the Purchaser's property for inspection, testing and reading of the meter. The Purchaser must provide an all-weather road to facilitate access to meter. LCRA shall have the right to approve both the design of the meter as well as the location of its installation.
4) Be accurate within plus or minus 5% of the indicated flow over the range of possible flows. In the case of a contract issued for an on-channel impoundment, an alternative measuring device or methodology with a 5% accuracy may be used with prior approval from LCRA.
5) Be able to measure and register quantities of water in increments of 1,000 gallons or less.
6) Be capable of measuring volumetric flow rates and registering total volumetric quantity.
7) Be installed in accordance with the manufacturer's specifications and consistent with standard engineering practices.
8) Be properly screened to prevent debris from causing meter malfunctions.
9) Be of suitable material and of proper construction to withstand a surface water environment.
10) Have serial number easily visible in its installed location.
11) When installed outdoors be in a covered vault or other solid enclosure.
12) Have hermetically sealed registers or other means to prevent the occurrence of condensation on register glass.
13) Be installed in a manner to prevent flooding of the meter enclosure.

(c) The Purchaser must repair, replace or make necessary improvements to a meter or other approved measuring device that is not in compliance with these rules promptly after the Purchaser becomes aware of the deficiency that causes the measuring device to not comply with these rules. Prior to or immediately following the time that a meter or other

approved measuring device goes out of service, the Purchaser and LCRA shall agree on an alternative method for determining the amount of water diverted and/or used.

(d) LCRA, in its sole discretion, may rely on measurements reported to LCRA by the Purchaser but doing so shall not relieve the Purchaser from any requirements in these rules relating to meters or measuring devices.

(e) LCRA, in calculating fees due under a firm water contract, may base fees on a measurement of the amount of water made available from the December meter reading date to the next December meter reading date.

7.10 Testing of Measuring Device.

Periodic testing as required under the terms of a water contract must be performed in accordance with testing specifications as published by the American Water Works Association. Where and when possible, such testing is to be performed *in situ* (in place). Measuring device testing should be accomplished for those contracts that require periodic testing every 12 months for contracts with an MAQ of greater than 20 acre-feet per year or every 24 months for contracts with an MAQ up to 20 acre-feet per year. All testing should be performed by qualified personnel familiar with American Water Works Association testing procedures and with a background in such procedures.

7.11 Exceedance of MAQ.

If the amount of water made available for a Purchaser for any reason exceeds the MAQ stated in the Purchaser's contract during two consecutive years, or in two out of any four consecutive years, the Purchaser will be required to submit an application for a Replacement Contract, including applicable fees, and negotiate a new standard contract for an adjusted MAQ, the reasonableness of which shall be determined consistent with these rules, to the extent LCRA has additional water supplies available. The General Manager may waive the requirement that an Applicant submit an application for a Replacement Contract if: (a) the Purchaser adopts and implements as part of its Water Conservation Plan additional specific water conservation measures consistent with those measures identified as recommended measures in the Water Conservation Plan Rules (in addition to all required measures); and (b) such measures are reasonably likely to result in future water use not exceeding the MAQ. The Purchaser shall remain subject to excess use charges consistent with the contract, regardless of whether the Purchaser obtains or has obtained a waiver from the requirement to submit an application for a Replacement Contract.

7.12 Pro Rata Reduction During Water Shortage.

(a) During a water shortage, the water supply provided by LCRA under a water contract is subject to curtailment in accordance with section 11.039 of the Texas Water Code, LCRA's water rights, LCRA's Drought Contingency Plan, and any curtailment plan developed with customers as required by LCRA's Water Management Plan. LCRA has developed Firm Customer Pro Rata Curtailment Rules, which are a part of LCRA's Water Contract Rules, and attached as Appendix C.

(b) Consistent with state law and these plans, and to effectively address the water shortage, the curtailment shall be based on the customers' reasonable water needs during the curtailment period, and not the contracted amount, after consideration of the customers' implementation of their water conservation and drought contingency plans.

(c) In the event the supply of water provided to the Purchaser is limited because of a curtailment imposed by LCRA or state law in accordance with these rules to an amount less than the Purchaser's MAQ, then the Purchaser shall pay a surcharge, in excess of the firm water rate, to be set by the LCRA Board multiplied by any amount of water diverted by the Purchaser in excess of the amount the Purchaser is authorized to divert

during the curtailment. Unless otherwise specifically provided under the contract, a curtailment of water under this provision shall not result in a reduction or suspension of the Reservation Charge for the unused portion of the full MAQ under the contract.

7.13 Returned Instrument Fee.

In the event a Purchaser attempts to pay LCRA by check, draft, credit card or any other similar instrument and the instrument is returned or refused by the bank or other similar institution as insufficient or non-negotiable for any reason, the Purchaser shall be assessed and must pay to LCRA, per each returned instrument, LCRA's current returned instrument fee. The LCRA returned instrument fee is currently $25.00 per returned instrument.

7.14 Notices Required

A Purchaser shall notify LCRA in writing of certain activities throughout the term of the Purchaser's contract, which notice requirements shall include those listed below, unless otherwise required by law, in addition to those listed in the contract. Notice to LCRA shall be satisfied by i) certified mail with return receipt; or ii) electronic mail to firmwater@lcra.org with a reply email from LCRA staff acknowledging receipt.

(a) Related water rights permit and annual reports. In the event a Purchaser is required by state law to obtain a water right permit or water right permit amendment – including, but not limited to, contractual, term, or temporary water right permits – from TCEQ related to water that is reserved or purchased pursuant to an LCRA water contract, the Purchaser shall provide LCRA (i) a copy of the application for the water right permit or water right permit amendment within five business days of its filing with TCEQ; (ii) a copy of any proposed notice related to the application within five business days of receipt from TCEQ; and, (iii) a copy of the water right permit or water right permit amendment promptly following the issuance of the water right permit or water right permit amendment. The Purchaser shall incorporate LCRA's reasonable comments into the application notice provided that: (i) LCRA provides its comments to the Purchaser within 10 business days of LCRA's receipt of the draft notice, unless a shorter response period is required by TCEQ; and (ii) TCEQ accepts LCRA's comments in the final version of the notice. The Purchaser also shall provide LCRA a copy of any notice or action by TCEQ of a violation or termination of the water right permit or water right permit amendment within 10 days of the Purchaser receiving notice from TCEQ. By March 15 of each year, the Purchaser shall also provide LCRA a copy of its annual water use reports filed with TCEQ.

(b) Provision of regulatory approvals. Except for water rights permits governed by Section 7.14 (a) of these rules, the Purchaser shall provide LCRA copies of any approvals received from federal, state or local agencies that relate to water reserved or purchased pursuant to a Purchaser's contract or to facilities intended to divert, transport or use water provided under a Purchaser's contract within a reasonable amount of time following a written request by LCRA staff.

(c) Notice of intent to divert or impound. The Purchaser shall notify LCRA of its intentions to initiate diversions or impoundment of water under the Purchaser's contract not more than eight weeks, nor less than four weeks, prior to the Purchaser's initiation of diversions or impoundment. Such notice shall include the Purchaser's anticipated diversion rate, not to exceed the Maximum Diversion Rate. If diversions of water are being continued from a previous contract or other right to divert, and no change in diversion rate is anticipated, no notice is necessary. The Purchaser shall notify LCRA in writing not more than two weeks prior to making any change in its planned diversion

rate, not to exceed the Maximum Diversion Rate specified in this Contract. If Purchaser's Point(s) of Availability are located downstream of Lake Travis or on a tributary which flows into the Colorado River downstream of Lake Travis, the Purchaser shall notify LCRA's River Operations Center (ROC) of its intent to impound and/or divert water under this Contract and shall either: (1) develop with the ROC a written process or mechanism for notifying the ROC of its intent to divert water; or (2) notify the ROC prior to making any impoundment and/or each diversion or change in diversion in accordance with any requirements set forth in the Special Conditions in the Contract.

(d) Reuse. A Purchaser shall notify LCRA not more than eight weeks, nor less than four weeks, prior to implementing a program for Reuse for water that is reserved or purchased pursuant to an LCRA water contract. The Purchaser will make available to LCRA non-privileged documents regarding the Purchaser's reuse program within a reasonable amount of time, not to exceed 20 days, following a request by LCRA staff. For all purposes of this Contract, the term "reuse" means the authorized use of water, which water was diverted and used pursuant to this Contract, but which water remains unconsumed and has yet to be either disposed of or discharged or otherwise allowed to flow into a watercourse, lake or other body of state-owned water.

(e) Transfer to Secondary Purchaser. A Primary Purchaser shall notify LCRA of any agreement it has made to divert or deliver water for a Secondary Purchaser. Such notice shall be provided at least 30 days prior to any diversions or deliveries from the Primary Purchaser to the Secondary Purchaser and shall include the information required by Section 5.5 of these rules.

(f) Termination of contract. A Purchaser shall notify LCRA pursuant to the Purchaser's contract of its desire to cancel said contract. The Purchaser shall remain liable for all fees and charges accruing under the contract through the effective date of termination of the contract. Termination of the contract does not release the Purchaser of its obligation to pay in full all fees and charges that have accrued prior to the contract being terminated. (*See also* Section 6.3(c).)

(g) Change of ownership. A Purchaser shall provide LCRA prior notice of any change of ownership of Purchaser or the sale, conveyance, merger, or dissolution of the corporate entity or Service Area identified in the Purchaser's contract. Such notice does not constitute the assignment of the Purchaser's rights or duties under the Purchaser's contract.

(h) Change of address or executive staff. A Purchaser shall notify LCRA of any change of address or change of executive staff that was provided in the Purchaser's application within 30 days of the change.

(i) Annual reports of due diligence. A Purchaser is required to report to LCRA, on a yearly basis, progress made toward obtaining any and all necessary authorizations (e.g., TCEQ permits, Army Corps of Engineers permits, etc.) as well as progress toward commencing and completing construction of facilities which will be used to divert, impound, and/or convey water under the Purchaser's contract.

(j) As-built plans and location of facilities. Upon request from LCRA, a Purchaser shall provide to LCRA "as-built" drawings and plans (including GPS coordinates of any intakes or impoundments) for facilities which were actually built and will be used to divert, impound, and/or convey water under the Purchaser's contract within 30 days of such request.

ARTICLE 8. AMENDMENTS AND ASSIGNMENTS

8.1 Amendments to Existing Contracts.

(a) If a Purchaser desires to amend an existing contract, the following conditions apply:

1) No amendments will be made to contracts with unpaid account balances.

2) Substantive amendments (as determined by the General Manager except as otherwise provided herein) may be made to existing contracts based on the most current LCRA standard form water contract. Substantive amendments shall include, at a minimum:

(i) Assignment of the contract;

(ii) Increasing the contract's term;

(iii) Increasing the MAQ; and,

(iv) Service area amendments that (regardless of the amount of the current service area that may be removed) add additional service area not within the current service area in the amount of: a) 50 acres or more; or, b) 25% or more of the current service area.

3) Substantive amendments shall require approval by either the General Manager or the LCRA Board as specified in Section 4.7 of these rules.

(b) Only contracts based on the most current LCRA Standard Contract terms may be amended for substantive amendments. If the contract sought to be substantively amended does not contain the most current LCRA Standard Contract terms, the Purchaser will be required to submit an application for a new water contract to replace the existing non-conforming water contract in accordance with these rules. In the event the non-conforming provisions are limited in quantity, the General Manager, in his/her sole discretion, may alternatively include updated provisions in a contract amendment.

(c) Non-substantive corrections and amendments may be made by the General Manager, without LCRA Board approval. Sufficient documentation shall be supplied by the Purchaser to justify such amendments.

8.2 Contract Assignments.

(a) Water contracts do not convey with the title of the property in the contract service area.

(b) If a Purchaser desires to assign the rights and duties under its contract the following conditions apply:

1) Water contracts may only be assigned as specified in the contract; and

2) LCRA may reject any assignment not made with LCRA's consent, which consent must be obtained in advance of the sale, trade or transfer.

(c) If a Purchaser desires to assign a contract and such assignment is permitted under the terms of that contract, the following conditions apply:

(1) LCRA will not authorize the assignment of any contract that has an unpaid account balance;

(2) LCRA will not authorize the assignment of any contract that is not based on the most current Standard Contract form. LCRA may, however, authorize the assignment of an existing contract if: (i) that assignment incorporates all the language and policies reflected in the most current Standard Contract form; or (ii) the assignee submits a non-refundable application for a Replacement Contract prior to the assignment becoming effective and the assignment requires assignee to pursue the application and execute the Replacement Contract consistent with the timeframes in these rules;

(3) the Purchaser must submit legal documentation validating the sale, trade, or transfer of the property covered by the contract's service area; and,

(4) both assignor and assignee must execute a written instrument of assignment that clearly discloses the assignee, or new Purchaser, and states that the assignee agrees to abide by all terms and conditions contained in the referenced contract.

(d) If the property covered by the contract's service area is foreclosed upon, and the entity exercising its lien desires to continue to supply water to the property, LCRA may at its discretion allow a temporary assignment of rights and duties under the contract to the lien holder for a period not to exceed one year. Such assignment will allow the lien holder as the property owner to continue operation of the system until either: (1) it can negotiate a new water contract with LCRA on its behalf; or, (2) the property can be sold to a subsequent owner. In the event that the property is sold, the subsequent owner must negotiate a new water contract within 60 calendar days of the close of the sale of the property if it desires to continue to purchase water from LCRA.

ARTICLE 9. VARIANCES

9.1 Where special conditions or compelling circumstances exist, the LCRA Board may consider and approve requests for variances from the requirements of these rules on a case-by-case basis upon recommendation by LCRA staff.

ARTICLE 10. REQUIREMENTS FOR INTERBASIN WATER SALES TO WILLIAMSON COUNTY

10.1 Applicability.

This article sets forth additional requirements that apply to interbasin water sales to any person or entity within Williamson County that did not have a water sale contract with LCRA on or before May 1, 1997, consistent with the requirements of Section 8503.029, Texas Special District Local Laws Code. In the event of a conflict between a requirement set forth in this Article 10 and any other requirement in these rules, the requirements in this Article 10 control.

10.2 Definitions.

(a) **Adverse Effects of the Transfer:** The reduction in availability of sufficient Surface Water to meet the needs of LCRA's interruptible agricultural customers within Colorado, Wharton, and Matagorda counties resulting from water contracts entered into pursuant to Section 8503.029(a)(3)(B), Texas Special District Local Laws Code.

(b) **Average Annual Volume:** The arithmetical average volume of water over a contiguous three-year period.

(c) **Conserved Water:** The Average Annual Volume of water made available under Section 8503.029(a)(3)(B), Texas Special District Local Laws Code from conservation projects and demand reduction projects within the water service areas of LCRA's agricultural operations within Colorado, Wharton, and Matagorda counties. Conserved Water can be classified as firm, interruptible or any combination thereof.

(d) **Developed Water:** The Average Annual Volume of additional water made available for use within the water service areas of LCRA's agricultural operations within Colorado, Wharton, and Matagorda counties under Section 8503.029(a)(3)(B), Texas Special District Local Laws Code that may include: (1) groundwater, or (2) surface water resources that are not presently under the control of LCRA. Such water may originate inside or outside the boundaries of the Colorado River basin and may be firm, interruptible or any combination thereof.

(e) **No Net Loss:** A hydrologic condition where the volume of Transferred Water is equivalent to, or less than, the combined volume of Conserved Water, Developed Water, and Returned Water resulting in a reduced reliance on Surface Water for agricultural irrigation.

Transferred Water ≤ Conserved Water + Developed Water + Returned Water

(f) **Returned Water:** The Average Annual Volume of water that is imported to the lower Colorado River basin with the specific intent to meet the condition of Section 8503.029(a)(3)(B), Texas Special District Local Laws Code. Such water may be firm, interruptible or any combination thereof.

(g) **Surface Water:** Water from the Colorado River or Highland Lakes. This water can be classified as either firm, interruptible water, or any combination thereof.

(h) **Transferred Water:** The Average Annual Volume of Surface Water exported from the lower Colorado River basin to Williamson County under Section 8503.029(a)(3)(B), Texas Special District Local Laws Code.

10.3 Conservation Charge.

In addition to the standard rates and charges, any customer subject to the requirements of this Article shall pay a Conservation Charge, as set by the Board pursuant to Section 8503.029(c), Texas Special District Local Laws Code, which shall be sufficient to cover the costs of mitigating Adverse Effects of the Transfer.

10.4 No Net Loss.

Prior to any diversion of water, the means to conserve, develop, or return water to satisfy the No Net Loss condition shall be identified that would be sufficient based on an Average Annual Volume to conserve, develop, or return the necessary volumes of water.

TABLE 1. HIGHLAND LAKES REFERENCE ELEVATIONS

(in feet above mean sea level, based on the 1988 North American Vertical Datum)

Lake Buchanan	
Spillway	1,020.61
Floodgate Sill at 15.5 foot	1,005.63
Floodgate Sill at 25.5 foot	995.63
Penstock Intake at bottom	937.26
Inks Lake	
Spillway	888.63
Penstock Intake at bottom	845.81
Lake LBJ	
Top of Normal Operating Pool	825.68
Floodgate Sill	795.64
Penstock Intake at bottom	793.68
Lake Marble Falls	
Top of Normal Operating Pool	737.69
Floodgate Sill	726.23
Penstock Intake at bottom	710.05
Lake Travis	
Spillway	714.6
Top of Conservation Pool	681.6
Penstock Intake at bottom	552.6
Floodgate Conduits at bottom	536.35
Lake Austin	
Spillway	493.11
Floodgate Sill at 12 foot	481.11
Floodgate Sill at 18 foot	475.31
Penstock Intake at bottom	462.31

APPENDIX A
LCRA WATER CONSERVATION PLAN RULES

APPENDIX B
LCRA DROUGHT CONTINGENCY PLAN RULES

APPENDIX C
LCRA FIRM WATER PRO RATA CURTAILMENT RULES