



Board Agenda

Wednesday, January 18, 2017
LCRA Board Room
Austin

Action / Discussion Items

1. LCRA Interruptible Agricultural Drought Contingency Plan 3
2. LCRA Interruptible Agricultural Water Contract Rules, Standard Form
Contracts and Rates for Gulf Coast, Lakeside and Garwood Irrigation
Divisions 4

Legal Notice

Although this is the expected agenda, the Board may discuss or take action on any item listed in the legal notice, which may include some items not currently on the Board agenda. Legal notices are available on the Texas Secretary of State website 72 hours prior to the meeting at www.sos.state.tx.us/open.

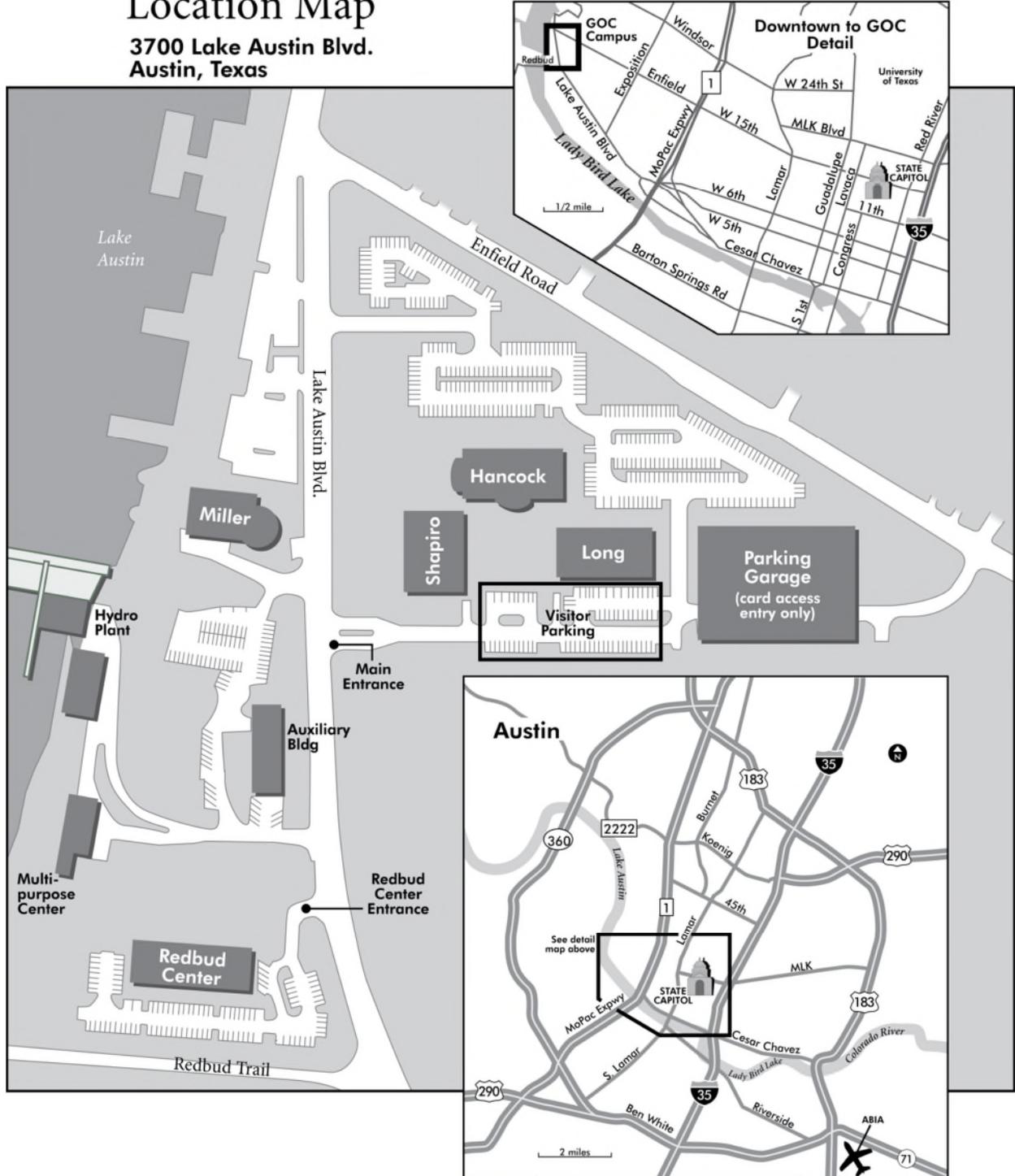
Executive Session

The Board may go into executive session for deliberation on the matters listed in the legal notice posted pursuant to Chapter 551 of the Texas Government Code.

The Board may take final action on any of the executive session matters upon reconvening in open session pursuant to Chapter 551 of the Texas Government Code. The Board may act in executive session on competitive electric matters pursuant to Section 551.086 of the Texas Government Code.

LCRA General Office Complex Location Map

3700 Lake Austin Blvd.
Austin, Texas



FOR ACTION

1. LCRA Interruptible Agricultural Drought Contingency Plan

Proposed Motion

Approve an updated interruptible agricultural Drought Contingency Plan for customers in the Garwood, Gulf Coast and Lakeside agricultural divisions and Pierce Ranch.

Board Consideration

LCRA Board Policy 102 – Authority and Responsibilities requires approval by the LCRA Board of Directors for all decisions where Board policy or direction has not been clearly established. The Texas Commission on Environmental Quality requires that drought contingency plans be approved by the governing board.

Budget Status and Fiscal Impact

The proposed Drought Contingency Plan has no impact on the fiscal year 2017 budget.

Summary

In 2016, LCRA supplied interruptible stored water from lakes Buchanan and Travis to customers in the Gulf Coast and Lakeside agricultural divisions for the first time since 2011. In 2015, the Texas Commission on Environmental Quality had approved an updated Water Management Plan (2015 WMP) that imposes limits on the amount of interruptible stored water available to customers in the Gulf Coast and Lakeside divisions and to Pierce Ranch. For 2016, LCRA made changes to the interruptible agricultural Drought Contingency Plan that incorporate elements of the 2015 WMP.

LCRA staff proposes revisions to the Drought Contingency Plan to allocate interruptible stored water for supplemental purposes, such as row crop, pasture, aquaculture and wildlife management, when such water has not been fully allocated for rice or turf customers. Staff also proposes that interruptible stored water be allocated for the second irrigation season (crop) based on acres planted and serviced by LCRA as of June 30. Staff proposes additional changes reflected in the proposed plan that staff submitted to the Board under separate cover.

The draft plan was available for customer comment through the LCRA website. LCRA met with customers in November and December 2016 regarding the supply of water for the upcoming crop season.

A separate agenda item addresses the contract rules and forms for customers in the LCRA agricultural divisions.

Presenter(s)

John Hofmann
Executive Vice President, Water

FOR ACTION

2. LCRA Interruptible Agricultural Water Contract Rules, Standard Form Contracts and Rates for Gulf Coast, Lakeside and Garwood Irrigation Divisions

Proposed Motion

Approve updated interruptible agricultural water contract rules, standard form contracts and rates for the Garwood, Gulf Coast and Lakeside agricultural divisions.

Board Consideration

Consistent with LCRA Board Policy 501 – Water Resources and Special District Local Laws Code § 8503.011, the LCRA Board of Directors is required to approve terms and conditions for water contracts and any changes thereto, and to adopt rates associated with such contracts.

Budget Status and Fiscal Impact

The proposed rules, contract forms and surcharge rates have no impact on the fiscal year 2017 budget.

Interruptible rates are based on full cost recovery of the physical delivery of water through LCRA's canal system for each division. In addition, the rates for Gulf Coast and Lakeside include a portion of river management costs. Over a seven-year period when water is available, LCRA is increasing the portion of river management costs included in the interruptible rate. At the end of the seven-year period, the rates will include the full share of river management costs allocated to interruptible customers. 2017 will be the second year of the seven-year transition period. The full cost recovery rate for Garwood is consistent with the 1998 Purchase Agreement between LCRA and Garwood Irrigation Company.

Summary

LCRA staff proposes updates to the interruptible agricultural water service contract rules, contract forms and rates for the Garwood, Gulf Coast and Lakeside agricultural divisions. The Board is considering updates to the Drought Contingency Plan under an accompanying agenda item.

The proposed contract forms cover both the first and second irrigation seasons and include new amendment forms for the allocation of interruptible stored water for supplemental agricultural purposes when not fully allocated to rice and turf customers. The proposed rules include changes to the process for allocating interruptible stored water. The proposed contract rules and forms also include a minimum charge that would apply to rice and turf contracts and contracts for supplemental purposes that have an allocation of interruptible stored water. The \$25 per acre minimum charge would apply to all acres under a contract and be credited towards any water-use fees on the same acreage. Staff proposes additional changes to the rules and contract forms reflected in the proposed documents. Although the proposed forms cover the entire

2017 irrigation season, the supply of interruptible stored water would continue to be contingent on availability consistent with the 2015 Water Management Plan.

LCRA staff also proposes updates to the volumetric rates for interruptible water customers in the Garwood, Gulf Coast and Lakeside divisions. As in prior years, the updated rates vary by division and reflect the unique costs associated with operating each division. LCRA staff further proposes updated surcharge rates. For the three surcharge tiers, the surcharge rates are 40, 80 and 150 percent of the volumetric rate for the respective division.

The contract rules and forms were available for customer comment through the LCRA website, and LCRA met with customers in November and December 2016 to discuss the upcoming crop year. Copies of the proposed rules, form contracts and rates have been submitted to the Board under separate cover. The proposed rates are shown as Exhibit A.

Presenter(s)

John Hofmann
Executive Vice President, Water

Exhibit(s)

A – Proposed 2017 Interruptible Water Rates

EXHIBIT A

Proposed 2017 Interruptible Water Rates

Division	Rice/Turf and Supplemental	Excess Use Surcharge		
		Tier 1	Tier 2	Tier 3
Gulf Coast	\$47.08	\$18.83	\$37.66	\$70.62
Lakeside	\$50.15	\$20.06	\$40.12	\$75.23
Garwood – 1 lift	\$40.15	\$16.06	\$32.12	\$60.23
Garwood – 2 lifts	\$47.59			