LCRA Firm Water Rates for Calendar Year 2027

Water Operations Committee Meeting

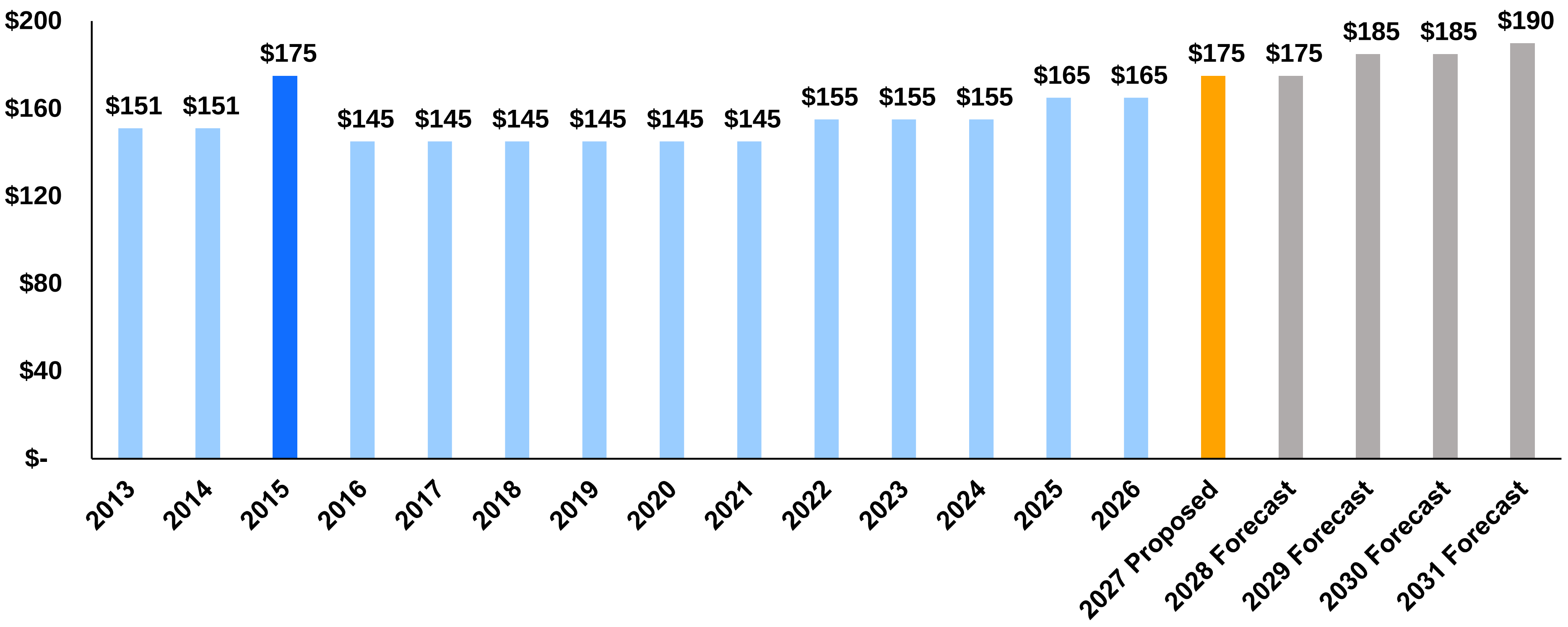
Aug. 19, 2026

Increasing Firm Water Costs

- New water supply projects
- Capital projects at Lake Buchanan and Lake Travis
- Overall cost increases

Firm Water Use Rate History and Forecast*

(Dollars per acre-foot)



*Water use rate is applied to volume of water diverted at the river. Most firm water contracts also pay a reservation rate equal to one-half of the use rate applied to the volume of water reserved but not used.

Firm Water Rate Review

- Costs are divided into the following three categories for firm water rate-setting purposes:
  - River management
  - Water debt obligation
  - Other adjustments

Changes From Current Firm Water Rate

- Cost categories and firm billing units updated to fiscal year 2027 business plan values
- River management operations and maintenance costs updated
  - Based on FY 2025 actual results (July 2024-June 2025)
  - Revised for known and measurable changes

River Management Costs

Operations and maintenance expenses of managing the river system

Cost Category	Costs
Labor	$10,623,000
Enterprise expense	$7,557,000
Outside services	$3,510,000
Other expenses	$1,445,000
Public Service Fund expense	$1,122,000
Resource Development Fund expense	$687,000
Operating reserves	$505,000
Total river management costs	**$25,449,000**
Firm customer share of river management (about 80%)	**$21,316,000**

Water Debt Obligation* – 100% to Firm

Annual debt service and coverage for water supply dam improvements, new supply projects

Cost Category	Costs
Long-term debt	$6,236,000
Short-term debt	$1,535,000
Total debt service	**$7,771,000**
Debt service coverage – 25 points	$1,943,000
Total Water debt obligation	**$9,714,000**

*Does not include debt service related to Arbuckle Reservoir paid for by LCRA Resource Development Fund. FY 2027 expected debt service for Arbuckle Reservoir is $22.4 million.

Other Adjustments – 100% to Firm

Cost Category	Costs	Other Revenue	Net Adjustment
Revenue-funded capital	$7,008,000		
STP Nuclear Operating Company – firm revenue requirement offset		$1,110,000	
City of Austin Lake Travis diversions – firm revenue requirement offset		$492,000	
Interest income		$1,799,000	
Total	**$7,008,000**	**$3,401,000**	**$3,607,000**

Firm Water Billing Units – 2027 Rate

Customer Type	A Maximum Annual Quantity (a-f)	Firm Water Billing Units (a-f) B Use	 C (A-B)*50% Reservation*	 D (B+C) Total	% of Total Firm Billing Units
Municipal	190,980	86,862	47,838	134,700	68.2%
Industrial	33,779	12,425	10,677	23,102	11.7%
Power generation	33,720	20,037	6,842	26,879	13.6%
Other	14,643	11,058	1,846	12,904	6.5%
Total firm billing units		**130,382**	**67,203**	**197,585**	**100.0%**

*Not all contracts have the same reservation terms.

Firm Water Rate Calculation

Cost Category	Costs
River management – firm water customer share	$21,316,000
Water debt obligation and coverage	$9,714,000
Other adjustments	$3,607,000
Total firm water costs	**$34,637,000**
Divided by: firm water billing units (a-f)	**197,585**
Equals: firm rate ($/a-f)	**$175.00**

Rates Update Timeline

Date	Activity
Aug. 3 - Sept. 1, 2026	Public comment period
Aug. 19, 2026	LCRA Board discussion
Sept. 23, 2026	Request LCRA Board approval
January 2027	If approved, rates go into effect for the January billing period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