Proposed Changes to Firm Water Contract Rules and Standard Terms

Water Operations Committee Meeting
Oct. 18, 2022
Some of the Proposed Changes

- Approval of pending contracts and notice requirements
- Requests for early termination or reduction in contract quantity
- Exceedances of the contracted quantity
- Meter testing
- Water conservation measures
Some of the Proposed Changes (Continued)

- Dispute resolution procedures
- Charges for noncompliance
- Reduction in quantity for nonuse

Note: All proposed changes will be available on www.lcra.org for review and comment later this year before Board consideration
Approval of Contracts

• Current provision:
  – LCRA Board action is required to approve contracts for 500 acre-feet or more or for nonstandard contracts or amendments

• Alternative provision:
  – Board action is required for:
    ▪ Contracts less than 1,000 a-f per year only if the contract reflects a new or increased commitment of at least 500 a-f; or
    ▪ Contracts of 1,000 a-f or more that are new or a replacement
Notice Requirements

• Current provision:
  – For contracts that require Board action, notice is required in the newspaper and mailed to county commissioners

• Alternative provision:
  – Remove newspaper notice requirement and instead provide notice on the LCRA website
Requests for Early End of Contract or Reduction in Contracted Amount

• Applies only to contracts of 500 a-f or more

• Current provision:
  – Allow for reducing the contract once every five years in a stepped manner of up to 25% of the original amount

• Alternative provision:
  – Allow for reducing the contract every 12 months by whichever is greater: up to 250 a-f or 25% of the original contracted amount
Exceeding Contracted Quantity

• Current provisions:
  – If water use exceeds the contracted quantity, the customer is subject to an excess use charge
  – For exceedances in two out of four consecutive years, the customer must apply for a new contract

• Additional provisions:
  – Customer may adopt additional water conservation measures
  – Subsequent exceedances trigger higher recurring excess use fees
Meter Testing

• Current provisions:
  – Meter testing is required every 12 or 24 months
  – If three months past due, monthly administration fees occur

• Additional provisions:
  – After three months past due, $100 administrative fee applied monthly
  – After six months past due, monthly water use will be assumed as the greater of one-twelfth of the Maximum Annual Quantity, or the prior year’s use for the given month, or the reported metered amount.
  – After nine months past due, a 25% surcharge applied to all water use and reservation fees
Water Conservation Measures

• Current provision:
  – Domestic use and landscape irrigation or recreation users follow an outdoor watering schedule of no more than twice per week

• Alternative provision:
  – Twice-per-week watering schedule required for all water contracts
  – Includes specific limitations on irrigated landscapes
Dispute Resolution

• Current provision:
  – The dispute resolution process has opportunities for resolution between parties including mandatory arbitration

• Alternative provision:
  – Remove mandatory arbitration
Charges for Noncompliance

• **Current provision:**
  – After providing notice and an opportunity to become compliant, LCRA may terminate a contract

• **Additional provision:**
  – Add fees
Reduction in Contracted Quantity for Nonuse

• Current provision:
  – If a customer has not used 10% of contracted quantity by year 10, the contract is subject to reduction in quantity or termination

• Alternative provision:
  – Repeated nonuse or use significantly less than the contracted quantity would make the contract subject to reduction in quantity or termination
Public Comments

• Public comment period from Sept. 16 through Oct. 14
• Comments currently are under review
Next Steps

• Review comments

• Revise proposed changes as appropriate

• Request approval of the revised firm water rules and standard contract form at the Nov. 16 Board meeting