Proposed Changes to Firm Water Contract Rules and Standard Terms

Planning and Public Policy Committee Meeting
June 15, 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, provide notice on LCRA website
Requests for Early End of Contract or Reduction in Contracted Amount

• Current provision:
  – For contracts of 500 a-f or more, reducing or ending the contract early must occur in a stepped manner of no more than 25% of the original amount once every five years

• Alternative provision:
  – Allow for a reduction of up to the greater of 250 a-f or 25% of the original contracted amount every 12 months
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:
  – Starting at three months past due, $100 administrative fee applied monthly
  – Starting at six months past due, an additional charge of assumed water use: the greater of one-twelfth of the maximum annual quantity per month or the prior year’s use for the given month
  – Starting at nine months past due, a 25% surcharge on 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 includes 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, 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
Next Steps

• Summer: customer meetings to discuss current contract and proposed rule changes

• Late summer: proposed changes posted on www.lcra.org for public comment

• Fall: proposed changes presented to the LCRA Board for consideration