LCRA Agricultural Division Water Rates for Calendar Year 2027

Water Operations Committee Meeting

Kelly Payne, Senior Vice President
of Water Operations

Nov. 9, 2026



Colorado River

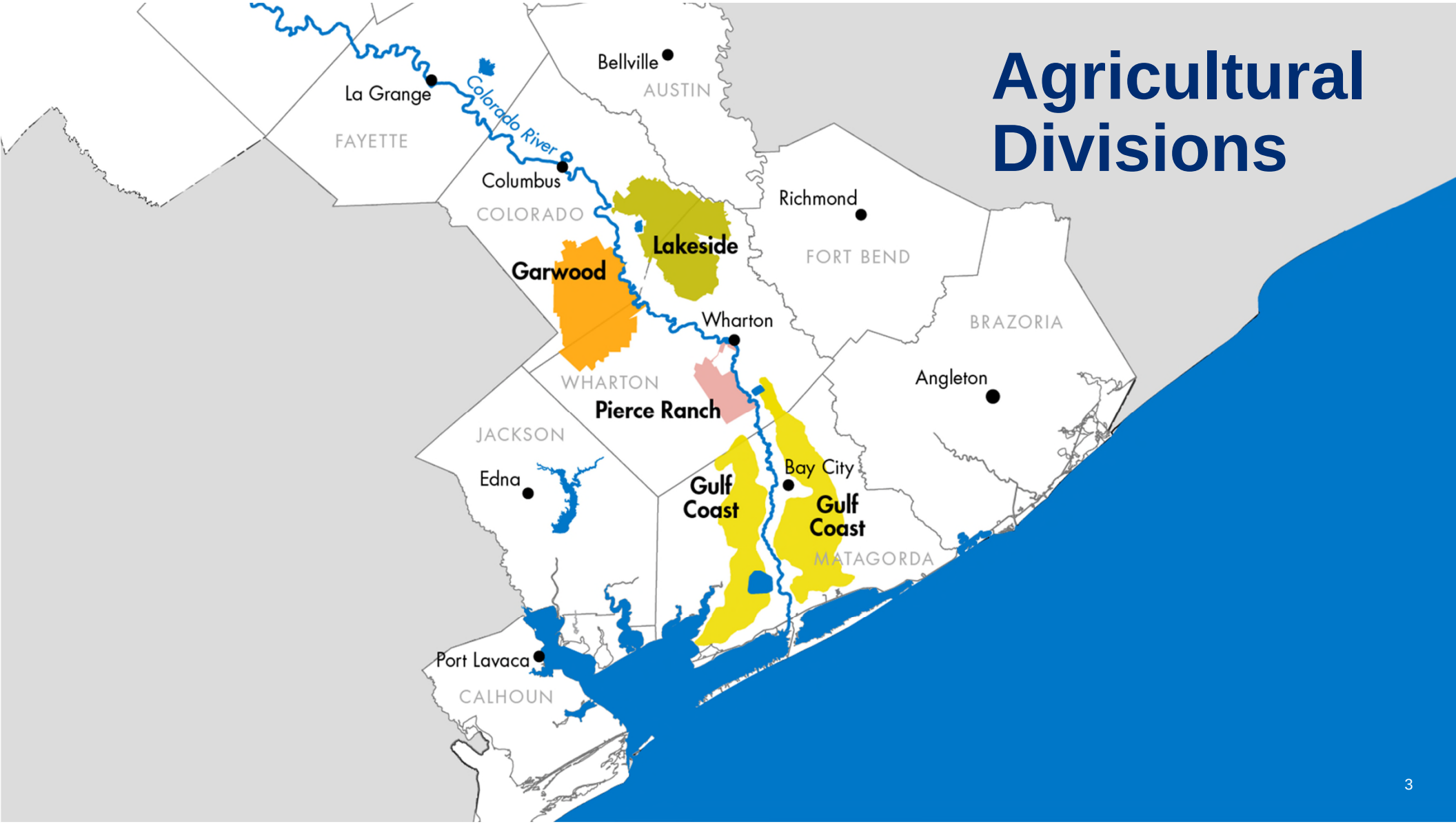
Water Rates Overview

Firm rate pays for:	Interruptible rate pays for:
Allocated portion of river management (85.7%)	Allocated portion of river management (14.3%) – Gulf Coast and Lakeside agricultural divisions only
Water supply debt (100%)	Irrigation systems debt (100%)
Other adjustments and revenue requirement offsets (100%)	Irrigation canals water delivery (100%)

Reasons for Our Discussion Today

- Interruptible rates, contract rules and Drought Contingency Plan changes are adopted in January for the growing season
- Proposing to change the methodology for allocating Gulf Coast canal system costs between industry and agriculture due to decreasing agriculture customers

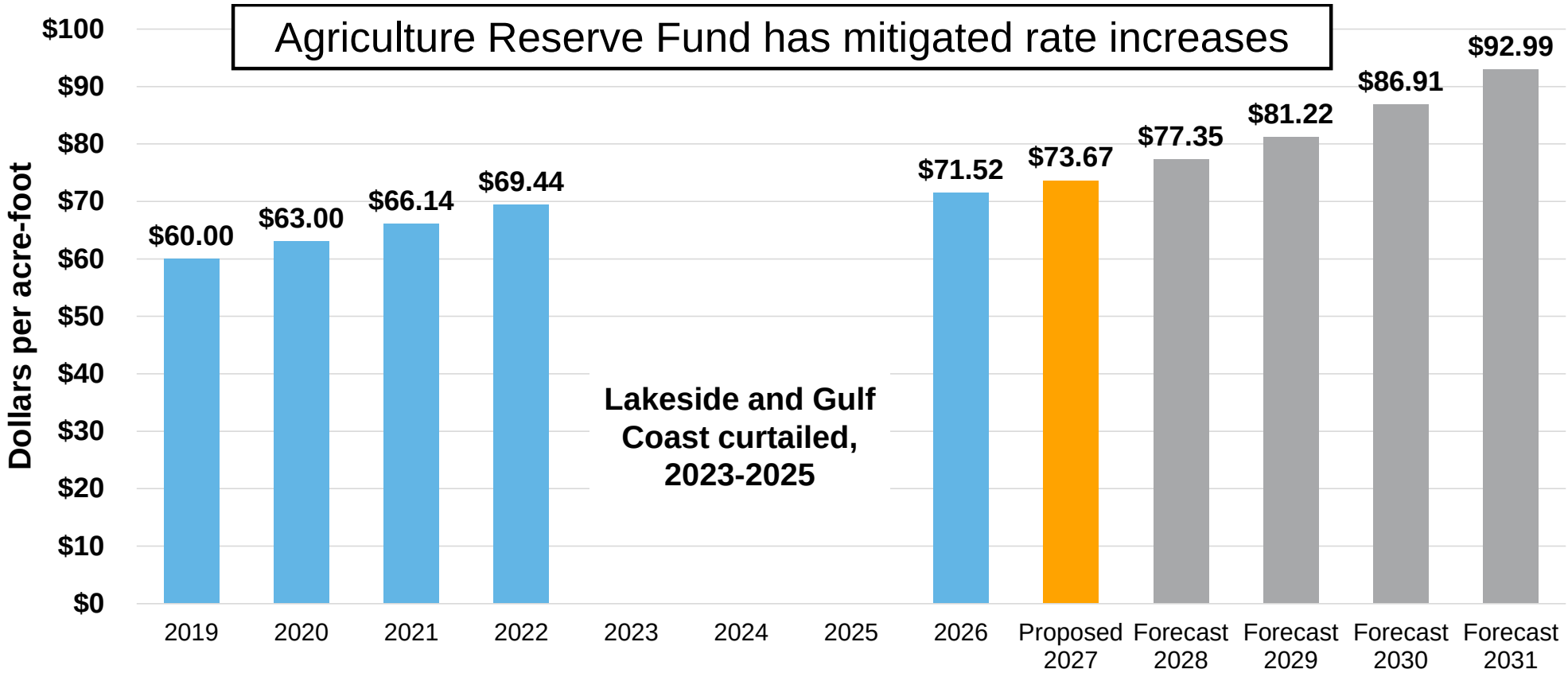
Agricultural Divisions



Agricultural Interruptible Rates – Key Issues

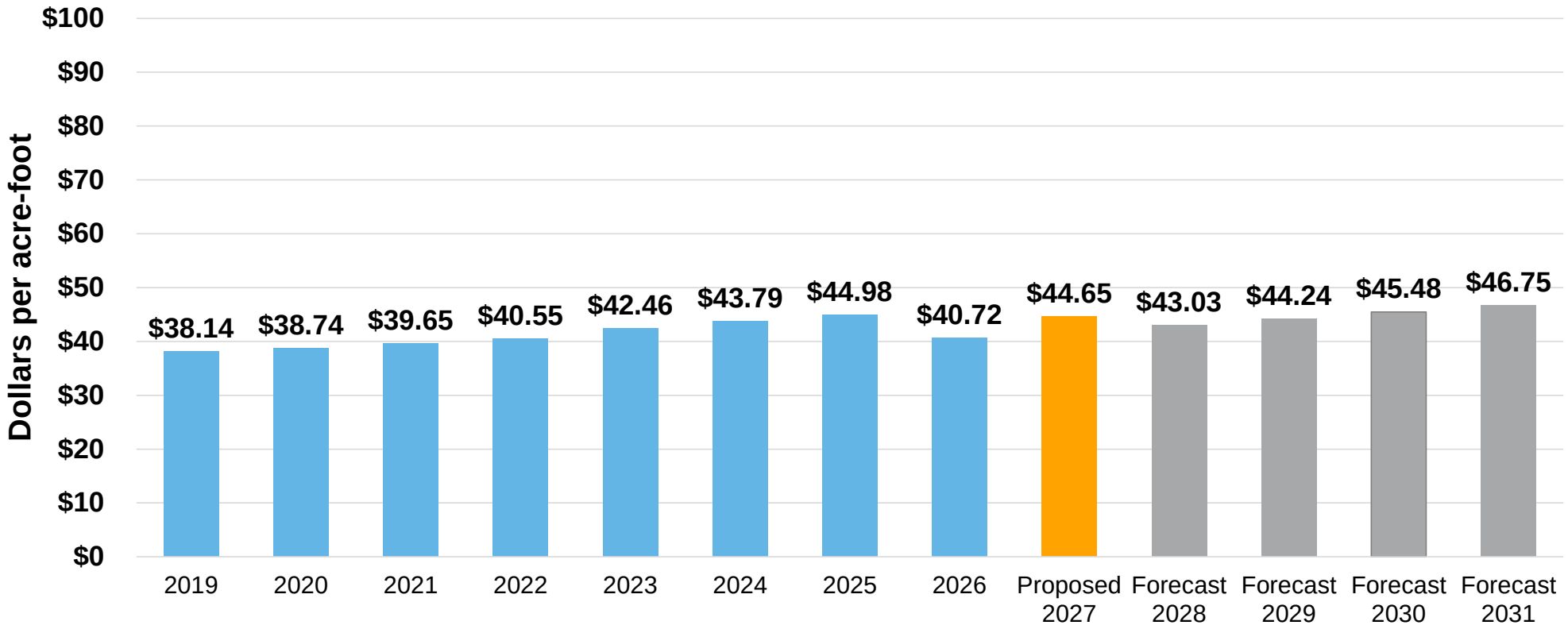
- Increases in interruptible rates are proposed for Gulf Coast, Lakeside and Garwood agricultural divisions
- Agriculture Reserve Fund original balance: $13 million
  - Balance as of June 30, 2026, was $2.5 million
    - Projected to be depleted by early calendar year 2027; deficit will be offset with funds from LCRA Strategic Reserve Fund
    - Agriculture Reserve Fund and future rates will be evaluated during the fiscal year 2028 planning cycle

Lakeside and Gulf Coast Agricultural Divisions Interruptible Rate History and Forecast*



*Forecast rates based on FY 2027 business plan and are subject to change

Garwood Agricultural Division Interruptible Rate History and Forecast*



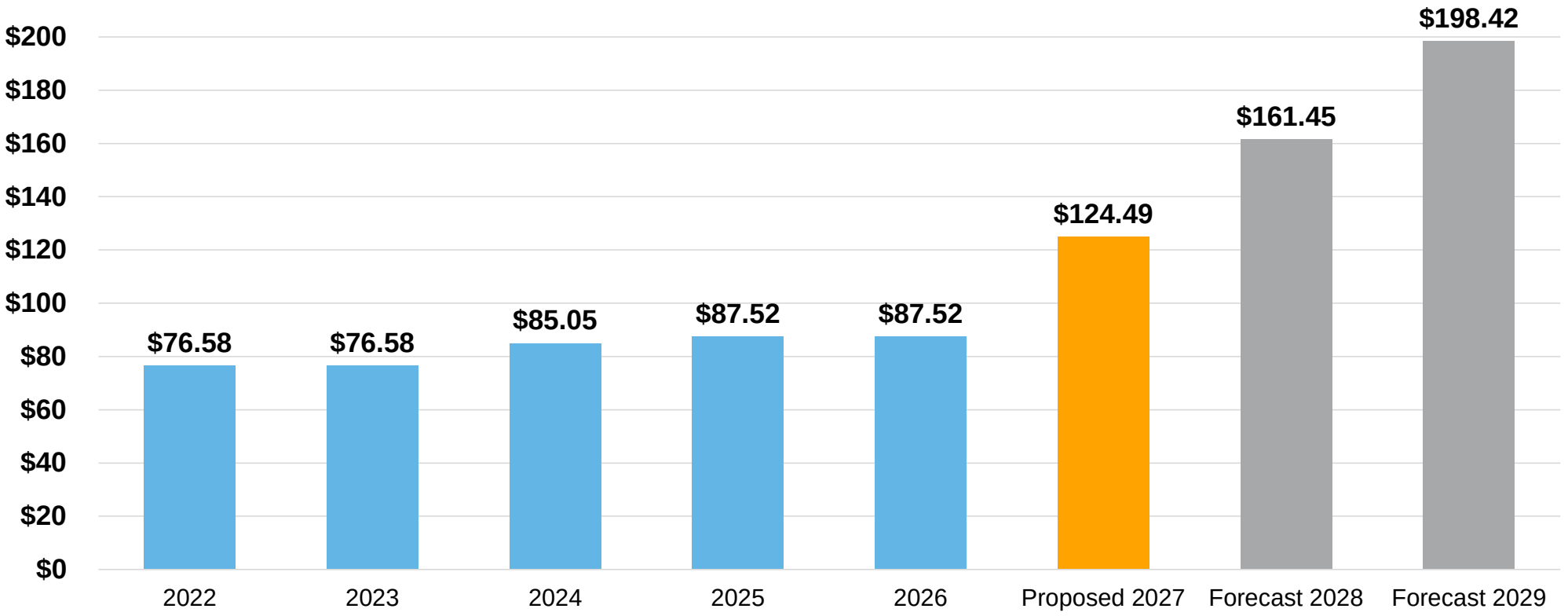
Rates shown reflect a weighted average of one-lift or two-lift rates

*Forecast rates based on FY 2027 business plan and are subject to change

Industrial Distribution Rate – Key Issues

- Declining and/or curtailed interruptible water deliveries in Gulf Coast Agricultural Division impacting cost allocations
- Proposed new allocation methodology of Gulf Coast operational costs allocates between industry and agriculture based on expected billing units

Gulf Coast Agricultural Division
Industrial Distribution Rate History and Forecast*



Gulf Coast industrial rate would be effective in July 2027
*Forecast rates based on FY 2027 business plan and are subject to change

Other Rate Changes – CY 2027

	CY 2027 Rate	CY 2026 Rate	Change	
			Amount	Percent
Gulf Coast temporary firm delivery rate (dollars per a-f)	$103.63	$77.52	$26.11	33.7%
Lakeside temporary firm delivery rate (dollars per a-f)	$54.88	n/a	n/a	n/a
Groundwater delivery fee	**$75.00***	**$30.00****	**$45.00**	**150%**
Irrigation coordinator callout fee (dollars per hour)	**$75.00**	**$75.00**	**n/a**	**n/a**

*Includes charge for first structure plus $37.50 per day for each additional structure
**Includes charge for first structure plus $15 per day for each additional structure

Summary and Timeline

- Interruptible water availability driven by conditions on March 1, 2027
- Increase in interruptible rates; effective in January 2027 billing period*
- No proposed rules or Drought Contingency Plan changes for 2027
- Interruptible water rates timeline
  - Meet with customers in the lower basin in early December 2026
  - Post on website for review and comment in December 2026
  - Close comment period in early January 2027
  - Seek approval at the January 2027 Board of Directors meeting

*Gulf Coast industrial rate would be effective in July 2027


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Appendix

Lakeside Agricultural Division Rate – CY 2027

(Dollars in thousands unless otherwise noted)	CY 2027 Rate	CY 2026 Rate	Change	
			Amount	Percent
Water delivery costs	$2,762	$3,009	($247)	(8.2%)
Add: allocated river management costs	$2,046	$2,636	($590)	(22.4%)
Total costs – full-cost recovery	**$4,808**	**$5,645**	**($837)**	**(14.8%)**
Less: Agriculture Reserve funds used	($1,100)	($1,627)	($527)	(32.4%)
Rate recovery costs	**$3,708**	**$4,018**	**($310)**	**(7.7%)**
Divided by billing units (acre-feet)	**50,326**	**56,186**	**(5,860)**	**(10.4%)**
Recommended Lakeside rate (dollars per a-f)	**$73.67**	**$71.52**	**$2.15**	**3.0%**

Garwood Agricultural Division Rate – CY 2027

(Dollars in thousands unless otherwise noted)	CY 2027 Rate	CY 2026 Rate	Change	
			Amount	Percent
Water delivery costs	$2,764	$2,768	($4)	(0.1%)
Add: allocated river management costs	n/a	n/a	n/a	n/a
Total costs	**$2,764**	**$2,768**	**($4)**	**(0.1%)**
Divided by billing units (a-f)	**61,902**	**67,969**	**(6,067)**	**(8.9%)**
Recommended Garwood rate – weighted average (dollars per a-f)	**$44.65**	**$40.72**	**$3.93**	**9.7%**
Garwood rate – one lift (83% of total volume)	$43.32	$39.51	$3.81	9.7%
Garwood rate – two lifts (17% of total volume)	$51.35	$46.83	$4.52	9.7%

Gulf Coast Agricultural Division Rate – CY 2027

(Dollars in thousands unless otherwise noted)	CY 2027 Rate	CY 2026 Rate	Change	
			Amount	Percent
Water delivery costs	$2,364	$2,448	($84)	(3.4%)
Add: allocated river management costs	$928	$1,482	($554)	(37.4%)
Total costs – full-cost recovery	**$3,292**	**$3,930**	**($638)**	**(16.2%)**
Less: Agriculture Reserve funds used	($1,611)	($1,671)	($60)	(3.6%)
Rate recovery costs	**$1,681**	**$2,259**	**($578)**	**(25.6%)**
Divided by billing units (a-f)	**22,813**	**31,581**	**(8,768)**	**(27.8%)**
Recommended Gulf Coast agriculture rate (dollars per a-f)	**$73.67**	**$71.52**	**$2.15**	**3.0%**

Gulf Coast Industrial Rate – CY 2027

(Dollars in thousands unless otherwise noted)	2027 Rate*	CY 2026 Rate	Change	
			Amount	Percent
Gulf Coast costs allocated to industry	$1,173	$927	$246	26.5%
Divided by: Gulf Coast industrial billing units (a-f)	9,421	10,599	(1,178)	(11.1%)
Proposed Gulf Coast industrial distribution rate (dollars per a-f)	**$124.49**	**$87.52**	**$36.97**	**42.2%**

Gulf Coast operational costs allocated between industry and agriculture based on expected billing units adjusted for frequency of interruptible water curtailment

*Rate would be effective in fall 2027