# Appendix B-2

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# BRA Policy for Water Sale and Use / Raw Water Sale Procedure

BRAZOS RIVER AUTHORITY

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**WACO, TEXAS**

**OPERATIONS PROCEDURE NUMBER 6.01** **DATE: 2/01/2006**

# RAW WATER SALE

## 1. PURPOSE:

To provide procedures for raw water sales.

## 2. BACKGROUND:

The Brazos River Authority (Authority) has statutory responsibility to develop and conserve water supplies and make those supplies available for beneficial use. The Authority will effectively manage existing supplies while developing additional sources to meet increased demands.

## 3. POLICY:

Policy 6.05 describes the Authority's Water Sale and Use policy. The Authority encourages proper planning and wise use of the water resources of the Brazos River Basin. The Authority encourages all entities to timely contract for reasonable water needs.

## 4. APPLICABILITY:

This procedure applies to all raw water sales. The General Manager/CEO will make all final decisions as to sales, in accordance with Board-approved policies.

## 5. PROCEDURES:

### *Sales of Raw Water*

Policy 6.05 also defines the Selling Preference of the Authority with regard to raw water as follows: 1) Domestic and Municipal; 2) Agricultural and Industrial; 3) Mining and Recovery of Minerals; 4) Hydroelectric Power; 5) Navigation; 6) Recreation and Pleasure; and 7) Other Beneficial Uses. Requests to purchase raw water may additionally be reviewed based on other criteria, including: intended use; demonstrated or projected need; available supply; consistency with the State Water Plan; and other factors as appropriate.

*A. Water Needs Evaluation*

The State Water Plan 50-year water needs may be used as a guide for demonstrated or projected need. Applicants that believe their long-term water needs are not accurately reflected in the State Water Plan will be encouraged to participate in the Regional Planning process to have their water needs evaluated in the Regional Water Plan and subsequent State Water Plan.

*B. Water Conservation and Drought Contingency Plans Required*

Applicants required by Texas Commission on Environmental Quality (TCEQ) rules to a have Water Conservation Plan and/or a Drought Contingency Plan must have those plans approved by TCEQ and the plans must not be in conflict with the Authority's Water Conservation and Drought Contingency Plans.

### *Allocation*

In the event that a Customer possesses more than one raw water sales contract with the Authority for diversion of water, from the same Point of Diversion, water use or consumption shall be calculated such that any use or consumption shall be applied to each successive contract in date order, from oldest to most recent.

If a shortage of water results from drought, accident, or other cause, the Authority shall divide the water to be distributed among all Customers pro rata, according to:

(1) the amount of water to which each Customer may be entitled; or

(2) the amount of water to which each Customer may be entitled, less the amount of water the customer would have saved if the Customer had operated its water system in compliance with the Authority's Water Conservation and Drought Contingency Plans.

### *Available Resources*

The Authority will strive to meet water needs, to the extent possible, from the Authority's available water supplies. The Authority will practice sound water management techniques to assure that all contractual commitments will be met while making the best use of existing water supplies. The Authority will periodically evaluate current and projected water use and take appropriate steps to have water supplies available to meet the Authority's contractual commitments. The Authority will make the final determination regarding if and how much water it can make available from these sources.

### *Delivery and Diversion*

The Point of Delivery is the Authority's Water Supply System.

The Point of Diversion for a Customer may be the perimeter of reservoirs, along pipelines, downstream of reservoirs, or other points as may be designated by the Authority.

The cost of transporting water from the Point of Delivery to the Customer's location of use (Point of Diversion) will be borne by the Customer.

### *Resale to a Third-Party*

Upon approval by the Authority in writing, the Authority will allow a Customer to resell raw water to a Third-Party, so long as the use of such raw water is consistent with the Authority's adopted Water Management Plan and the Third-Party acknowledges the obligations and duties provided for in the Authority's existing contract(s).

### *Return of Contracted Water*

The Authority will allow return of raw water from a Customer under the following set of conditions:

1. The Customer shall indicate, in writing, the amount of raw water requested to be returned;
2. The Authority will seek to identify an alternative Customer for the raw water to be returned;
3. At the end of no less than twelve months following the initial written request and effective the subsequent Fiscal Year of the Authority, the Authority shall begin to reduce that Customer's obligation by an amount equal to twenty (20) percent of the total requested return and continue to reduce such obligation by twenty (20) percent each year until all the raw water to be returned has been removed from the Customer's contractual obligation; and
4. The Authority reserves the right to accept the outstanding balance of raw water requested to be returned at its sole discretion.

### *Transportation Losses*

The Authority will work with each Customer to analyze the demands and expectations of the Customer, with respect to delivery of raw water to that Customer. The Authority will evaluate the Customer's request for raw water and estimate potential Transportation Losses that may be expected. Transportation Losses shall be the responsibility of the Customer.

### *Waiver Authority*

The General Manager/CEO may make exceptions to this Operations Procedure when it is deemed in the best interests of the Authority in accordance with Board-approved policies. These methodologies may include the price of the raw water, transportation/infrastructure costs, administrative allowances, and other fiscal implications that may affect the costs to the Customer.

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