Ratification of the 2019 Rates for the Replacement Water Supply Agreements (2-Tier Contracts)

Presented by
David Thompson
Chief Financial Officer
Ratification of 2-Tier Rates

• Replacement Water Supply Agreements (2-Tier) were created as the negotiated settlement of a rate case filed in 1991.
• There are fourteen 2-Tier agreements, 98,999 ac-ft.
• Referred to as 2-Tier because there are two rates.
  ▪ Activated Water (Election water) rate.
  ▪ Not Activated (Option-water) at $\frac{1}{2}$ the Election rate.
Ratification of 2-Tier Rates

• In July we present the estimated 2019 2-Tier rate in our Customer meetings and Board meeting.

• Annual Rate Increase is calculated using the change in the Consumer Price Index (CPI) for the month of November from 1990 base CPI in a defined formula per the agreement.

• The November CPI is published in mid to late December, therefore the 2-Tier rate is calculated at this time for 2019.

• Letters are sent out to the 14 customers in December notifying them of the proposed new 2-Tier rates.
Ratification of 2-Tier Rates

• The proposed new 2019 rates require Board ratification in January.

• Proposed rate increase:
  ▪ Activated Water (Election water) $27.30 to $27.58
  ▪ Not Activated (Option-water) $13.65 to $13.79

• Once approved we bill the 2-Tier customers.
“BE IT RESOLVED that the Board of Directors of the Brazos River Authority hereby ratifies the 2019 rates of $27.58 per acre-foot for Election Use Water and $13.79 per acre-foot for Option Use Water as adjusted in accordance with the formula stated in the existing Replacement Water Supply Agreements.”