Ratification of the 2018 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 14 2-Tier agreements, 98,999 ac-ft.
- Referred to as 2-Tier because there are two rates.
  - Used Water (Election water) rate.
  - Not Used (Option-water) at ½ the Election rate.
Ratification of 2-Tier Rates

- In July we present the estimated 2018 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 2018.
- Letters are sent out to the 14 customers in December notifying them of the new 2-Tier rates.
Ratification of 2-Tier Rates

• The proposed new 2018 rates require Board ratification in January.
• Proposed rate increase:
  – Used Water (Election water) $27.04 to $27.30
  – Not Used (Option-water) $13.52 to $13.65
• Once approved we bill the 2-Tier customers.
Ratification of 2-Tier Rates

The following resolution is presented for consideration to the Board of Directors of the Brazos River Authority for adoption at its January 29, 2018 meeting:

“BE IT RESOLVED that the Board of Directors of the Brazos River Authority hereby ratifies the 2018 rates of $27.30 per acre-foot for Election Use Water and $13.65 per acre-foot for Option Use Water as adjusted in accordance with the formula stated in the existing Replacement Water Supply Agreements.”