



# ***Ratification of the 2020 Rates for the Replacement Water Supply Agreements (2-Tier Contracts)***

***Presented by  
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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 ½ the Election rate.**



# ***Ratification of 2-Tier Rates***

- In July we present the estimated 2020 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 2020.
- 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 2020 rates require Board ratification in January.**
- **Proposed rate increase:**
  - **Activated Water (Election water) \$27.58 to \$27.82**
  - **Not Activated (Option-water) \$13.79 to \$13.91**
- **Once approved we bill the 2-Tier customers.**



# ***Ratification of 2-Tier Rates***

**“BE IT RESOLVED that the Board of Directors of the Brazos River Authority hereby ratifies the 2020 rates of \$27.82 per acre-foot for Election Use Water and \$13.91 per acre-foot for Option Use Water as adjusted in accordance with the formula stated in the existing Replacement Water Supply Agreements.”**



Brazos River Authority



**Brazos**

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