



Ratification of the 2018 Rates for the Replacement Water Supply Agreements (2-Tier Contracts)

***Presented by
David Thompson
Chief Financial Officer***

Meeting Date: January 29, 2018



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.”



Brazos River Authority