



May 17, 2005

Mr. Ray A. Wilkerson  
Chairman  
LCRA Board of Directors

Re: Customer recommendations regarding HB 1437

Dear Mr. Wilkerson:

Below is a list of recommendations from the LCRA customer base related to House Bill 1437.

The water customers impacted by this legislation would request that the LCRA Board consider the following list of recommendations related to House Bill 1437. We realize that staff, consultants, and the LBJ School have spent great amounts of time on this project and we have only had limited time to review it, but we feel that including these recommendations would improve the current draft study being considered. We would propose the following for your consideration:

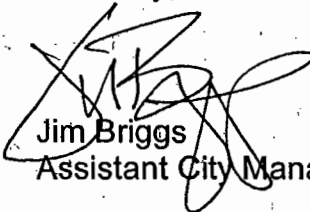
- 1) Establish a Customer advisory committee with the same input status as that of the Ag Committee or expand the Ag committee to include members from the Williamson County Customer Group so we have parity and adequate representation.
- 2) Evaluate the impact of removing 25,000 acre feet of water from the basin and determine the true "adverse impact" as stated in HB 1437 based sound upon sound engineering science. Establish meaningful criteria based upon engineering science related to the impacts to the basin.
- 3) Recalculate the costs using debt financing for the infrastructure considering a long term contract instead of the current 10-year out provision that prevents debt financing.
- 4) Time the implementation of mitigation measures to coincide with actual "adverse affects of the transfer of water to Williamson County", which will coincide with full use of Combined Firm Yield, less Williamson County's proposed diversion.

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5) Specify a reasonable fixed maximum surcharge (10% to 15%) to the LCRA water rates to build a fund for future mitigation costs. This will also allow Williamson County users the opportunity to make sound financial projections for costs associated with the use of this water.

We appreciate the opportunity to provide this input. Please feel free to contact me at 930-3889, if you have any questions or require additional information.

Sincerely,



Jim Briggs  
Assistant City Manager for Utility Operations

JHB/lw

Attachments:

**Summary of Facts and Recommendations  
for the LCRA Water Committee – May, 2005 Meeting  
by the Williamson County Water Utilities:  
Liberty Hill WSC, City of Georgetown, City of Round Rock, Chisholm Trail SUD**

**May 17, 2005**

**Facts:**

1. Liberty Hill WSC, City of Round Rock, City of Georgetown and Chisholm Trail SUD (PURCHASERS) have contract have contracted for raw water from the BRA, to be transferred from the Colorado River watershed to Williamson County.
2. This interbasin transfer of water (25,000 acre-feet per year, or 4.7% of LCRA firm yield water) was authorized in 1999 by the 43<sup>rd</sup> Texas Legislature House Bill 1437.
3. Williamson County is a part of the LCRA Water Service Area.
4. HB 1437 includes a provision that requires the LCRA Board of Directors to determine whether the method of transfer results in “no net loss” to the Colorado watershed.
5. Consultants hired by the LCRA have developed a draft proposal that defines “no net loss” to effectively mean “no loss” to the watershed, and requires prohibitively expensive mitigation measures in advance of any interbasin transfer of water.
6. PURCHASERS deem that this is by no measure a reasonable or practical approach to the definition and implementation of “no net loss”.
7. Total firm yield of LCRA raw water is 535,812 acre-feet per year, and current total annual diversion is approximately 20-22% of your firm yield.
8. Any amount of water up to the maximum 25,000 acre feet per year of water diverted to Williamson County under HB 1437 for the foreseeable future would have no negative effect on other stakeholders in the Colorado watershed.
9. Costly and improperly timed mitigation measures, as devised by LCRA consultants, would create an unacceptable financial burden on PURCHASERS.
10. The LCRA Water Management Plan states:  
*The firm demands for stored water over the next ten years are low relative to the firm supplies from the Combined Firm Yield. Thus, curtailment of firm demands is not likely in the next decade, even under a recurrence of extreme drought conditions. A large surplus in firm stored water supplies is therefore available to meet interruptible stored water needs without placing at risk the stored water needed for firm water users in the next decade.*

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**Recommendations:**

1. Establish a Customer Advisory Committee or include Williamson County customers as full members of the Agricultural Advisory Committee.
2. Evaluate the actual adverse effect of diverting up to 25,000 acre-feet of water from the Colorado basin based upon sound engineering.
3. Define “no net loss”, as specified in HB1437 as “no loss of water to the Colorado watershed with full use of Combined Firm Yield”.
4. Time the implementation of mitigation measures to coincide with actual “adverse affects of the transfer of water to Williamson County”, which will coincide with full use of Combined Firm Yield, less Williamson County’s proposed diversion.
5. Specify a reasonable fixed maximum surcharge (10% to 15%) to the LCRA water rates to build a fund for future mitigation costs. This will also allow Williamson County users the opportunity to make sound financial projections for costs associated with the use of this water.