

GULF COAST WATER AUTHORITY
FY 2018 RATE ORDER

THE STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

RECITALS

WHEREAS, the Gulf Coast Water Authority (the "Authority"), a conservation and reclamation district under the provisions of Section 59, Article XVI of the Texas Constitution created and operating under the provisions Chapter 712, Acts of the 59th Legislature, Regular Session, 1965 (originally codified as Article 8280-339, Vernon's Texas Civil Statutes), as amended, and

WHEREAS, the Authority is the holder of permits and other rights for the, diversion, withdrawal, transport, storage and treatment of water from the Brazos River, Jones Creek, Oyster Creek, Chocolate Bayou, Mustang Bayou, and Hall's Bayou ("Raw Water"), and

WHEREAS, the Board of Directors previously adopted rates for the Fiscal Year 2017 [September 1, 2016 - August 31, 2017] on August 16, 2016, and the Board adopts these rates for Fiscal Year 2018 [September 1, 2017 - August 31, 2018], and

WHEREAS, the Authority has entered into certain long term contracts with customers for the sale of raw water and treated surface water, and

WHEREAS, said long term water contracts provide that the Authority may establish and adjust the rate for the sale of raw and treated surface water from time to time, and

WHEREAS, the General Manager is also charged by the Board of Directors with authority to make Interruptible Water sales, and

WHEREAS, municipal customers of the Thomas Mackey Water Treatment Plant (WTP) requested and received amended contracts which authorize the Authority to adopt a revised cost allocation mechanism for Operating Charges for the WTP designed to incentivize water conservation, and

Further, contracts with municipal customers of the WTP now provide that Budgeted Operating Charges shall be allocated among all customers based upon their respective Estimated Annual Usage (prorated monthly) rather than Contract Quantities, and providing for an Annual True-Up of Actual Usage and Actual Operating Expenses after the Authority completes its annual Audit, and

Whereas, the Annual True-Up for customers of the WTP will result in either a refund or surcharge and

Whereas, The Board of Directors approves said refunds or surcharges for fiscal year 2018, and

WHEREAS, the Board of Directors has determined it necessary and prudent to adjust its rate for the sale of Raw and Treated Surface Water, and

NOW THEREFORE, be it ordered by the Board of Directors of the Gulf Coast Water Authority that

ARTICLE I
FINDINGS, EFFECTIVE DATE, APPLICABILITY

Section 1 01 Findings Each of the recitals stated in this Rate Order are hereby adopted as findings of fact of the Board of Directors All statutory and contractual requirements and conditions have been met for the establishment of fees, rates, and charges under this Rate Order

Section 1 02 Effective Date Prior Resolutions or Orders. This Rate Order shall be effective as of September 1, 2017 Any and all previously adopted or stated water rates pertaining to the sale of Raw or Treated Surface Water, is repealed and superseded hereby in all respects as of September 1, 2017

Section 1 03 Applicability This Rate Order shall be applicable to all sales of Raw and Treated Surface Water under any Long Term Water Contract, and to the sale of Interruptible Raw Water Contract, except for irrigation water contracts used in conjunction with agricultural use

ARTICLE II
DEFINITIONS, INTERPRETATIONS, REFERENCES

Section 2 01 Definitions In addition to terms defined elsewhere in this Rate Order, and unless the context requires otherwise, the following terms used in this Rate Order shall have the following meanings and, to the extent applicable, shall serve to supplement terms defined elsewhere in this Rate Order

- (a) "Authority" is defined in the recitals hereto and means and includes the legal successors or assigns of the Gulf Coast Water Authority
- (b) "Customer Contracts" is defined in the recitals hereto and means and includes any amendments or supplements to the Customer Contracts
- (c) "Raw Water" is defined in the recitals hereto and shall mean and include all untreated surface water diverted from Brazos River, Jones Creek, Oyster Creek, Chocolate Bayou, Mustang Bayou, and Hall's Bayou, to which the Authority has rights, powers, and authority under or evidenced by Certificate of Adjudication Nos 12-5168, 12-5322, and 12-5171, and Water Permit No's 5169 and 5357, as amended, issued by the Texas Commission on Environmental Quality or its predecessors
- (d) "Treated Surface Water" is defined as water that is treated and produced by the Thomas Mackey Surface Water Treatment Plant in Texas City, Texas,
- (e) "Water Contracts" is defined in the recitals hereto and means and includes any amendments or supplements to the Raw and Treated Surface Water Contracts, and any substantially similar contract or contracts hereafter entered into by the Authority customer relative to the sale of Water
- (f) "Water Rate" shall mean the rates set forth in Attachment A hereof applicable to the sale of Water to customers

Section 2 02 Interpretations The article, section, and subsection headings of this Rate Order are included herein for convenience of reference purposes only and shall not constitute a part of this Rate Order or affect its interpretation in any respect. Except where the context otherwise requires, words imparting the singular number shall include the plural and vice versa. References to an entity refer to the legal successors of such entity, and to the board of directors, officers, or other officials of such entity where appropriate.

Section 2 03 References Any reference in this Rate Order to a document shall mean such document and all exhibits thereto as amended or supplemented from time to time.

ARTICLE III WATER RATE

Section 3.01 Water Rates (a) Unless otherwise agreed in writing, the Water Rate shall be as stated in Exhibit A, attached hereto.

(a) The various provisions of the Water Contracts, the Addenda, shall govern all matters other than the prevailing rate for the sale of Water, including but not limited to quality, quantity, diversion rates, diversion points, operations, repairs, maintenance, re-sales or exchanges, metering, billing, payment, credits against the Water Rate, collections, late fees, penalties and interest, shortages or water and force majeure, in respect of the sale of Water thereunder.

ARTICLE IV MISCELLANEOUS


Section 4 01 Water Contracts Addenda In the event that any provision of this Rate Order is in conflict with any provision of the Water Contracts, the Addenda, then the terms and provisions of this Rate Order shall control only with respect to the prevailing Water Rate or Reservation Fee, and the Water Contracts, the Addenda, shall control with respect to any other matter.

Section 4 02 Future Amendments As determined necessary by the Authority, the Authority reserves the right to amend from time to time (1) the rates, charges and fees contained in this Rate Order, and (2) any other terms and provisions of this Rate Order.

PASSED AND APPROVED by the Board of Directors on June 15, 2017


Russell Jones, President

ATTEST


Eric Wilson, Secretary

(SEAL)





Gulf Coast Water Authority

Exhibit A

2018 WATER RATES PER MILLION GALLONS (\$/MG)

<u>CANAL System A & B</u>	<u>O&M</u>	<u>Capital</u>	<u>Raw Water</u>	<u>Raw Water Pecan Grove</u>	<u>Option Water</u>
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Rates	82 00	54 38	84 84	267 17	44 24
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<u>CANAL- Chocolate Bayou</u>	<u>O&M</u>	<u>Capital</u>	<u>Raw Water</u>	<u>Option Water</u>
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Rates	45 68	360 37	98 18	100 84
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<u>INTERRUPTIBLE WATER</u>	<u>Interruptible Rates</u>
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Silvercreek Community Association	272 76
Sugar Creek Country Club	365.48
Mainland Concrete	221 22
First Colony Community Services (Fluor)	268 77
First Colony Commons	221 22
Riverbend Country Club	221 22
Diamond K	221 22
Mag Creek Country Club	221 22
Texas City Golf Course	275 10

<u>Thomas Mackey Water Treatment Plant Rates</u>	<u>Raw Water</u>	<u>Capital</u>	<u>O&M</u>
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Rates	275 10	207 85	571 35
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<u>Texas City Reservoir Rates</u>	<u>Raw Water</u>	<u>O&M</u>	<u>Capital</u>	<u>Bonds</u>		
				<u>Industrial Division</u>	<u>Ashland</u>	<u>Water Treatment Plant</u>

Rates	221 22	14 27	20.41	31 02	31 02	19 20
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<u>Texas City Industrial Rates</u>	<u>Power</u>	<u>Raw Water</u>	<u>O&M</u>	<u>Capital</u>	<u>Bonds</u>	
					<u>Texas City</u>	<u>Industrial</u>

Rates	41 87	286 92	39 92	101 27	N/A	49 18
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SPOT RAW WATER (TRUCKED)

\$1,000 minimum up to first million and \$500 per half million thereafter



Gulf Coast Water Authority

**SUPPLEMENT TO EXHIBIT A
2018 WATER RATES**

RAW WATER

	CONTRACT QUANTITY	
	(MGD)	(\$/MG)
<u>CANAL SYSTEM A&B</u>		
Industrial Division	110 7620	221 22
Ascend Performance Materials	17 8660	221 22
Ft Bend WCID#2	4 0000	221 22
Missouri City	15 0000	221 22
Pecan Grove	2 3524	403 56
Sugar Land	10.0000	221 22
Underground Storage	1 6000	221 22
<u>CHOCOLATE BAYOU</u>		
INEOS Olefins and Polymers	15 0000	504 22
<u>OPTION WATER</u>		
Sugar Land	10 0000	44 24
Ft Bend WCID #2	6 5000	44 24
Pearland	10 0000	44 24
INEOS	9 0000	100 84
<u>INTERRUPTIBLE WATER</u>		
Silvercreek Community Association	0 0000	272 76
Sugar Creek Country Club	0 2098	365 48
Mainland Concrete	0 0329	221 22
First Colony Community Services (Fluor)	0 0803	268 77
First Colony Commons	0 0384	221 22
Riverbend Country Club	0 1370	221 22
Diamond K	0 0580	221 22
Mag Creek Country Club	0 4930	221 22
Texas City Golf Course	0 1095	275 10

SPOT RAW WATER-(TRUCKED)

\$1,000 minimum up to first million and \$500 per half million thereafter



Gulf Coast Water Authority

**SUPPLEMENT TO EXHIBIT A
2018 WATER RATES**

RAW WATER - TEXAS CITY RESERVOIR (TCR)

	RAW WATER		O & M		CAPITAL		*BONDS		AVERAGE COST PER (MG) BASED ON CONTRACT QUANTITIES	
	CONTRACT (MGD)	(\$/MG)	CONTRACT (MGD)	(\$/MG)	CONTRACT (MGD)	(\$/MG)	CONTRACT (MGD)	(\$/MG)	CONTRACT (MGD)	(\$/MG)
Industrial Division	60.0620	221.22	60.0620	14.27	60.0620	20.41	60.0620	31.02	60.0620	286.92
Ashland	1.0000	221.22	1.0000	14.27	1.0000	20.41	1.0000	31.02	1.0000	286.92
Thomas Mackey Water Treatment Plant	49.7000	221.22	49.7000	14.27	49.7000	20.41	49.7000	19.20	49.7000	275.10



Gulf Coast Water Authority

**SUPPLEMENT TO EXHIBIT A
2018 WATER RATES**

RAW WATER - TEXAS CITY - INDUSTRIAL

	POWER		RAW WATER		O & M		CAPITAL		BONDS		AVERAGE COST PER (MG) BASED ON CONTRACT QUANTITIES	
	ESTIMATED		CONTRACT		CONTRACT		CONTRACT		CONTRACT		CONTRACT	
	(MGD)	(\$/MG)	(MGD)	(\$/MG)	(MGD)	(\$/MG)	(MGD)	(\$/MG)	(MGD)	(\$/MG)	(MGD)	(\$/MG)
GBR	26 4938	41.87	28.6000	286.92	28.6000	39.92	28.6000	101.27	28.6000	49.18	28.6000	516.07
Dow	8.2748	41.87	12.3910	286.92	12.3910	39.92	12.3910	101.27	12.3910	49.18	12.3910	505.24
Eastman	1.3794	41.87	8.5420	286.92	8.5420	39.92	8.5420	101.27	8.5420	49.18	8.5420	484.04
Valero	2.5732	41.87	6.5100	286.92	6.5100	39.92	6.5100	101.27	6.5100	49.18	6.5100	493.83
Marathon Petroleum	3.8077	41.87	4.0000	286.92	4.0000	39.92	4.0000	101.27	4.0000	49.18	4.0000	517.14
Texas City (Highway 146)	N/A	N/A	0.0190	286.92	0.0190	39.92	0.0190	101.27	N/A	N/A	0.0190	428.10



Gulf Coast Water Authority

**SUPPLEMENT TO EXHIBIT A
2018 WATER RATES**

THOMAS MACKEY WATER TREATMENT PLANT

	RESERVE CAPACITY			O & M ESTIMATED METERED WATER		COST BASED ON ESTIMATED METERED WATER	
	<u>(MGD)</u>	<u>RAW WATER (\$/MG)</u>	<u>CAPITAL (\$/MG)</u>	<u>(MGD)</u>	<u>(\$/MG)</u>	<u>(MGD)</u>	<u>(\$/MG)</u>
Texas City	11 5050	275 10	207 85	6 1500	571 35	6 1500	1,474 82
LaMarque	2 7800	275 10	207 85	2 4150	571 35	2 4150	1,127 26
WCID #1	4 1650	275 10	207 85	2 2000	571 35	2 2000	1,485 67
Bacliff	1 1900	275 10	207 85	0 5700	571 35	0 5700	1,579 62
Bayview	0 3880	275 10	207 85	0 1200	571 35	0 1200	2 132 89
WCID #12	1 0430	275 10	207 85	0 7120	571 35	0 7120	1,279 08
San Leon	1 7850	275 10	207 85	0 6000	571 35	0 6000	2,008 13
League City	2 5440	275 10	207 85	2 0000	571 35	2 0000	1 185 66
Galveston	20 9900	275 10	207 85	14 1250	571 35	14 1250	1,289 02
Hitchcock	1 5000	275 10	207 85	0 8000	571 35	0 8000	1,476.88
WCID #8	1 0000	275 10	207 85	0 5500	571 35	0 5500	1 449 44
MUD #12	0.4500	275 10	207 85	0 2500	571 35	0 2500	1,440 66
FWSD #6	0 3600	275 10	207 85	0 2100	571 35	0 2100	1,399 27