

GULF COAST WATER AUTHORITY
FY 2017 RATE ORDER [AMENDED AND RESTATED]

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 fiscal year 2017 on June 16, 2016, and said adopted rates remain the same with this amended and restated rate order; 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 Thomas Mackey Water Treatment Plant 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 2016; 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, 2016. 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, 2016.

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.

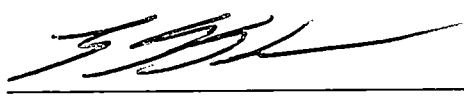
ARTICLE IV
MISCELLANEOUS

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 August 18, 2016.


James McWhorter, President

ATTEST: 

(SEAL)





Gulf Coast Water Authority

Exhibit A

2017 WATER RATES PER MILLION GALLONS (\$MG)

CANAL- System A & B	O&M	Capital	Raw Water	Raw Water - Pecan Grove	Option Water
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Rates 80.00 44.76 79.59 259.95 40.87

CANAL- Chocolate Bayou	O&M	Capital	Raw Water	Option Water
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Rates 133.57 277.81 95.94 101.46

INTERRUPTIBLE WATER	Interruptible Rates
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Silvercreek Community Association 249.52
 Sugar Creek Country Club 355.47
 Mainland Concrete 204.35
 First Colony Community Services (Fluor) 268.77
 First Colony Commons 204.35
 Riverbend Country Club 204.35
 Diamond K 204.35
 Mag Creek Country Club 204.35
 Texas City Golf Course 260.58

THOMAS MACKEY WATER TREATMENT PLANT	Raw Water	Capital	5 Year Note	O&M
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Rates 260.58 191.34 16.03 574.6

INDUSTRIAL RATES (subject to final 2016 Bond Issuance cost)	Power	Raw Water	O&M		Capital		Bond Payment			Pump Station
			Reservoir	Pump Station	Reservoir	Pump Station	Reservoir			Industrial Ashland
							Water Treatment Plant 12 Years	Ashland 21 Years	Industrial 21 Years	

Rates 46.10 204.35 23.24 10.45 19.52 107.47 13.47 4.75 37.39 67.37

SPOT RAW WATER-(TRUCKED)

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

Annual Bond Debt Obligation for each customer is detailed in Appendix C.



Gulf Coast Water Authority

**SUPPLEMENT TO EXHIBIT A
2017 WATER RATES**

RAW WATER

<u>CANAL SYSTEM A&B</u>	<u>CONTRACT QUANTITY</u>	
	<u>(MGD)</u>	<u>(\$/MG)</u>
Industrial Division	110.7620	204.35
Ascend Performance Materials	17.8660	204.35
Ft. Bend WCID#2	4.0000	204.35
Missouri City	15.0000	204.35
Pecan Grove	2.3524	384.71
Sugar Land	10.0000	204.35
Underground Storage	1.6000	204.35
 <u>CHOCOLATE BAYOU</u>		
INEOS Olefins and Polymers	15.0000	507.31
 <u>OPTION WATER</u>		
Sugar Land	10.0000	40.87
Ft. Bend WCID #2	6.5000	40.87
Pearland	10.0000	40.87
INEOS	9.0000	101.46
 <u>INTERRUPTIBLE WATER</u>		
Silvercreek Community Association	0.0000	249.52
Sugar Creek Country Club	0.2098	355.47
Mainland Concrete	0.0329	204.35
First Colony Community Services (Fluor)	0.0803	268.77
First Colony Commons	0.0384	204.35
Riverbend Country Club	0.1370	204.35
Diamond K	0.0580	204.35
Mag Creek Country Club	0.4930	204.35
Texas City Golf Course	0.1095	260.58

SPOT RAW WATER-(TRUCKED)

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

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Gulf Coast Water Authority

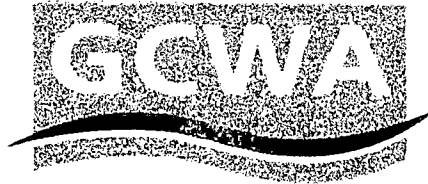
**SUPPLEMENT TO EXHIBIT A
2017 WATER RATES**

RAW WATER - TEXAS CITY

RAW WATER TEXAS CITY (subject to final Bond Issuance)

	POWER		RAW WATER		O & M				CAPITAL				BONDS				AVERAGE COST PER (MG) BASED ON CONTRACT QUANTITIES	
	ESTIMATED		CONTRACT		RESERVOIR		INDUSTRIAL PUMP STATION		RESERVOIR		INDUSTRIAL PUMP STATION		RESERVOIR		INDUSTRIAL PUMP STATION		CONTRACT	
	(MGD)	(\$/MG)	(MGD)	(\$/MG)	(MGD)	(\$/MG)	(MGD)	(\$/MG)	(MGD)	(\$/MG)	(MGD)	(\$/MG)	(MGD)	(\$/MG)	(MGD)	(\$/MG)	(MGD)	(\$/MG)
GBR	23.9418	46.10	28.6000	204.35	28.6000	23.24	28.6000	10.45	28.6000	19.52	28.6000	107.47	28.6000	37.39	28.6000	67.37	28.6000	508.38
Dow	10.7112	46.10	12.3910	204.35	12.3910	23.24	12.3910	10.45	12.3910	19.52	12.3910	107.47	12.3910	37.39	12.3910	67.37	12.3910	509.64
Eastman	1.7715	46.10	8.5420	204.35	8.5420	23.24	8.5420	10.45	8.5420	19.52	8.5420	107.47	8.5420	37.39	8.5420	67.37	8.5420	479.35
Valero	2.1644	46.10	6.5100	204.35	6.5100	23.24	6.5100	10.45	6.5100	19.52	6.5100	107.47	6.5100	37.39	6.5100	67.37	6.5100	485.11
Marathon Petroleum	4.2031	46.10	4.0000	204.35	4.0000	23.24	4.0000	10.45	4.0000	19.52	4.0000	107.47	4.0000	37.39	4.0000	67.37	4.0000	518.23
Texas City (Highway 146)	0.0000	N/A	0.0190	204.35	0.0190	23.24	0.0190	10.45	0.0190	19.52	0.0190	107.47	0.0190	37.39	0.0190	67.37	0.0190	469.79
Water Treatment Plant	0.0000	N/A	49.7000	204.35	49.7000	23.24	0.0000	N/A	49.7000	19.52	0.0000	N/A	49.7000	13.47	0.0000	N/A	49.7000	260.58
Ashland	0.0000	N/A	1.0000	204.35	1.0000	23.24	0.0000	N/A	1.0000	19.52	0.0000	N/A	1.0000	4.75	0.0000	N/A	1.0000	251.87

Annual Bond Debt Obligation for each customer is detailed in Appendix C.



Gulf Coast Water Authority

**SUPPLEMENT TO EXHIBIT A
2017 WATER RATES**

THOMAS MACKEY WATER TREATMENT PLANT

RESERVE CAPACITY

**O & M
ESTIMATED
METERED WATER**

	<u>(MGD)</u>	<u>RAW WATER (\$/MG)</u>	<u>CAPITAL (\$/MG)</u>	<u>NOTE (\$/MG)</u>	<u>TOTAL (\$/MG)</u>	<u>(MGD)</u>	<u>(\$/MG)</u>
Texas City (North Line)	11.2050	260.58	191.34	16.03	467.95	6.1000	574.6
LaMarque (North Line)	2.3800	260.58	191.34	16.03	467.95	2.0990	574.6
WCID #1 (North Line)	3.6650	260.58	191.34	16.03	467.95	1.7860	574.6
Bacliff	1.1900	260.58	191.34	16.03	467.95	0.5300	574.6
Bayview	0.3880	260.58	191.34	16.03	467.95	0.1200	574.6
WCID #12	1.0430	260.58	191.34	16.03	467.95	0.7000	574.6
San Leon	1.7850	260.58	191.34	16.03	467.95	0.5500	574.6
League City	2.5440	260.58	191.34	16.03	467.95	2.0000	574.6
Galveston	20.9900	260.58	191.34	16.03	467.95	14.2640	574.6
Hitchcock	1.5000	260.58	191.34	16.03	467.95	0.8000	574.6
WCID #8	1.0000	260.58	191.34	16.03	467.95	0.5300	574.6
MUD #12	0.4500	260.58	191.34	16.03	467.95	0.3000	574.6
LaMarque (South Line)	0.4000	260.58	191.34	16.03	467.95	0.3160	574.6
FWSD #6	0.3600	260.58	191.34	16.03	467.95	0.2100	574.6
Texas City (South Line)	0.3000	260.58	191.34	16.03	467.95	0.0000	0
WCID #1 (South Line)	0.5000	260.58	191.34	16.03	467.95	0.2120	574.6

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