

Control Number: 43674



Item Number: 47

Addendum StartPage: 0

SOAH DOCKET NO. 473-15-1149.WS  
P.U.C. DOCKET NO. 43674

PETITION FOR REVIEW  
BY THE CITY OF DALLAS  
FROM ACTION OF THE SABINE  
RIVER AUTHORITY AND REQUEST  
FOR INTERIM RATES

§  
§  
§  
§  
§

BEFORE THE STATE OFFICE

2015 APR 2 AM 9:00  
PUBLIC UTILITY COMMISSION  
OF  
FILING CLERK

ADMINISTRATIVE HEARINGS

**CITY OF DALLAS' DOCUMENTS FOR ORAL ARGUMENT AT THE APRIL 2, 2015  
PREHEARING CONFERENCE**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE, WILLIAM NEWCHURCH:

COMES NOW, the City of Dallas ("City" or "Dallas"), and in accordance with SOAH Order No. 6, files this, the documents Dallas will reference and rely on in its oral argument during the Prehearing Conference scheduled for April 2, 2015 at 9:00 a.m. via conference bridge.

Dallas will reference and rely on the following documents:

1. Power Point: Presentation by the City of Dallas, April 2, 2015, Bates stamped Dallas' PHC Doc. 1-25.
2. Affidavit of Terry S. Lowery, Assistant Director for Business Operations, City of Dallas Water Utilities Department, dated December 5, 2014, Bates stamped Dallas' PHC Doc. 26-28.
3. Excerpts of the Sabine River Authority Comprehensive Annual Financial Report for the Fiscal Year Ended August 31, 2014, Bates stamped Dallas' PHC Doc. 29-43.
4. Reprint of Statutes Creating the Sabine River Authority of Texas, as Amended, 1991, Bates stamped Dallas' PHC Doc. 44-54.
5. Untreated Water Purchase Contract between City of Dallas and Luminant Generation Company LLC, dated March 10, 2011, Bates stamped Dallas' PHC Doc. 55-66.

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6. Memorandum of Agreement between City of Dallas and Sabine River Authority of Texas related to Lake Tawakoni, dated July 18, 1955, and attached referenced documents, Bates stamped Dallas' PHC Doc. 67-92.
7. City of Dallas Resolution concerning the Memorandum of Agreement between City of Dallas and Sabine River Authority of Texas related to Lake Tawakoni, dated July 14, 1956, Bates stamped Dallas' PHC Doc. 93-120.
8. Upper Neches River Municipal Water Authority – City of Dallas, Texas, Water Supply and Storage Contract dated February 28, 1972, Bates stamped Dallas' PHC Doc. 121-134.
9. Proposed Order No. 8, Bates stamped Dallas' PHC Doc. 135-143.

Respectfully submitted,

Ileana N. Fernandez  
Executive Assistant City Attorney  
Christopher D. Bowers  
First Assistant City Attorney  
**Office of the City Attorney**  
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By:   
for Norman J. Gordon

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been served via hand delivery, facsimile, electronic mail, overnight mail, US mail and/or Certified Mail Return Receipt Requested on all parties whose names appear on the mailing list below on this 1<sup>st</sup> day of April, 2015.

FOR THE ADMINISTRATIVE LAW JUDGE:

Honorable William G. Newchurch  
Administrative Law Judge  
State Office of Administrative Hearings  
300 W. 15<sup>th</sup> Street, Suite 504  
Austin, Texas 78701  
Phone: 512-475-4993  
Fax: 512-322-2061  
Via Electronic Upload

FOR THE SOAH DOCKET CLERK:

Ms. Monica Luna, Docketing Clerk  
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300 W. 15<sup>th</sup> Street, Suite 504  
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FOR THE PUBLIC UTILITY COMMISSION:

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[Douglas.Brown@puc.texas.gov](mailto:Douglas.Brown@puc.texas.gov)

FOR RESPONDENT, SABINE RIVER AUTHORITY:

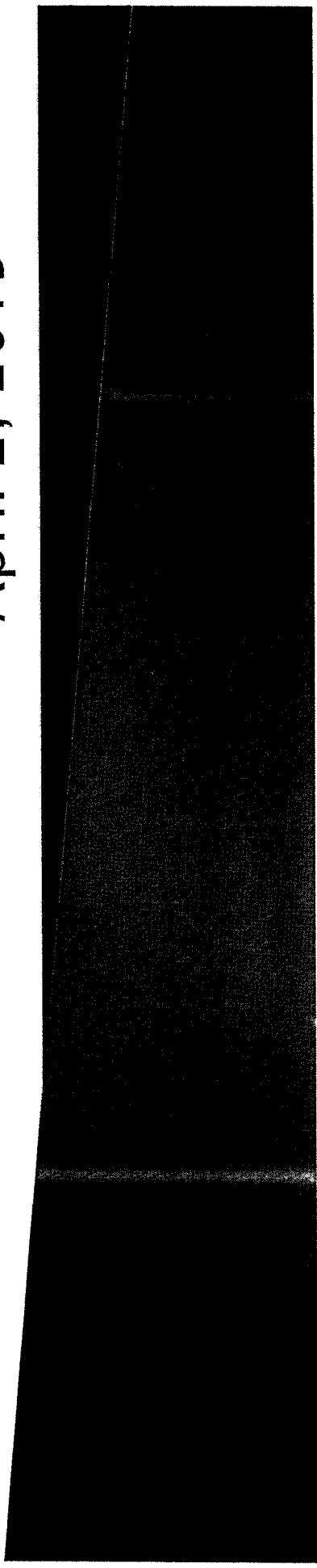
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GWENDOLYN HILL WEBB

**SOAH DOCKET 473-15-1149.WS  
PUC DOCKET 43674**

***RE: PETITION OF THE CITY OF DALLAS  
FOR REVIEW OF A DECISION BY THE  
SABINE RIVER WATER AUTHORITY***

**Presentation by the City of Dallas  
April 2, 2015**

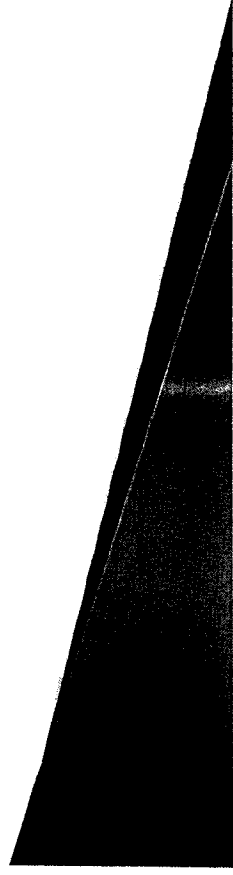


# Outline of presentation

- ▶ The ALJ should set Interim Rates
- ▶ The Interim Rate should be set to preserve the Status Quo prior to November 2, 2014

# The ALJ should set Interim Rates

- ▶ SRA and the City agreed to interim rates in the event of a rate dispute.
- ▶ The Legislature authorized the establishment of interim rates.
- ▶ Interim rates are sound public policy.





# The City and SRA agreed to interim rates

- ▶ SRA/City Agreement § 6.01
  - Initial 33-year Term ended November 1, 2014
  - Renewed for the next 40 years.
- ▶ SRA/City Agreement § 6.02
  - Compensation for Renewal Term (exclusive of Service Charge) shall be determined by mutual agreement of the parties
  - Taking into account such price as prevailing in the general area at the time for like contract sales of water of similar quality, quantity and contract period.
  - In the event the City and the Authority are unable to agree upon the amount of such compensation prior to the expiration of such term, the *Texas Water Commission may establish interim compensation* to be paid by the City to the Authority.

# The Legislature wants interim rates set during rate disputes (1)

## Texas Water Code § 12.013

- ▶ (e) The utility commission *may establish interim rates* and compel continuing service during the pendency of any rate proceeding.
- ▶ (f) The utility commission may order a refund or assess additional charges from the date a petition for rate review is received by the utility commission of the difference between the rate actually charged and the rate fixed by the utility commission, plus interest at the statutory rate.

# The Legislature wants interim rates set during rate disputes (2)

## Texas Water Code § 13.041

- ▶ (c-1) In addition to the powers and duties of the State Office of Administrative Hearings under Title 2, Utilities Code, *the utility commission may delegate* to an administrative law judge of the State Office of Administrative Hearings the responsibility and *authority to issue interlocutory orders related to interim rates* under this chapter.

# The Legislature wants interim rates set during rate disputes (3)

## Texas Water Code § 13.043

- ▶ (h) *The utility commission may*, on a motion by the utility commission or by the appellant under Subsection (a), (b), or (f), *establish interim rates* to be in effect until a final decision is made.

# Interim rates are sound public policy (1)

- ▶ *Canyon Regional Water Authority* (286 S.W.3d 397) (3 cases at SOAH)
  - Amended Petition with TCEQ 11/15/02
  - No Interim Order
  - Abatement Order 1/13/04
  - Partial Summary Judgment in District Court 12/17/04
  - District Court Final Judgment 8/14/06
  - Court of Appeals decision 10/30/08
  - = *6 years without interim rates*

## Interim rates are sound public policy (2)

- ▶ SRA seeks additional \$24.1 million this year and more in subsequent years
- ▶ If timing is similar to *Canyon* case, City may pay SRA an additional \$150 million
  - without any agreement when ultimate rates are set
  - without any proof that SRA needs more money
- ▶ ALJ should set interim rate, subject to refund or surcharge on final order

# The Interim Rate should be set to preserve the Status Quo prior to November 14, 2014

The City has invested huge sums in Lake Fork

- ▶ The City paid for the dam and related facilities
- ▶ The City pays 74% of the O&M expenses
- ▶ The City paid for intake facilities
- ▶ The City paid for metering equipment

**The interim rate should be set to  
Preserve the Status Quo Prior to  
November 14, 2014  
Commission Rule 24.29(16 T.A.C. Sec. 24.29)  
criteria:**

**Economic Hardship to Customer  
Unjust or Unreasonable  
Economic Hardship to Utility**



# SRA Proposed Rate is unjust and unreasonable

The Agreement is unique; SRA has no other contracts where:

- ▶ the customer has paid all the capital costs
- ▶ the customer pays separately for the O&M
- ▶ it charges \$0.5613 per 1,000 gallons for Lake

Fork water

SRA set lower rates for customers which do not pay separately for O&M and have not paid SRA's capital costs.

# 1981 Agreement Provisions (1)

- ▶ § 3.05 (a) City paid semi annual facilities charge (§ 1.15) equal to 100% of the Bond Interest and Sinking Fund Obligations pursuant to the bond resolutions.
- ▶ § 3.05(b) Payment of Service Charge (§ 1.16) effective October 1, 1981—The Payment to enable the Authority to pay the reasonable and necessary costs and expenses directly associated with the operation and maintenance of the Facilities (The reservoir—§ 1.08).

# 1981 Agreement Provisions (2)

- ▶ § 2.04 The City at its own expense shall acquire, construct and provide for Water Intake and withdrawal . . . to enable the City to utilize Water taken by it under this Agreement
- ▶ § 2.05 The City at its own cost and expense shall furnish measuring equipment to measure the water taken under this agreement.

# 1981 Agreement Provisions (3)

- ▶ § 3.07 No provision of this Contract shall ever impose, or be construed as imposing, on the City to make any payments (incl. Facilities Charge, Service Charges or any other charges or costs whatsoever) out of any City funds derived from taxation or to be raised by taxation. *All payments the City is obligated hereunder to make shall be payable and collectible solely from revenues derived from the City's water system. . .*

# 1981 Agreement Provisions (4)

- ▶ § 3.08–City agrees to pay Corporations \$1,440,998.11 bond principal and interest paid prior to execution of the Agreement.
- ▶ § 9.09–This Agreement shall be subject to the approval and continuing jurisdiction of the Texas Department of Water Resources, including the Texas Water Commission, or its successor agency.

# SABINE RIVER AUTHORITY COST AFTER SERVICE CHARGE

- ▶ All debt for the Lake Fork Project has been retired and paid by City of Dallas. There are no outstanding bonds.
- ▶ City of Dallas pays 74% of the Operation and Maintenance Expense which includes Capital Additions, and administrative costs.
- ▶ City of Dallas pays and maintains Intake equipment and Metering equipment.

# SRA has no comparable contracts

- ▶ No Contract exists for SRA where:
  - ▶ the customer has paid all the capital costs
  - ▶ the customer pays separately the Operation and Maintenance Expense
  - ▶ SRA seeks to charge \$0.5613 per 1,000 gallons for Lake Fork water
- ▶ SRA set lower rates for customers which do not pay separately for O&M and have not paid SRA's capital costs.

# Other Contracts

- ▶ City and Luminant
  - ▶ Quality – Raw
  - ▶ Quantity – 12,000 acre feet per year
  - ▶ Quantity – 40 years
  - ▶ Contract Period: set by City
  - ▶ Rate – System rate
  - ▶ Rate – System rate



# Comparable contracts

- ▶ City and SRA for Lake Tawakoni
  - ▶ Quality—Raw Water
  - ▶ Quantity—190,480 acre feet per year
  - ▶ Contract Period—perpetual
  - ▶ Rate—O&M Expense and Debt service A(if any)
  
- ▶ City and Upper Neches River Municipal Water Authority (Lake Palestine)
  - ▶ Quality—Raw Water
  - ▶ Quantity—114,337 acre feet per year
  - ▶ Contract Period—perpetual
  - ▶ Rate—O & M and Debt service (if any)

# Comparison of Charges

- ▶ SRA October 13, 2014 Letter (Ex. D. to Petition)
  - ▶ \$0.5613 per 1,000 Gallons, take or pay 131,860 acre feet per year
  - ▶ Yearly Amount \$24,117,215.93 (325, 851 gallons in one acre foot)
    - ▶ Monthly Billing \$2,009,768 (Exhibit "C" to Affidavit of Terry Lowery, Filed December 5, 2014)
  - ▶ Annual Operation and Maintenance Expense for Lake Fork Project
- ▶ SRA Rate Sheet for 2015 (for Other Customers) (Attachment B to Affidavit of Terry Lowery filed December 5, 2014)
  - ▶ In Basin \$0.116 per 1,000 gallons
  - ▶ Out of Basin \$0.282 per 1,000 gallons
- ▶ Lake Fork Operating Budget for FY 2015
  - ▶ Total \$4,091,356 (Attachment A Page 2--to Affidavit of Terry Lowery Filed December 5, 2014)
- ▶ Dallas Share \$3,033,023 (Attachment A--Page 2 to Affidavit of Terry Lowery Filed December 5, 2014)
- ▶ 6 Year Average \$3,055,275.84 (Attachment/Exhibit B to Affidavit of Terry Lowery

# SRA Enabling Legislation

- ▶ The Board of Directors of the [SRA] shall prescribe fees and charges to be collected for the use of water, water connections, hydro-electric service, or other service, which fees and charges *shall be reasonable and equitable* and fully sufficient to produce revenues *adequate to pay*, and said Board of Directors shall cause to be paid therefrom:
- ▶ (1) *all expenses necessary to the operation and maintenance of the improvements and facilities* of said district. Such operating and maintenance expenses shall include the cost of the acquisition of properties and materials necessary to maintain said improvements and facilities in good condition and to operate them efficiently, necessary wages and salaries of the district, and such other expenses as may be reasonably necessary to the efficient operation of said improvements and facilities;
- ▶ (2) the annual or semi-annual *interest as it becomes due upon any bonds* issued hereunder payable out of the revenues of said improvements and facilities;
- ▶ (3) the *amount required to be paid annually into the sinking fund for the payment of any bonds* issued hereunder, payable out of the revenues of said improvements and facilities, and to be paid into the reserve and other funds for the resolution authorizing the issuance of the bonds.

# **SRA does not have economic hardship at rate in effect prior to November 2, 2014**

- ▶ SRA has not documented any need for additional funds
- ▶ Its communications to the City do not mention why SRA needs an additional \$24 million per year
- ▶ Its annual report does not mention a need for an additional \$24 million per year
- ▶ Its capital plan does not mention a need for an additional \$24 million per year
- ▶ The City is already paying 74% of SRA's O&M for Lake Fork
- ▶ If SRA plans to build facilities for other customers, those customers should pay for those facilities

# SRA Annual Report FY 2014

- ▶ Financial Highlights
  - ▶ Total Water Sales \$14,493,602
  - ▶ Total Revenues \$20,500,460
  - ▶ Total Expenses \$20,704,854
  - ▶ Total Current Assets \$ 8,012,309
  - ▶ Dallas Water Utilities \$ 6,580,627 (Includes other than Lake Fork)
- ▶ Debt and Net Position (Toledo Bend)
  - ▶ Texas Water Dev. Bd. \$ 21,501,465
  - ▶ Net Position \$171,346,807
  - ▶ Coverage Ratio 2.58 x

# Dallas City Charter art. XI, § 14

## SEC. 14. USE OF WATER UTILITIES DEPARTMENT RECEIPTS AND REVENUES.

(a) *All receipts and revenues from the water utilities department constitute a separate and sacred fund, which may never be diverted or drawn upon for any purposes other than those set forth in this section. The city council may appropriate or pledge all receipts and revenues from the water utilities department:*

- (1) for acquiring, constructing, repairing, extending, improving, operating, maintaining, and bettering the city's combined water and wastewater utility systems and related plants, properties, mains, facilities, and water supplies;
  - (2) for paying, discharging, or retiring the indebtedness and obligations of the city that have been or may be incurred for Dallas water utilities department purposes;
  - (3) for payment for services rendered to the department by other city departments; and
  - (4) for payment of an amount equal to ad valorem taxes and other charges that would be due the city if the water utilities department were not a city-owned public utility.
- (b) *All water service or municipal and industrial waste water collection and treatment service rendered by the water utilities department must be paid for by rate schedules as approved by the city council and such state authority as may be required.*

P.U.C. DOCKET NO. 43674  
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PETITION FOR REVIEW	§	BEFORE THE PUBLIC UTILITY
BY THE CITY OF DALLAS	§	COMMISSION OF TEXAS
FROM ACTION OF THE SABINE	§	
RIVER AUTHORITY AND REQUEST	§	
FOR INTERIM RATES	§	

State of Texas       )  
                              )  
County of Dallas     )

**AFFIDAVIT OF TERRY S. LOWERY**

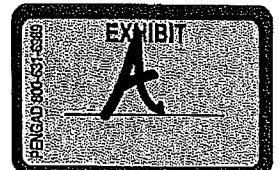
Before me the undersigned authority on this day personally appeared Terry S. Lowery,  
who upon her oath deposes and says:

"My name is Terry S. Lowery. My business address is Dallas City Hall, 1500 Marilla Street, Room 4A North, Dallas, Texas, 75201. I am over 18 years of age and not disqualified to make this affidavit. The statements contained in this affidavit are based on my personal knowledge.

1. I am the Assistant Director for Business Operations of the Dallas Department of Water Utilities. I have both a Bachelor of Science Degree and a Master of Science Degree from the University of Texas at Dallas in mathematics. I have been employed by the City of Dallas ("City") in the Department of Water Utilities since 1991 in various positions, and was promoted to my current position in 2010. As Assistant Director of the Department of Water Utilities for Business Operations, I am responsible for the Water Planning Division, the Financial Planning Division, the Wholesale Services Division, the Water Conservation Division, and the Administrative Systems Division. I report to Jo M. Puckett, P.E. the Director of the Department of Water Utilities.

2. As Assistant Director for Business Operations, my responsibilities include development and management of all financial operations of the Water Utilities Department, including both the capital and operating budgets. My responsibilities also include wholesale and retail cost of service studies, retail rate development, sales and management of the debt issues of the Water Utility as well as water rights and water supply contracts. In my capacity as Assistant Director for Business Operations I have direct knowledge of the Department's budget, the contracts and costs for raw water, and impacts of costs on the budget, rates and our customers.

3. The Department of Water Utilities provides water and wastewater services to about 2.4 million people in Dallas and 27 nearby communities. The City has



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BEFORE THE PUBLIC UTILITY  
COMMISSION OF TEXAS

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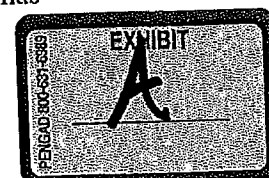
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3. The Department of Water Utilities provides water and wastewater services to about 2.4 million people in Dallas and 27 nearby communities. The City has





27 wholesale water customers. The Department has 1431 employees who are dedicated to providing services vital to the health and safety of Dallas citizens and our customers. Part of our mission is also to continuously plan for the future.

4. As part of the Department's and City's planning efforts, the City entered into a Water Supply Contract and Conveyance (hereafter "Contract") with the Sabine River Authority of Texas ("SRA") as of October 1, 1981. The Contract, as amended entitles the City to 131,860 acre feet of water per year from Lake Fork of which 120,000 acre feet can be transported to the Trinity River Basin; in other words to the City and nearby areas.

5. Pursuant to Section 3.05 of the Contract, since 1981, the City has made three types of payments: facilities charges, pipeline and pump station facilities expenses, and service charges. First, the City paid semi-annually the facilities charge in amounts equal to the amounts required by the various bond resolutions for the project. The facilities charge payments included both principal and interest on the bonds that had been sold by SRA in order to finance the construction of the dams and related infrastructure. Since 1981, the City has paid \$115,000,000 in principal and \$155,841,822.50 in interest for a total of \$270,841,822.50 in the facilities charge to SRA in addition to \$1,440,998 to Texas Utilities Generating Company ("TUGCO") for amounts previously paid by it TUGCO.

6. The costs in the paragraph above do not include any of the costs for transporting the water from Lake Fork to the Dallas area. Under the Contract, the City was responsible for the design, construction and financing of the facilities necessary to transport the water to the Dallas area. The City has designed and constructed those facilities which include an approximately 30-mile-long pipeline and a pump station at Lake Fork. Excluding right-of-way acquisition costs, the City also paid or committed to pay \$202,619,429 for its raw water pipeline and Lake Fork Pump Station, the facilities it was required to build under the Contract in order to transport its raw water from Lake Fork to the Dallas area. Thus, the City has paid close to \$475 million in capital costs for its water from Lake Fork. SRA has not paid any of those costs.

7. Under the Contract, the annual Service Charge to be paid by the City is designed to be equal to 74% of the direct Operation and Maintenance Expenses of the Lake Fork reservoir. Each year SRA provides the City with the operating budget in advance, which includes an allocation of the SRA administrative and general expense, as well as amounts for expected Capital Improvement Projects or repairs for the year. Since FY 2009, Dallas has paid an average of \$3,082,833 per year in the Service Charge. Although the service charge is calculated in advance of the fiscal year, the Contract provides, and the parties have agreed on true up or settle up amounts, so that if the actual costs exceed the budget, the City pays its share of the remainder during the ensuing year. The SRA operating budget for Lake Fork used to set the current Service Charge is attached to this affidavit as Attachment "A."

8. Thus, under the provisions of the Contract, all of the Capital Costs of the project have been paid by the City as well as 74% of all the Operation and Maintenance ("O&M") costs for the project over the past 33 years. The SRA also has revenues from other contracts for raw water out of Lake Fork reservoir.

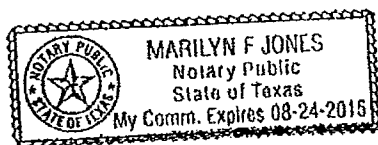
9. On October 13, 2014, the Dallas Department of Water Utilities received a letter from SRA advising that effective November 2, 2014, the City's compensation payment will be based on \$0.5613 per 1,000 gallons payable on a take-or-pay basis based on 131,860 acre feet per year. This amount is more than 2 times the \$0.110 per 1,000 gallons for in-basin sales plus the \$0.166 per 1,000 gallons adopted on the SRA water rate schedule for out-of-basin transfers effective January 1, 2015, which rates include recovery of capital costs and operating costs already paid by the City. The total amount that would be charged under this rate for one year would be equal to \$24,117,215.93 or \$2,009,768 per month in addition to the service charge described above. That amount is also 8.98 times the \$3,022,023 service charge, which compensates SRA for 74% of its O&M expense for 2015.

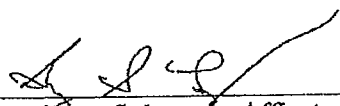
10. The SRA published rate schedules for water from Lake Fork effective January 1, 2015. The rate schedule provides rates substantially lower than the rate the SRA proposes to charge the City for water from Lake Fork. A copy of the SRA's schedule is attached to this affidavit as Attachment "B."

11. Prior to the October 13, 2014 correspondence from SRA, the City had to complete its budgeting process and water rate determination for fiscal year 2015, which began on October 1, 2014. Rates for FY 2015 for both wholesale and retail customers were set and do not include an additional expense of almost \$25 million for water as proposed by SRA.

12. On December 3, 2014, the City received a bill consistent with the SRA's letter of October 13, 2014. A copy of that letter is attached as Attachment "C."

Further Affiant sayeth naught.



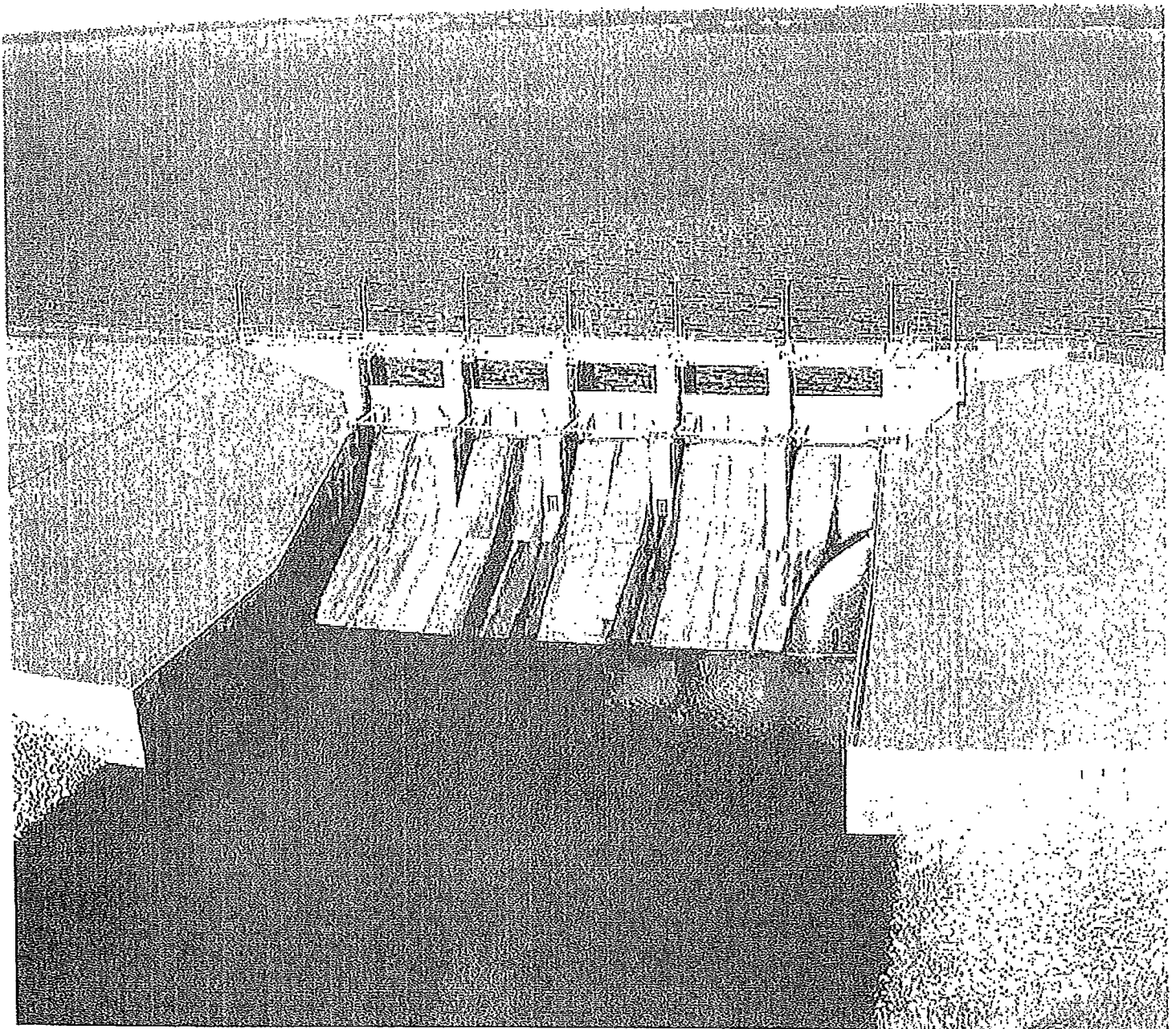
  
Terry S. Lowery, Affiant

Subscribed and sworn to before me the undersigned authority by Terry S. Lowery, on this

5<sup>th</sup> day of December, 2014.

  
Marilyn F. Jones  
Notary Public, State of Texas

Comprehensive Annual Financial Report  
for the Fiscal Year ended August 31, 2019



# SABINE RIVER AUTHORITY OF TEXAS

Comprehensive Annual Financial Report for Fiscal Year Ended August 31, 2014

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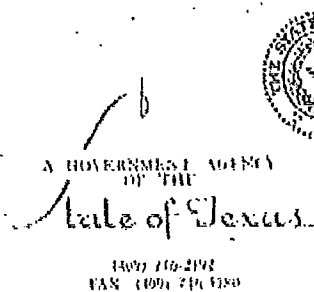
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## THIS REPORT PREPARED BY THE AUTHORITY GENERAL OFFICE

*The cover features Lake Fork Dam and Reservoir, a valuable Upper Basin water supply,  
premier largemouth bass fishery, and popular recreation site.*

*(For more information about Lake Fork Reservoir, see page 15)*



# SABINE RIVER AUTHORITY of Texas

PO BOX 579  
ORANGE, TEXAS  
77631

February 2, 2015

Mr. Cliff Todd  
and Members of the Board of Directors  
Sabine River Authority of Texas

## Board Members:

It is our pleasure to submit the Comprehensive Annual Financial Report of the Sabine River Authority of Texas for the fiscal year ended August 31, 2014. The material aspect of the data is accurate in our opinion and the report discloses results of operations and the financial position of the Authority as recorded by the activity of the eight divisions within the Authority. Necessary information to assist the reader in understanding the financial position of the Authority is included. Narratives applicable to each division, along with financial statements are enclosed to provide complete details concerning the Authority's fiscal year activities and related costs.

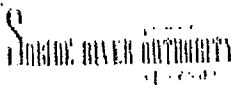
Management is responsible for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not exceed the anticipated benefit, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

The Comprehensive Annual Financial Report includes the management's discussion and analysis in the financial section which provides an overview of the Authority's financial activities and should be read in conjunction with the financial statements. The Statistical Section includes selected financial and demographic information.

The Authority was created in 1949, pursuant to Vernon's Ann. Civ. Stat. Art. 8280-133, as a conservation and reclamation district. The Authority was determined to be necessary in accomplishing the provisions of Article XVI, Section 59, of the Texas Constitution and for the conservation, protection and development of the waters of the Sabine River. The Authority is governed by a nine member Board of Directors appointed by the Governor and the Board is vested with the management and control of the Authority. Responsibilities of the Authority include municipal, industrial, mining and agricultural raw water supply; hydroelectric generation; water and wastewater treatment; water quality and pollution control activities; management of three major reservoirs and recreation facilities; and an initiative to enhance economic growth in the Sabine River Basin.

## LONG-TERM FINANCIAL PLANNING

The Authority continues to pursue planning for meeting future water supply needs of the Basin and plays a major part in the State's regional water planning process. The Authority continues to negotiate with potential customers on the long-term sale of Toledo Bend water including a potential sale to the Lower Neches Valley Authority. Management of the Authority's resources also includes negotiations with natural gas producers to sell Toledo Bend water for well completion; and negotiations with the City of Dallas on the renewal of the Lake Fork water supply contract. On August 29, 2014 the Federal Energy Regulatory Commission (FERC) issued the Authority and Sabine River Authority, State of Louisiana a 50 year license renewal of the hydroelectric operations at the Toledo Bend Project (Project).



## FINANCIAL INFORMATION

The Authority accounting system consists of one enterprise fund where all financial activities are recorded. Management of the Authority is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected. Through an ongoing review process the Authority assures that internal controls are adequate.

**Enterprise Operations.** Total revenues for the fiscal year were \$20,797,519 compared to \$19,506,072 for FY 13.

**Budget Controls.** A budget is prepared annually in accordance with the Water Code Chapter 49, Subchapter G, Sec. 49.199 and, after approval by the Board of Directors, is used in planning and controlling costs. During the year, necessary budget amendments are submitted and approved by the Board prior to implementation.

**Debt Administration.** Outstanding revenue bonds at August 31, 2014 totaled \$21,661,465. The various bond indentures, resolutions and agreements provide for the establishment of separate restricted accounts for debt service.

## OTHER INFORMATION

**Independent Auditor.** V.T.C.A., Water Code Sec. 49.191 requires an annual audit of the Authority's records by the State Auditor or by an independent accountant. The Board of Directors engaged Pattillo, Brown & Hill, LLP to perform this audit. This report will be filed with the Texas Commission on Environmental Quality, the Orange County Clerk and the Pension Review Board.

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Sabine River Authority of Texas for its comprehensive annual financial report for the fiscal year ended August 31, 2013. This was the fourteenth consecutive year that the Authority has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

On behalf of the Executive Staff, we would like to sincerely thank the Board of Directors, Employees and Consultants for their cooperation and commitment to the projects undertaken by the Authority. The preparation of the Comprehensive Annual Financial Report was achieved through cooperative efforts and dedicated service of the Authority's General Office Staff.

Sincerely yours,

SABINE RIVER AUTHORITY OF TEXAS

David Montagne  
Executive Vice President  
and General Manager

Ann Galassi  
Assistant General Manager,  
Administration

Debra Stagner  
Authority General Office Manager  
and Controller

# SABINE RIVER AUTHORITY OF TEXAS

For the Years Ended  
August 31, 2014 and 2013

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**PATTILLO, BROWN & HILL, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Sabine River Authority of Texas  
Orange, Texas

### **Report on the Financial Statements**

We have audited the accompanying comparative financial statements of Sabine River Authority of Texas (the "Authority"), as of and for the year ended August 31, 2014 and 2013, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the Toledo Bend — Joint Operation, which represents approximately 18% and 2%, respectively, of the assets and revenue of the Authority for the year ended August 31, 2014, and approximately 17% and 2%, respectively, of the assets and revenue of the Authority for the year ended August 31, 2013. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the year ended August 31, 2014 and 2013 for Toledo Bend — Joint Operation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of August 31, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2014 the Authority adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedule of Funding Progress – Other Post-Employment Benefits on pages 4-10 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
December 4, 2014

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Governmental Audit  
Quality Center

# SABINE RIVER AUTHORITY OF TEXAS

## STATEMENTS OF NET POSITION

AUGUST 31, 2014 AND 2013

	2014	2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,878,010	\$ 3,451,672
Investments	1,463,726	986,073
Accounts receivable	1,302,946	1,797,600
Accrued interest receivable	113,935	106,869
Other current assets	253,692	249,916
Total current assets	<u>8,012,309</u>	<u>6,592,130</u>
Noncurrent assets:		
Restricted cash and cash equivalents	800,017	825,016
Investments	30,335,018	29,754,269
Capital assets:		
Land	54,976,538	54,976,538
Dams and electric plant	132,429,266	128,801,141
Water and pumping plant	30,280,360	30,280,360
Buildings	8,789,501	8,798,596
Equipment	8,068,291	8,173,604
Work in progress	7,750,047	9,318,169
Less: accumulated depreciation	( 77,580,300)	( 74,066,097)
Net capital assets	<u>164,713,703</u>	<u>166,282,311</u>
Total noncurrent assets	<u>195,848,738</u>	<u>196,861,596</u>
Total assets	<u>203,861,047</u>	<u>203,453,726</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	1,656,798	1,311,530
Current portion of long-term liabilities	318,449	312,000
Accrued liabilities	125,000	125,000
Other payables	39,483	42,392
Total current liabilities	<u>2,139,730</u>	<u>1,790,922</u>
Noncurrent liabilities:		
Texas Water Development Board loan	21,501,465	22,430,005
Net obligation for post-employment benefits	8,397,696	6,986,762
Compensated absences	475,349	484,409
Unearned revenue	-	5,875
Total noncurrent liabilities	<u>30,374,510</u>	<u>29,907,051</u>
Total liabilities	<u>32,514,240</u>	<u>31,697,973</u>
<b>NET POSITION</b>		
Net investment in capital assets	143,052,238	143,540,306
Restricted for debt service	800,017	825,016
Unrestricted	<u>27,494,552</u>	<u>27,390,431</u>
Total net position	<u>\$ 171,346,807</u>	<u>\$ 171,755,753</u>

The accompanying notes are an integral part of these financial statements.

# SABINE RIVER AUTHORITY OF TEXAS

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE FISCAL YEARS ENDED AUGUST 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUES</b>		
Water sales	\$ 14,493,602	\$ 14,593,165
Power sales	2,599,284	1,514,146
Wastewater treatment	70,650	46,265
Permits	986,570	851,074
Water quality activity	834,104	816,696
Miscellaneous	864,548	898,904
Reservation fee	651,702	651,702
Total operating revenues	<u>20,500,460</u>	<u>19,371,952</u>
<b>OPERATING EXPENSES</b>		
Operation and maintenance	17,036,591	17,284,765
Depreciation	<u>3,667,751</u>	<u>3,580,089</u>
Total operating expenses	<u>20,704,342</u>	<u>20,864,854</u>
<b>OPERATING INCOME (LOSS)</b>	( 203,882)	( 1,492,902)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Grant program	( 77,995)	( 100,000)
Gain/(loss) from disposition of capital assets	( 663)	76
Bad debt expense	-	( 7,702)
Investment income	297,059	134,120
Interest expense	<u>( 423,465)</u>	<u>( 432,948)</u>
Total nonoperating revenues (expenses)	<u>( 205,064)</u>	<u>( 406,454)</u>
<b>CHANGE IN NET POSITION</b>	( 408,946)	( 1,899,356)
<b>TOTAL NET POSITION, BEGINNING</b>	<u>171,755,753</u>	<u>173,655,109</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 171,346,807</u>	<u>\$ 171,755,753</u>

The accompanying notes are an integral part of these financial statements.

**SABINE RIVER AUTHORITY OF TEXAS**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED AUGUST 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 20,120,915	\$ 17,803,061
Payments to suppliers	( 8,835,483)	( 9,342,312)
Payments to employees	( 6,456,875)	( 6,613,277)
Other receipts	864,548	898,904
Net cash provided by operating activities	<u>5,693,105</u>	<u>2,746,376</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	( 5,166,787)	( 2,870,631)
Disposal of capital assets	3,066,981	4,980
Principal paid on capital debt	( 922,091)	( 913,540)
Interest paid on capital debt	( 423,465)	( 432,948)
Grants	( 77,995)	( 100,000)
Net cash used by capital and related financing activities	<u>( 3,523,357)</u>	<u>( 4,312,139)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from (sell of) investments, net	( 1,058,402)	365,139
Interest received	289,993	193,100
Payments received on notes receivable	-	( 7,702)
Net cash provided (used) by investing activities	<u>( 768,409)</u>	<u>550,537</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,401,339	( 1,015,226)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>4,276,688</u>	<u>5,291,914</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 5,678,027</u>	<u>\$ 4,276,688</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$( 203,882)	\$( 1,492,902)
Noncash items included in operating income:		
Depreciation	3,667,751	3,580,089
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	494,654	( 644,543)
(Increase) decrease in other assets	( 3,776)	( 10,866)
Increase (decrease) in unearned revenue	( 5,875)	( 14,578)
Increase (decrease) in accounts payable	345,268	( 66,812)
Increase (decrease) in accrued and other liabilities	( 2,909)	( 3,599)
Increase (decrease) in compensated absences	( 9,060)	7,062
Increase in net obligation for post-employment benefits	1,410,934	1,392,525
Net cash provided by operating activities	<u>\$ 5,693,105</u>	<u>\$ 2,746,376</u>
<b>NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES</b>		
(Loss) gain from disposition of assets	\$( 663)	\$ 76

The accompanying notes are an integral part of these financial statements.

**Credit Risk.** The Texas Local Government Investment Pool (TexPool) is a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. An Advisory Board reviews the investment policy and management fee structure. TexPool is rated AAAm by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as the Office of the Comptroller of the Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

As of August 31, 2014 and 2013, the Authority had \$13,161 and \$13,156, respectively, invested in TexPool. The weighted average maturity of TexPool as of August 31, 2014 and 2013, was 53 days and 56 days, respectively.

The Board of Directors has authorized the Authority to invest in compliance with V.A.T.C.S. Government Code, Title 10, Chapter 2256 (Public Funds Investment Act of 1993). Money in any fund may be placed in obligations of the United States or its instrumentalities; direct obligations of this state or its agencies; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by this state or the United States or its instrumentalities; and obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, Certificates of Deposit and any other investment authorized in Chapter 2256. Accordingly, cash is invested in money market funds, certificates of deposit, or interest-bearing demand deposits and is stated at fair value.

**Custodial Credit Risk.** In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of August 31, 2014, all of the Authority's \$30,251,320 deposit balances exceeding depository insurance limits were collateralized with securities pledged by the financial institutions in the Authority's name and held in safekeeping by a third party. Fair values of pledged securities are monitored on a monthly basis to assure that they are in excess of 100% of the carrying values.

As of August 31, 2014 and 2013, \$800,016 and \$825,016 of the Authority's deposits was placed in money market funds secured by obligations of the United States therefore the principal and interest are unconditionally guaranteed or insured by the United States and no additional collateralization was required.

**Concentration of Credit Risk.** The Authority places no limit on the amount the Authority may invest in any one issuer. The Authority invests primarily in bank issued certificates of deposits. Concentration of investments as of August 31, 2014, is as follows:

Issuer	Description	Amount	Percentage of Total Investments
Texas Bank & Trust	Certificate of deposit	\$ 2,866,000	8.81%
First Financial Bank	Certificate of deposit	16,381,702	50.33%
Mobil Oil Federal Credit Union	Certificate of deposit	3,529,487	10.84%
Community Bank	Certificate of deposit	3,072,032	9.44%
Wyandotte County KS	Bond holding	2,023,353	6.22%
All other under 5%	Various	4,676,379	14.37%
Total		\$ 32,548,953	100.00%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the Authority's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. Additional information as of the latest actuarial valuation follows:

Valuation date	August 31, 2014	August 31, 2013
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar amortization	Level dollar amortization
Remaining amortization period	30 years - open amortization	30 years - open amortization
Asset valuation	Market value	Market value
Actuarial assumptions:		
Investment rate of return	4.50%	4.50%
Salary scale	3.0%	3.0%
Health care cost trend rate	7% initial 4.25% ultimate	9% initial 4.50% ultimate

#### Long-term Liabilities

Outstanding long-term liabilities consist of the following (in thousands):

	Date of Issue	Date of Maturity	Interest Rates	Original Amount	Outstanding Balance 08/31/13	Added	Retired	Outstanding Balance 08/31/14	Current Portion
Facilities:									
TWDB Loans:									
Series 1964	1964	2034	6.54%	15,000	\$ 22,580	\$ -	\$ 919	\$ 21,661	\$ 160
Compensated Absences:									
Vacation pay	-	-	-	-	646	420	432	634	158
Subtotal long-term liabilities					23,226	\$ 420	\$ 1,351	22,295	\$ 318
Less:									
Current portion					312			318	
Net long-term liabilities					\$ 22,914			\$ 21,977	

The Texas Water Development Board Series 1964 total amount outstanding at August 31, 2014, of \$21,661,465 includes \$6,325,000 of principal and \$15,336,465 of deferred interest.

Future debt service requirements are as follows:

<u>Year Ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 160,000	\$ 1,182,195	\$ 1,342,195
2016	175,000	1,171,731	1,346,731
2017	185,000	1,160,286	1,345,286
2018	195,000	1,148,187	1,343,187
2019	210,000	1,135,434	1,345,434
2020-2024	1,270,000	5,452,521	6,722,521
2025-2029	1,740,000	4,980,333	6,720,333
2030-2034	<u>2,390,000</u>	<u>4,297,557</u>	<u>6,687,557</u>
Total	<u>\$ 6,325,000</u>	<u>\$ 20,528,244</u>	<u>\$ 26,853,244</u>

The various bond indentures, resolutions and agreements provide for the establishment of separate restricted accounts for debt service. The required accounts have been established on the books of the Authority and are reported as restricted assets in the financial statements.

#### Texas Water Development Board Loan

On December 2, 1994, the Authority entered into a revised agreement with the Texas Water Development Board (TWDB) regarding the state's ownership rights at the Toledo Bend Reservoir. The Authority made a principal payment of \$6,430,186 on December 28, 1994, and received a revised interest rate of 3.6% from April 16, 1994 through December 28, 1994. This reduction in the interest rate resulted in a reduction of \$11,683,809 of interest payable to TWDB. The reduction of accrued interest was a noncash transaction. The interest rate is 6.54% on the remaining \$6,620,000 in principal.

The Authority owes \$6,325,000 of principal and \$15,336,465 of interest at August 31, 2014, related to the state's 21.6075% ownership of the water storage rights at the Toledo Bend Reservoir. The following recaps the payments made on the debt:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>
November 8, 1974	\$ 475,000	\$ -
November 21, 1975	94,815	-
August 20, 1987	500,000	-
March 17, 1988	500,000	-
December 28, 1994	6,430,186	-
July 11, 1996	-	217,000
July 11, 1997	-	217,000
July 1, 1998	-	217,000
June 7, 1999	-	217,000
June 29, 2000	-	217,000
June 18, 2001	-	217,000
June 26, 2002	-	217,000
June 25, 2003	-	217,000
June 24, 2004	-	217,000
June 27, 2005	-	217,000
June 27, 2006	-	217,000
June 25, 2007	-	217,000
June 25, 2008	-	217,000
June 25, 2009	-	217,000
June 25, 2010	120,000	1,226,340
June 25, 2011	125,000	1,218,492
June 25, 2012	135,000	1,210,317
June 25, 2013	150,000	1,201,488
June 25, 2014	150,000	1,192,005

#### Commitments and Contingencies

Public law 98-581 directed the Federal Energy Regulatory Commission (FERC) to waive annual administration charges for the use of United States lands during the term of the license to operate the Toledo Bend Joint Project (Project). The waiver is contingent upon FERC determining that the power from the Project is sold to the public without profit. All exemptions applied for through December 31, 2013, have been approved. On August 29, 2014, FERC issued a new 50 year license for the Project.

The Authority is subject to various other claims and lawsuits which may arise in the ordinary course of business. After consulting with counsel representing the Authority in connection with such claims and lawsuits, it is the opinion of management and counsel that the disposition or ultimate determination of such claims and lawsuits will not have a material effect on the financial position of the Authority.



**SABINE RIVER AUTHORITY OF TEXAS**  
(Continued)

TABLE 8

**FIVE LARGEST CUSTOMERS**  
Current Year and Nine Years Ago

<u>Customer</u>	<u>FISCAL YEAR 2014</u> <u>WATER REVENUE</u>			<u>FISCAL YEAR 2013</u> <u>WATER REVENUE</u>		
	<u>Amount</u>	<u>Percentage</u>	<u>Rank</u>	<u>Amount</u>	<u>Percentage</u>	<u>Rank</u>
Dallas Water Utilities	\$ 6,580,627	45.40%	1	\$ 6,825,000	46.77%	1
North Texas Municipal Water Dist.	1,213,049	8.37%	2	1,491,168	10.22%	2
International Paper	1,028,505	7.10%	3	915,493	6.27%	3
City of Greenville	905,931	6.25%	4	863,995	5.92%	4
E. I. Dupont DeNemours	892,911	6.16%	5	848,957	5.82%	5
Subtotal (5 largest)	10,621,023	73.28%		10,944,613	75.00%	
Balance from other customers	3,872,579	26.72%		3,648,552	25.00%	
Grand Totals	\$ 14,493,602	100.00%		\$ 14,593,165	100.00%	

<u>Customer</u>	<u>FISCAL YEAR 2012</u> <u>WATER REVENUE</u>			<u>FISCAL YEAR 2011</u> <u>WATER REVENUE</u>		
	<u>Amount</u>	<u>Percentage</u>	<u>Rank</u>	<u>Amount</u>	<u>Percentage</u>	<u>Rank</u>
Dallas Water Utilities	\$ 5,587,070	43.23%	1	\$ 5,552,885	39.75%	1
North Texas Municipal Water Dist.	1,056,393	8.17%	2	1,186,871	8.50%	2
Inland Orange, Inc.	836,081	6.47%	5	904,842	6.48%	3
City of Greenville	839,509	6.50%	4	839,509	6.01%	4
E. I. Dupont DeNemours	868,305	6.72%	3	734,422	5.26%	5
	9,187,358	71.09%		9,218,529	65.99%	
Balance from other customers	3,736,211	28.91%		4,750,394	34.01%	
Grand Totals	\$ 12,923,569	100.00%		\$ 13,968,923	100.00%	

<u>Customer</u>	<u>FISCAL YEAR 2010</u> <u>WATER REVENUE</u>			<u>FISCAL YEAR 2009</u> <u>WATER REVENUE</u>		
	<u>Amount</u>	<u>Percentage</u>	<u>Rank</u>	<u>Amount</u>	<u>Percentage</u>	<u>Rank</u>
Dallas Water Utilities	\$ 5,480,438	42.40%	1	\$ 5,719,332	42.84%	1
City of Longview	n/a			651,703	4.88%	5
Inland Orange, Inc.	871,879	6.75%	3	767,055	5.75%	4
City of Greenville	863,843	6.68%	4	985,509	7.38%	3
North Texas Municipal Water Dist.	886,961	6.86%	2			2
City of Hemphill	750,006	5.80%	5	n/a		
Subtotal (5 largest)	8,853,127	68.50%		8,123,599	60.85%	
Balance from other customers	4,071,801	31.50%		5,226,442	39.15%	
Grand Totals	\$ 12,924,928	100.00%		\$ 13,350,041	100.00%	

**REPRINT OF  
STATUTE CREATING  
THE  
Sabine River Authority  
Of Texas  
AS AMENDED  
1991**