

- Reporting and coordination

Based on the information recorded, a system of regular reporting will be established in order to keep our O&M team up-to-date on the performance of the project. Information will be drawn from up-to-date computerized databases produced by our personnel and collated into a readable and useable format. The data assembled will be used for information and asset management.

Various documents will be produced to keep the LCRA informed and to fulfill Regulatory requirements, including:

- Registries (registry of assets, accounting records and books, personnel registry, registry of operations and non-compliance events, logbooks).
- Inventory of assets and evaluation of their condition and operations.
- Reports on the O&M activities on site.
- Reports related to implementation of Regulatory Mandates.
- Service quality periodic reports.

It is important that we are actively involved in the commissioning and operation of new works in the water treatment and distribution systems to ensure that the new assets comply with Corix standards.

### **3.13 WATER SYSTEM – ENVIRONMENTAL SAFETY AND HEALTH COMPLIANCE PLAN**

The water treatment and distribution systems will conform to all environmental permit requirements as specified by both EPA and the State of Texas.

The operator certification for the water distribution systems will be in accordance with the TCEQ operator certification program for the State of Texas. The system rating will determine the level of certification the operators must possess. It is our policy that all operators working on the water treatment or distribution system will attain and maintain their required certifications as a condition of employment. Periodic continuing education credits are required and those training sessions are reported and approved by the TCEQ training manager.

Drinking water standards will be maintained in accordance with the EPA guidance on drinking water. Routine testing of water quality will be performed by the assigned treatment plant operators as well as confirmatory independent testing by a non-affiliated, state accredited lab. Water quality will be monitored by the Manager of Utility Operations and that information will be provided to the LCRA representatives. An annual water quality report (CCR) will be prepared and distributed to the LCRA as required by the EPA.

**Environmental Compliance Manual** - Operators will be provided with an Environmental Compliance Manual, which sets forth all aspects of environmental compliance. The Corix policy is 100% compliance. Since regulations and requirements are not static, and as regulations and requirements change, compliance procedures may change as well. Regular additions, updates, or reviews of material will be made to the Environmental Compliance Manual throughout the program.

**Safety Management** - Program materials and team coordination and training are maintained by the Corix Environmental and Safety department. Regular reviews and feedback from each audit conducted, result in constant refinement of auditing materials and checklists.

Health and Safety tasks include:

- Monthly inspection of fire extinguishers, including recharge or shop testing if required.
- Monthly advance reminders to compile and evaluate data for regulatory report submission.
- Monthly reminders to fill out and submit reports with specific instructions, timed for each specific report due date.
- Annual reminders for regulatory agency reporting.
- Periodic reminders to review specific programs for effectiveness and to ensure the information and procedures they contain are current and applicable.
- Audit and review reminders to ensure that applicable programs are being utilized properly and effectively.

These are Safety task examples, and the actual list is comprehensive to ensure compliance with all possible issues arising out of OSHA and the Corix guidelines and regulations.

**Internal Report Card of Quality** - Corix has an internal reporting process to provide a standardized and effective means to document and inform upper level management about incidents and near-miss incidents involving compliance and safety.

Whenever an incident or even a recognized near-miss occurs, it is documented. This documentation also functions as a checklist to assist the supervisor in taking the correct actions for addressing a specific incident. The documentation addresses virtually every conceivable incident including permit exceedances, injuries, inspection deficiencies, agency and client dissatisfaction notifications, traffic accidents, and a variety of others, including near-miss situations. Some of the benefits the system provides include:

- Quick, easy and consistent data entry and checklist type assistance with incidents and events.
- Quick, efficient routing and reporting using electronic means. Routing is in parallel rather than sequential.
- Provides for detailed data collection for each type of incident or event without adding complexity.
- Elimination of duplicate data entry.
- Automated development and compilation of a database of all incidents and events, including near-miss events, to aid in analyses of trends and history.

**Documentation** - Corix's contracted Laboratory will have a QA/QC Program to provide the assurance that all analytical procedures comply with regulatory requirements and also ensures that proper documentation has been kept providing legally defensible data as per state and federal requirements. This data can be tracked from cradle to grave through the following processes:

- Sample collection in the Chain-of-Custody bound book.

- Preservation in the Chain-of-Custody and analytical bound books.
- Analytical methodology and procedures in the analytical bound books.
- Daily laboratory equipment maintenance and calibration in a bound book.
- QA/QC plotting of precision and accuracy data in a bound book and on a graph.
- Data validation documented in analytical bound books.
- Database data entry validated on data entry forms.

Drinking water standards will be maintained in accordance with the EPA guidance on drinking water. Routine testing of water quality will be performed by the assigned operators as well as confirmatory independent testing by a non-affiliated, state accredited lab. Water quality will be monitored by the operators and that information will be provided, when requested to the LCRA by the Manager of Utility Operations. An annual water quality report (CCR) will be prepared and distributed to all water customers as required by the EPA.

**Clean Water Act Permits and Compliance** - Industrial wastewater discharges are regulated under any pre-treatment permit issued. Customers are expected to adhere to the wastewater discharge plan and consult with Corix/LCRA environmental staff to ensure that the facility as a whole remains compliant with the pre-treatment permit.

### 3.14 PERFORMANCE STANDARDS AND/OR SPECIFICATIONS – WATER

It is Corix standard procedure to implement verifiable performance measures in providing utility services to the LCRA. Performance standards and/or specifications for the provision of the proposed utility services are highlighted in Table 8 and include our proposed performance standards. Corix has developed benchmark standards for those metrics. The performance standards are as follows:

**Reliability** - Water system reliability is the measure of the number and duration of incidents that result in the water demand of the customers not being met by the system.

**Outage Response** - The Manager of Utility Operations will track the response time to plant outages. A response time goal will be established that meets the requirements of the LCRA and mutual tracking and discussions will be held to ensure that the LCRA's satisfaction is achieved.

**Planning: Water Demand Projection versus Capacity Projection** - A one-year and a five-year "water budget" planning process will be established. The information will be provided to the LCRA for use in planning. The water budget will include projected loads for each month based upon past performance and known future events or forecasts that will affect the loads. Balanced against this projected load will be a forecast of projected plant capacity, taking into account equipment planned outages and forced outage assumptions. A forecasted excess capacity factor will be calculated and internal goals for excess capacity will be made and tracked.

**Planning: Capital Improvement Plan (CIP)** - A one-year and a five-year "Capital Improvement Plan" formal planning process will be established. The information will be provided to the LCRA for use in planning. The CIP projects and major planned outages including cost details will be

presented. The CIP will include a cost/benefit analysis for each budget request and must meet internal payback or return criteria.

**Planned Maintenance** - Planned outages of equipment will be established based upon manufacturers recommended maintenance procedures and past performance experience. These outages will also take into consideration the projected load demand of the plant. These outages will be planned well in advance and parts and materials will be delivered to the plant to support the outage schedule. Original Equipment Manufacturer (OEM) support will be utilized as required. Detailed records will be kept for each Planned Outage and an outage report will be made available to the LCRA.

**Corrective, Preventive, and Predictive Maintenance** - The maintenance program will be established to minimize breakdown or CM and maximize PM and PDM activities. A work order system will be implemented so that all maintenance activities, man-hours, and material costs can be tracked by equipment or unit and categorized as CM, PM or PO. A CM/PM goal will be established and tracked. Maintenance costs for each piece of major equipment will be tracked to allow informed decisions by management regarding equipment upgrades or replacement.

**Environmental and Operating Permits** - Where applicable, Permits in effect will be transferred from the LCRA to Corix. Any permit modifications or new permits required will be applied for in a timely manner and in accordance all applicable state and federal laws. The Corix Environmental Department will have responsibility for this function. An annual environmental goal will be set for each facility and will be focused on reducing the number of reportable environmental events

**Hazardous Materials (HAZMAT) and Inventory Control** - A HAZMAT program will be established that meets all applicable federal and state regulations. This program will fall under the Corix Environmental Department.

**Color Code Identification and Marking** - The standard color code requirements will be adopted with all piping, equipment, and wiring marked and color coded to comply with applicable requirements.

**Inspections and Reporting** - Corix will comply with all LCRA requirements for facility inspections and reports. In addition, Corix will conduct internal audits of all compliance areas as well.

Table 8: Performance Standards for the Water System

WATER SYSTEM			
Measure	Performance Standard	Performance Indicator	Work Description
Quality	According to AWWA potable drinking water standards	Corix QA / QC plan, available for inspection and audit	All standards and variables will be tested, monitored, and recorded

WATER SYSTEM			
Measure	Performance Standard	Performance Indicator	Work Description
<b>Reliability</b>	Total system forced outage.	Real time outage tracking with outside audit as needed.	Reliability targets will be established based upon known industry standards.
<b>Recurring and Preventive Maintenance</b>	A PM verses corrective maintenance target will be established	LCRA audit of maintenance records	Condition-based maintenance management system to schedule, track and analyze
<b>Sampling / Analysis</b>	According to the Corix QA / QC plan.	Test data is available for inspection and audit.	Test data will be recorded in hard copy manuals, validated data will be stored in as a computer record.
<b>Maintaining System Pressure</b>	According to design and site specific requirements	Pressure data will be recorded by remote meters and field (manual) meters.	Field data will be recorded in hard copy manuals, historic data will be stored in as a computer record.
<b>Demand and Distribution Capacity</b>	An annual water budgeting process will be established	An annual presentation of the water budget will be made	A formal energy demand projection vs. capacity process will be established
<b>Water Storage Requirements</b>	According to mandated design and site specific requirements	Requirements for storage kept within normal operating ranges.	Field data will be recorded in hard copy manuals, historic data will be stored in as a computer record.
<b>Fire Flow Capacity/ Duration</b>	If applicable, according to mandated UFC design and site specific requirements	Test data from hydrant flow testing will be recorded and available for audit.	Flow data will be recorded in hard copy manuals, historic data will be stored in as a computer record.
<b>Corrosion Control</b>	Industry Standard	LCRA audit and water consultant reporting	Water quality is key to the long term performance
<b>Minimization of Water Use</b>	Water losses will be monitored and measured (where possible)	Recordable incidents of water loss will be documented.	Pipelines and valves will be regularly checked and inspected.

WATER SYSTEM			
Measure	Performance Standard	Performance Indicator	Work Description
<b>Safety of Plant and LCRA Property</b>	A safety target has been established based upon OSHA standards	LCRA audit of safety records	Personnel safety will be a top priority. Proper advance notification of public safety and affected parties, municipality of proper temporary facilities and controls, maintain OSHA compliance, complete site restoration and cleanup.
<b>Service Connection Standards and Specifications</b>	According to State and Corix standards	Service connections are available for review and inspection at any time.	All new connections will be performed per approved specifications and documented in the GIS system
<b>Exterior Backflow Prevention</b>	According to Corix standards and AWWA	Backflow preventers test reports available for review	All testing and installations will follow Corix's and/or the LCRA's Cross Connection Control Program Standards
<b>Water and Sewer Line Separation</b>	According to TCEQ and Corix Standards	TCEQ approval to operate	All water and sewer separation according to the TCEQ approved plans and documented in the GIS system.
<b>New Construction Standards</b>	According to TCEQ and Corix/LCRA Standards	New construction project plans are available for review and inspection at any time.	All new construction will be performed and inspected per approved specifications and plans documented in the GIS system.
<b>Commissioning Standards</b>	According to Corix standards, TCEQ and AWWA	Commissioning procedures are available for review and audit.	Actual commissioning procedures will be documented and retained as a historic record.
<b>Color Identification and Markings</b>	OSHA and AWWA standards	Utility engineering and annual inspections	Equipment will be color coded and marked per OSHA and AWWA standards

WATER SYSTEM			
Measure	Performance Standard	Performance Indicator	Work Description
<b>System Inspections</b>	As required by Federal State, and local standards	Utility engineering reviews	Annual inspections will be performed on all major equipment, industry standard inspection to confirm proper operations of electrical components. facilities will be open for inspection at any time
<b>Meter and Equipment, and Calibration</b>	According to AWWA requirements	Meter operation and calibration procedures are available for review and inspection.	Metering equipment and calibration procedures will be part of the Corix MIS program
<b>Service Interruption Frequency</b>	Response times for numbers and duration of system service interruptions and outages.	Real time outage tracking with outside audit as needed.	Internal targets have been established with any LCRA standards included. Supervisor will conduct root-cause analysis to determine the cause of service outages and interruptions and take corrective action to reduce system deficiencies
<b>Operating Permits</b>	Established by Permit	EPA and state review and notice. The LCRA will be kept informed of all issues	An environmental compliance goal have been set and all permits will be obtained as required
<b>Employee Certification</b>	Targets of number of qualified employees for each classification will be set	Annual and semi-annual review of employee qualifications	A formal training program has been established with qualifications for each classification defined.
<b>Disaster Recovery</b>	According to Federal State, and local requirements	Review of disaster recovery and contingency plans	Follow through with plans and exercises for disaster preparedness to be able to recover and resume operations in the event of an emergency.

### 3.15 OPERATIONS ACTIVITIES

The operation of the wastewater treatment plants and collection systems will involve a number of activities, including:

- Lift Station operation
- Wastewater treatment plant operations and maintenance

- Underground Collection System
- Compliance Sampling
- Local Metering and Remote Monitoring
- GIS Mapping
- Equipment Maintenance
- Risk Management
- Health and Safety
- Community Outreach

**Treatment Plant and Collection System Maintenance Requirements** – Corix intends to employ a RCM approach for accomplishing WWTS and WWCS maintenance requirements. Using the RCM approach, each plant and collection system and equipment asset is analyzed to determine the most appropriate levels and types of maintenance, i.e. preventive, predictive, or breakdown, based on asset criticality, impact of failure, and costs/benefits, that are needed to meet performance and reliability requirements. In addition, we will optimize reliability by performing systematic condition assessments of all systems to evaluate not only physical conditions, but also system age with respect to lifecycle costs, service call histories, operating environment, and criticality to WWTS and WWCS operations. The data gathered during the condition assessments will take into consideration the local operating conditions, and then provide the analyzed recommendations for the planned maintenance program. An asset maintenance program may employ a pre-emptive predictive testing and inspection maintenance approach, a time interval maintenance approach such as scheduled preventive maintenance, a run to failure breakdown maintenance approach, or a combination of these maintenance strategies.

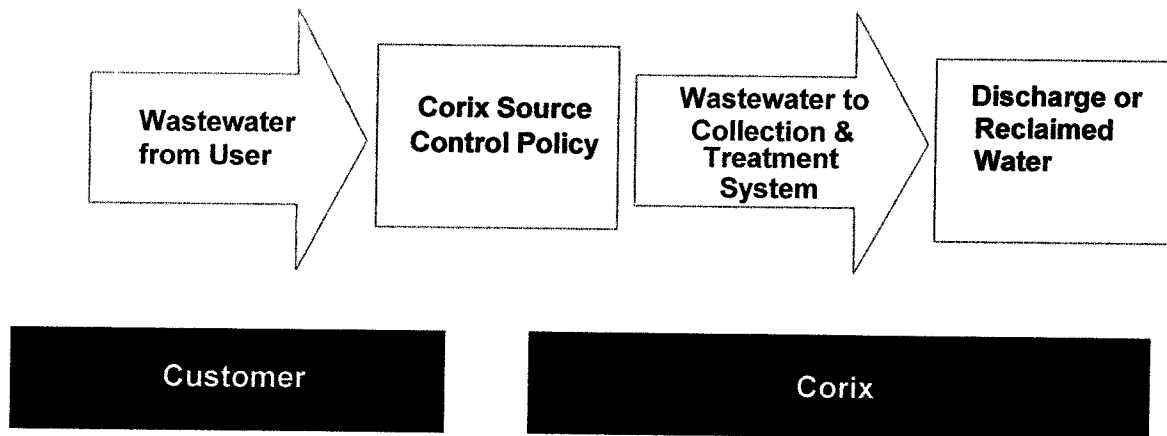
The realization of the RCM approach is accomplished through a knowledgeable and experienced team of (PM/PDM) mechanics and technicians, coupled with the technical assistance of plant engineering. Our experience has shown that a planned RCM approach not only significantly improves maintenance work order completion rates, but also reduces the number of urgent and emergency service calls, keeping maintenance personnel from being in a constant reactive mode.

All teaming partners are intimately aware of the critical operating requirements and demands placed on the WWTS and WWCS. Collectively, our team fully understands the importance of these critical systems. Corix clearly has demonstrated its understanding of similar conditions through our prior work experience. Corix, through our teaming partners have extensive experience in operating wastewater systems in difficult conditions and fully understands the nature of the LCRA and related utility infrastructure.

**Wastewater Use Policy.** Corix will implement a Wastewater use policy to maintain regulatory compliance at all times. We also understand that unregulated discharges to the wastewater system may have created problems in the past for the WWCS. Corix will monitor the types and amounts of waste products that are discharged into the wastewater collection system. Large amounts of grease, oil, metals, toxic pollutants, or unnecessary volumes of water can result in the violation of limits on discharges into the municipal system.



Figure 12: Environmental Compliance for Wastewater Collection System



### 3.16 WASTEWATER – ENVIRONMENTAL SAFETY AND HEALTH COMPLIANCE PLAN

The wastewater treatment and collection systems will conform to all permit requirements as specified by both EPA and TCEQ. Corix will coordinate with the LCRA/TCEQ to determine if changes to the permit parameters are required prior to the issuance of a new permit.

By periodic testing of the effluent, we will ensure the performance of the wastewater collection process is in compliance with all established directives.

The operator certification for the wastewater treatment and collection systems will be in accordance with the TCEQ operator certification program. The system rating will determine the level of certification the operators must possess. It is our policy that all operators will attain and maintain their certifications as a condition of employment. Periodic education credits are required and those training sessions are reported and approved by the Corix environmental training manager.

### 3.17 PERFORMANCE STANDARDS AND/OR SPECIFICATIONS – WASTEWATER

It is our standard procedure to implement verifiable performance measures in providing utility services. Corix has developed benchmark standards for those metrics. The performance standards for wastewater are as follows:

**Quality** - Overall service quality is partly measured by the frequency of service outage events, the preventive maintenance program, which is designed to keep the system in proper working order, and by the components used in maintaining the system.

**Recurring and Preventive Maintenance** - All maintenance will be done in accordance with manufacturer and industry standards. Preventive maintenance is the key to reliability and quality of effluent from the wastewater system. The maintenance system is designed to remind staff what work to do and track system results so they can be used to better predict future needs. The operations plan will explain the computerized software used to manage the preventive maintenance program. This system is used also to track and notify staff of all types

of routine requirements such as motor maintenance at a plant or preventive cleaning of sewer and storm water lines to prevent backups.

**Sampling and Analysis** - The sampling will be performed in accordance with State, Federal and industry standards. The sampling and analysis will be split between the on-site staff and a contract laboratory. The use of an outside lab provides a degree of separation of duties and independent verification of performance. Any lab testing will follow standard guidelines and the Quality Assurance/Quality Control program outlined in the Quality Control Plan. This plan has proven effective by the success we have had in passing EPA laboratory inspections.

**Demand and Collection Capacity** - Inflow and infiltration studies of the sewer system can be used to establish the condition of the wastewater system.

**Corrosion Control** - Most corrosion occurs because of hydrogen sulfide gas generated in the collection system. Every effort will be made to reduce the sulphide gas concentration by either chemical or mechanical means.

**Minimization of Inflow and Infiltration** - The system will be put on a schedule whereby on-site personnel will perform regular inspections. Corix will be repairing leaking manholes, requesting from the corresponding customers the elimination of storm drains or down spouts hooked into the sanitary system and identifying abandoned lines. A fixed line rehabilitation and replacement program will be budgeted to address these problems as required.

**Safety** - A performance indicator of safety is the incident reporting level. The Safety Plan provides an explanation of the safety procedures Corix will follow.

**Service Connection Standards and Specifications** - The service connections will be installed in accordance with State, Federal and LCRA standards.

**Blockages and Back-ups** - The collection can have periodic blockages for a number of reasons. These will be entered into our maintenance program and tracked. The information will be used to target locations where line cleaning will be made on a periodic basis to eliminate any future problems. An example for the sewer system is restaurants which have grease traps. SCADA is proposed to be installed at each of the lift stations (if not already installed) to quickly alert staff to a possible back-up condition, leading to an overflow of the system.

**Water and Sewer Line** - Minimum standards are set by the TCEQ and the EPA. Additional standards from AWWA, American Society of Civil Engineers (ASCE), NFPA, Factory Mutual and underwriters laboratory (UL) standards also apply.

**Separation** - The primary concern is to separate stormwater flows from the sanitary sewer. The use of smoke and dye testing can locate these interconnections.

**New Construction Standards** - All new construction will follow at a minimum, AWWA and ASCE, Factory Mutual and UL standards. New water and wastewater facilities constructed by Corix would have to be approved by the TCEQ for design.

**Commissioning Standards** - Any new construction will be installed, inspected and tested in accordance with federal; state and industry standards.

**Color Identification and Markings** - Line identification is carried out by our certified operators due to the critical nature. The process follows national standards.

**System Inspections** - The sewer collection system will have a detailed analysis performed in the first two years. This activity will include smoke testing and CCTV inspection of the worst sections.

**Meter and Equipment Calibration** - All equipment including meters is put into a computerized maintenance program, which helps tracks preventive maintenance. This program is discussed in the Operations Plan.

**Service Interruption Frequency** - The object is to eliminate any service interruptions and, if one occurs, minimize its affect on the customers and the environment. A service interruption plan is proposed. These will be tracked and with regular line cleaning will be used to prevent recurring problems.

**Employee Certifications** - Corix will staff the Wastewater Treatment and Collection System with certified employees as required by the State.

Table 9: Performance Standards for the Wastewater System

WASTEWATER SYSTEM			
Measure	Performance Standard	Performance Indicator	Work Description
<b>Effluent Quality</b>	According to TCEQ effluent standards	Corix QA / QC plan, available for inspection and audit	All standards and variables will be tested, monitored, and recorded
<b>Reliability</b>	Total system forced outage.	Real time outage tracking with outside audit as needed.	Reliability targets will be established based upon known industry standards
<b>Recurring and Preventive Maintenance</b>	A PM verses corrective maintenance target will be established	LCRA audit of maintenance records	Condition-based maintenance management system to schedule, track and analyze
<b>Sampling / Analysis</b>	According to the Corix QA/QC plan	Test data is available for inspection and audit.	Test data will be recorded in hard copy manuals, validated data will be stored in as a computer record.
<b>Permitting</b>	Established by regulatory agencies	State and Federal Review and Notice.	Corix will keep the LCRA informed about permit renewals

WASTEWATER SYSTEM			
Measure	Performance Standard	Performance Indicator	Work Description
<b>Demand and Collection Capacity</b>	Established by system design	Hydraulic modeling as updated from time to time	Address capacity and demand difficulties through the CIP
<b>Pre-treatment Requirements</b>	Established by pre-treatment permit	Inspection and Notice	Minimum standards must be followed
<b>Corrosion Control</b>	Industry Standard	Record Review or Third Party Verification	Regular inspections will be used to identify problems. Flushing and addition of chemicals to control corrosion
<b>Minimization of Inflow and Infiltration</b>	Established by industry standards	Inspection and Review of Construction Records	Minimum design standards must be followed
<b>Safety of Personnel and LCRA Property</b>	OSHA/Insurance Company	Federal and State Agency Inspection	Workers and contractors fall under state OSHA regulation and inspection. A safety program will be implemented. On-site performance judged by incident reporting system
<b>Service Connection Standards and Specifications</b>	Corix/LCRA, State and Federal Standards	LCRA/State compliance	Minimum state design standards must be followed
<b>Blockages and Cross Connections</b>	State Standards	Facility review	Regular cleaning will be used to minimize blockages and inspection will be used to locate cross connections
<b>Water and Sewer Line Separation</b>	According to TCEQ and Corix Standards	TCEQ approval to operate	All water and sewer separation according to the TCEQ approval plans documented in the GIS system.
<b>New Construction Standards</b>	According to TCEQ and Corix Standards	New construction project plans are available for review and inspection at any time.	All new construction will be performed and inspected per approval specifications and plans documented in the GIS system.

**WASTEWATER SYSTEM**

Measure	Performance Standard	Performance Indicator	Work Description
<b>Commissioning Standards</b>	According to Corix standards, TCEQ and AWWA	Commissioning procedures are available for review and audit.	Actual commissioning procedures will be documented and retained as a historic record.
<b>Color Identification and Markings</b>	OSHA and AWWA standards.	Utility engineering and annual inspections	Equipment will be color coded and marked per OSHA and AWWA standards
<b>System Inspections</b>	As required by Federal State, and local standards	State Inspection and Notice	Annual inspections will be performed on all major equipment, industry standard inspection to confirm proper operations of electrical components, facilities open for LCRA Inspection at any time. State does inspections.
<b>Meter and Equipment Calibration</b>	According to AWWA requirements	Meter operation and calibration procedures are available for review and inspection.	Metering equipment and calibration procedures will be part of the Corix MIS program
<b>System Service Interruption Frequency</b>	Response times for numbers and duration of system service interruptions and outages.	Real time outage tracking with outside audit as needed.	Internal targets have been established with any LCRA standards included. Supervisor will conduct root-cause analysis to determine the cause of service outages and interruptions and take corrective action to reduce system deficiencies
<b>Operating Permits</b>	Established by regulatory agencies	Review and Notice	All standards and variables will be tested, monitored, and recorded.
<b>Employee Certifications</b>	State Regulations	State Notice	A formal training program will be established with qualifications for each classification defined.

WASTEWATER SYSTEM			
Measure	Performance Standard	Performance Indicator	Work Description
Disaster Recovery	According to Federal State, and local requirements	Review of disaster recovery and contingency plans	Follow through with plans and exercises for disaster preparedness to be able to recover and resume operations in the event of an emergency.

**Wastewater Treatment and Collection System** - The use of dual qualified (water and wastewater) operators will allow more efficient use of the operator resources and will greatly enhance the responsiveness to either wastewater or water issues. Periodic training for all operators will be scheduled. In addition to seasonal construction topics, classes in such matters as confined space training, competent man training, first aid/CPR, personal protective equipment, hazardous communications training and water distribution system maintenance will be offered to the operators. Training will be scheduled in a fashion that allows all operators to attend the training but still provide coverage.

### 3.18 OTHER PERFORMANCE INDICATORS

Table 10: Preventive and Predictive Maintenance (PM/PDM)

PREVENTIVE AND PREDICTIVE MAINTENANCE (PM/PDM)		
Measurement	Tracked Components	Remarks
Equipment Downtime Caused by Breakdown	Downtime Caused by Breakdown Compared to Total Downtime	Not greater than 5%
Emergency Man Hours	Man Hours Expended on Emergency Jobs Compared to Total Man Hours Worked	Not greater than 15%
Cost of Breakdown Repairs	Direct Cost of Breakdown Repairs Compared to Total Direct Cost of Maintenance	Not greater than 15%
Preventive Maintenance Compliance	Preventive Maintenance Tasks Completed Compared to PM/PDM Tasks Scheduled	At least 98% completion
Preventive Maintenance Estimates Compliance	Estimated PM/PDM Task Cost Compared to Actual PM/PDM Task Cost	Variance not greater than 20%

**PREVENTIVE AND PREDICTIVE MAINTENANCE (PM/PDM)**

Measurement	Tracked Components	Remarks
Breakdowns Caused by Poor PMs	Breakdowns Caused by Items That Should Have Been Serviced as a Part of the PM/PDM Program Compared to Total Number of Breakdowns	Not greater than 10%
Preventive Maintenance Efficiency	Total Number of work orders (WOs) from PM Inspections Compared to Total Number of Work Orders Generated	At least 60% of Work Orders are PM
Equipment Reliability	Equipment Operation Compared to System Run-Time Availability	Minimum 98% Reliability
Total Maintenance Labor Reported to a Work Order	Maintenance Labor Costs on WO's Compared to Total Maintenance Costs	No defined goal; expressed as a percentage for reporting purposes
Total Maintenance Material Costs Reported to a Work Order	Maintenance Material Costs on WO's Compared to Total Maintenance Costs	No defined goal; expressed as a percentage for reporting purposes
Total Maintenance Contract Costs Reported to a Work Order	Maintenance Contract Costs on WO's Compared to Total Maintenance Costs	No defined goal; expressed as a percentage for reporting purposes
Maintenance Labor Costs Charged to a Standing or Blanket Work Order	Maintenance Labor Costs Charged to Standing WO's Compared to Total Maintenance Labor Costs	No defined goal; expressed as a percentage for reporting purposes
Material Costs Charged to a Standing or Blanket Work Order	Material Costs Charged to a Standing WO's Compared to Total Maintenance Material Costs	No defined goal; expressed as a percentage for reporting purposes
Percentage of Standing or Blanket Work Orders Written Against a Specific Equipment Item	Standing Orders Written for a Specific Equipment Item Compared to Total Number of Standing WO's	No defined goal; expressed as a percentage for reporting purposes
Percentage of Work Distribution by Type of Work Order	Preventive Work Orders, Corrective Work Orders, and Emergency Orders, Compared to Total WO's	Initial goal of 60% Preventive 25% Corrective and 15% Emergency Work Orders

### 3.19 OTHER STANDARDS AND SPECIFICATIONS

The following standards and specifications are applicable to the utility services that Corix will provide:

- Utility Hookup Standards
- Construction Standards
- Uniform Plumbing Code
- Professional Engineering Review

### 3.20 GENERAL HEALTH & SAFETY PRACTICES

Corix's approach to maintaining compliance with environmental safety is contained in OSHA regulations. This will be the standard to which we operate, maintain and construct the utility systems.

#### 3.20.1 Employee Safety and OSHA Compliance

Corix brings a strong commitment to safety. The safety strategy recommended in this section consists of several distinct activities:

- Implement a comprehensive Safety Management program
- Develop a site-specific Safety and Health Plan, with safety procedures and systems to support Corix's safety program
- Train employees at all levels in regards to OSHA requirements
- Promote individual responsibility for Safety and Health standards in every task

#### 3.20.2 Safety Management

Corix is committed to sound safety management principles that promote a zero accident philosophy inherent in all phases of work. The objective of safety management is to integrate safety, health and environmental protection into all work practices at all levels of the job task. The approach to a sound safety management program must include integrating safety into all aspects of the work. Corix will accomplish this objective by:

- Ensuring that employees take complete ownership of the Safety and Health Program; and
- Involving employees in the work planning process, development of the Safety and Health Program, and development and updating of procedures.

The Safety and Health Program will be tailored to specific activities and is essential to the success of this project. The program is used as a resource to help us accomplish our mission while integrating it into all levels of management and work practices to ensure the protection of workers, the public, and the environment.

Safety leadership starts with the total commitment to safety at the program level and flows down from the Manager of Utility Operations and to all workers. With this commitment, Corix will achieve excellence in all safety and health areas. It is imperative that employees take ownership of the Safety and Health program in order to obtain zero accidents and zero environmental incidents. Our Manager of Utility Operations is accountable for protecting the



environment and the safety and health of every worker at the site. The safety and health of workers and the public are protected by identifying, analyzing, and mitigating hazards and implementing effective work practices. We will not compromise safety for the sake of any other objective.

Corix has the following responsibilities to its employees:

- The first responsibility is to involve all employees in the task or job, including planning, hazard identification, pre-job hazard briefing, and all aspects of the task or job performance.
- The responsibility of management is to ensure that all employees (labor, planners, supervisors, QA, and Safety and Health) are involved in all aspects of the job or task at hand. Management ensures that all work is performed within the controls that have been identified and continually reviews the job for any new hazards. Management will assign only qualified and appropriately trained personnel to perform the job or task.
- The responsibilities of the Health and Safety Coordinator is to review implementation of the safety program, to provide guidance on the selection and use of safe work practices and to help identify, analyze and mitigate hazards. Safety and Health personnel will be vigilant in providing oversight of work activities and will provide technical support and professional knowledge to the personnel performing the job.

Corix methodology to accomplish improvements in our safety program:

- Initial walk down of work site to understand what issues are present.
- The generation of a site specific Safety and Health Plan that is tailored to the needs of the work site and the implementation of revisions to the Safety and Health Plan that may be needed to address new or unrecognized work activities.
- The training of employees on the requirements and information included in the Safety and Health Plan as well as other mandated training.
- Regularly scheduled site/work area inspections that can lead to quick hazard identification and therefore control of these hazards.
- The hazard abatement Job Hazard Analysis/Pre-Job Hazard Briefing (JHA/PJHB) process which will need the input of all persons involved in the work being planned.
- Gathering and utilizing employee feedback to continually improve our processes.
- Employee empowerment - employees have stop work authority if safety or gross violations of work requirements occur.
- Employee involvement – employees are encouraged and may have company provided incentives to express concerns and to assist in the JHA/PJHB process.

By using the above mentioned procedures, Corix strives to continuously improve working conditions for employees, lower operating costs and maintain a workplace that is socially responsible.

### 3.21 SAFETY AND HEALTH PLAN

The Safety and Health Plan will establish the work practices necessary to ensure the safety of all personnel throughout the contract.

At a minimum, the Safety and Health Plan will include a discussion of:

- Safety Requirements and Systems
- Hazard Assessment and Control
- Personal Protective Equipment
- Personnel Medical Surveillance
- Project Appearance and Housekeeping

The employees of the utility systems will be required to comply with all regulatory health and safety laws and any other local administration agency rules. We will develop specific safety requirements in each of the following areas, at a minimum:

- |  |                                   |
|--|-----------------------------------|
| • Confined space procedures and training           | • Housekeeping                    |
| • Asbestos training                                | • Blood-borne Pathogens           |
| • Machine guarding                                 | • Control of Hazardous Energy     |
| • Hazard Communications                            | • Excavation Safety               |
| • Non-potable water signage                        | • Welding, Burning, and Hotwork   |
| • Inspections of safety and emergency equipment    | • Hazardous Material Safety       |
| • Personal protective equipment                    | • Fall Protection                 |
| • Walking and Working Surfaces                     | • Fire Protection                 |
| • Electrical Safety                                | • Material Handling and Storage   |
| • Security monitoring at booster and lift stations | • Hand and Powered Portable Tools |
|  | • Compressed Gases                |

There are various tools utilized by Corix for hazard identification:

- JHA and PJHB
- Informal discussions with the Health and Safety Coordinator
- Written work orders
- Safety inspections
- Work Plans
- QA and Safety Audits

As required by the Safety and Health Plan, Corix will develop a JHA for complex work that may introduce new hazards not previously addressed. These JHAs will provide a detailed, job-specific hazard assessment that addresses each step of the work process, the hazards involved, and the controls for those hazards. Employees who will perform the job tasks will participate in preparation of the JHA such that they can ensure that all necessary steps for completion of work have been identified and evaluated in addressing the appropriate measures

to control or mitigate the hazards. As a part of this JHA, personal protective equipment (PPE) and applicable permits will also be identified.

Prior to start of work, the supervisor will complete a pre-job hazard briefing with all employees who are involved in the work activities. This briefing will be used to discuss the work to be performed, to identify the hazards, and to discuss the controls (e.g., procedures, permits, PPE) involved with the safe performance of work. This briefing will also serve as a forum for which employees can provide additional input on safe work performance by discussing lessons learned from prior experiences.

Because hazards contribute to accidents, injuries, and occupational illnesses, it is important to identify all hazards. Examples of hazards commonly associated with jobs are the following:

- The worker can be struck by, or strike against, or otherwise make harmful contact with an object.
- The worker can be caught in, by, or between objects.
- The worker can slip or fall.
- The worker can strain a muscle or joint by pushing, pulling, lifting, bending, or twisting.
- The worker is exposed to toxic gases, vapors, fumes, or particulates.

It is the responsibility of every Corix employee to identify and aid in the correction of all work area physical and behavioral hazards. Because each employee brings a unique set of skills and experiences to the work area, various employees can identify different potential hazards. Only through working together and combining all areas of expertise can we truly eliminate hazardous environments and behaviors. It is beneficial to look beyond the obvious hazards, at the entire environment, to discover every conceivable hazard that might exist. Note the importance of examining health hazards as well, even though the harmful effects may not be immediate (e.g., the harmful effect of inhaling a solvent or chemical dust over a long period of time).

### **3.21.1 Personal Protective Equipment**

During new employee orientation, our employees will be provided initial PPE along with introductory training on the required PPE and how to use and maintain it in a sanitary and reliable condition. JHAs, SOPs, MSDSs, and site-specific plans identify the proper PPE that will be worn when conducting each task. In addition, the Manager of Utility Operations will ensure that each individual has the proper PPE and is trained in its use. Corix requires that annual refresher training be conducted on the proper wear and care of the PPE.

Typical PPE used by our staff for utility operations includes the following: hard hats, eye protection, face protection, level 'B' chlorine protective suits, ear protection, rubber gloves, electrical gloves and rubber aprons.

Therefore, we will provide the following equipment, as a minimum for the facility:

- Portable gas monitors for confined-space work,
- PPE as mentioned above,
- Confined space equipment,

- Traffic control equipment (cones, barricades), and
- Site-specific training tools (videos, training courses).

### **3.21.2 Personnel Medical Surveillance**

Pre-employment screening includes a mandatory drug test. Random company-employment drug testing is also standard procedure and will include all utility employees.

### **3.21.3 Project Appearance and Housekeeping**

One of the key issues in ensuring a safe and orderly work place is to maintain the facilities in a manner that always promotes safety. A work place that lacks proper housekeeping invites accidents and poor performance to standards. In Corix, proper housekeeping is required so that facilities are free of debris and equipment is properly maintained to minimize the potential for on-site accidents. Because even office environments are the sites of frequent safety incidents, our program emphasizes proper housekeeping there, as well.

### **3.21.4 Health and Safety Training**

Prior to commencement of site activities, the Health and Safety Coordinator will ensure that all new employees are informed of the nature and degree of exposure to hazards that are likely to result from performance of: work activities. Corix will accomplish this by ensuring that prior to performing any work activities all personnel entering the site have received the applicable OSHA and project-specific training required.

As an integral part of the overall training program for the utility systems, general and site-specific safety training courses will be introduced. Specialized courses such as Cardiopulmonary resuscitation (CPR)/first aid, hazardous materials handling, confined space entry, and others will be held to ensure that a safe, accident-free work environment exists. The emphasis will be on results, not training for training's sake.

Because safety must be a continuous part of every employee's daily activities, it is integrated into every part of the training program. In addition to the specialized courses and drills already described, safety tips, warnings and recommendations will be common elements of our SOPs. Special maintenance training will be held as assurance that proper tools and techniques are used at all times to avoid accident and injury.

The safety training program will be subject to initial assessment, planning, and re-evaluation. Safety training will be a primary responsibility of the Manager of Utility Operations, with the support and scrutiny of the Health and Safety Coordinator. It will be subject to the scrutiny of the Health and Safety Coordinator and to the policies of the Corix Safety Program to ensure that safety training is effective and proper resources are available. Training opportunities will include formal training classes, routine safety team meetings, safety newsletters, tailgate meetings, and other safety-related materials. Some examples of topics addressed in the safety meetings may include:

- Hazard recognition
- Individual responsibility
- Safety regulations
- Problem solving

- Chemical safety
- Material handling
- Safe work practices
- General employee safety and health
- Current working conditions
- Safety and Health Plan reviews
- Specialized topics such as confined space entry, lockout/tagout, etc.

### 3.21.5 Responsibility for Safety and Health

Each employee is directly responsible for ensuring their own safety as well as the safety of other team members. Employees will be dedicated to establishing a safe environment in which work is performed without injury or illness to employees, visitors, or the public by complying with all LCRA, Federal, State, and local safety requirements, legislation, and regulations. However, the formal Health and Safety team begins with the Manager of Utility Operations who provides input into implementing Corix's safety program including procedures, policies, QA/QC, and planning and measurement systems. Our Health and Safety Coordinator and the Corix wide safety team offers assistance to support the needs of the project (training, analyzing, preventive, and technical support) in every aspect of the Safety and Health program.

A key aspect of our safety program is the oversight of the project by our Health and Safety Coordinator. The Health and Safety Coordinator is responsible for periodic safety assessments of the facility and follow-up reviews to ensure that all issues have been identified and addressed. He has the authority to enforce safety requirements for the Corix staff and facilities. During the transition to privatization, a detailed safety review will be conducted and the necessary safety equipment and facility improvements will be identified and acquired. The Health and Safety Coordinator will be directly involved in the start-up of the project, development of the Safety and Health Plan and training of the employees.

As part of our standard practice, we will conduct annual safety reviews of the facilities. This review will cover training records, site-specific safety plans, work environment and work practices. A corrective action plan matrix will be finalized for a systematic approach to mitigate safety concerns in order to meet all OSHA, state, and local requirements for the project.

Table 11: Corix Certification and Training Requirements as Part of Employee Job Description

POSITION	RESPONSIBILITIES	CERTIFICATION & TRAINING
<b>Supervisor Water/Wastewater Operations</b>	<ul style="list-style-type: none"> <li>• Performs routine process laboratory tests.</li> <li>• Understands and carries out oral and written directions related to plant operation as directed by the Senior Utility Supervisor on shift for monitoring the distribution system operation. The work of this class is characterized by the responsibility for controlling the</li> </ul>	<p>Class B Water certification from Texas Commission on Environmental Quality</p> <p>Class B Wastewater Treatment certification from Texas Commission on Environmental Quality</p>

POSITION	RESPONSIBILITIES	CERTIFICATION & TRAINING
<b>Senior Water/Wastewater Operator</b>	<p>operation of pump stations, PRV's and other auxiliary equipment in a safe and efficient manner on an assigned shift.</p> <ul style="list-style-type: none"> <li>• Direction is exercised over a varying number of lower level operators, the number being dependent upon staffing levels, as conditions and distribution requirements change. Work is performed with considerable independence under the direction of the Senior Utility Operator/Supervisor or designee.</li> <li>• Work performance is reviewed through operational logs and conferences for safe, efficient, environmentally acceptable and economic operation of the system. Responsible for the operating log book.</li> <li>• Determine the operational effectiveness of the various system equipment and machinery; identify trends in system production; control of the pressures and fire flows; directs other operators and other staff assigned to the operating crew and checks the operation of system equipment and machinery; monitors controls throughout the system; maintains an assigned section of the distribution system; and performs related work as assigned. There is exposure to weather, fumes, odors, dust and heat.</li> </ul>	<p>High school diploma or GED plus two or more years experience in water/wastewater operations maintenance or construction. A valid driver's license is required. Class C Surface Water or Groundwater Systems certification from TCEQ in area of primary responsibility and Class D Wastewater Systems</p>
	<ul style="list-style-type: none"> <li>• Performs routine process laboratory tests.</li> <li>• Understands and carries out oral and written directions related to plant operation as directed by the Senior Utility Supervisor on shift for monitoring the distribution system operation. The work of this class is characterized by the</li> </ul>	

POSITION	RESPONSIBILITIES	CERTIFICATION & TRAINING
<b>Senior Utility Worker</b>	<p>responsibility for controlling the operation of pump stations, PRV's and other auxiliary equipment in a safe and efficient manner on an assigned shift.</p> <ul style="list-style-type: none"> <li>• Direction is exercised over a varying number of lower level operators, the number being dependent upon staffing levels, as conditions and distribution requirements change. Work is performed with considerable independence under the direction of the Senior Utility Operator/ Supervisor or designee.</li> <li>• Work performance is reviewed through operational logs and conferences for safe, efficient, environmentally acceptable and economic operation of the system. Responsible for the operating log book.</li> <li>• Determine the operational effectiveness of the various system equipment and machinery; identify trends in system production; control of the pressures and fire flows; directs other operators and other staff assigned to the operating crew and checks the operation of system equipment and machinery; monitors controls throughout the system; maintains an assigned section of the distribution system; and performs related work as assigned. There is exposure to weather, fumes, odors, dust and heat.</li> </ul>	<p>certification from TCEQ in area of secondary responsibility, with at least one in wastewater treatment or as required by the systems assigned to the operator. First Aid/CPR, asbestos awareness program, hazmat awareness course. Complete an approved confined space entry training program. Class B Commercial Drivers License where required for assigned vehicle operation.</p>
	<ul style="list-style-type: none"> <li>• Perform all preventive and corrective maintenance on the water and wastewater systems and equipment.</li> <li>• Plans, schedules and directs maintenance of a wide variety of specialized mechanical and electrical equipment plus</li> </ul>	<p>Training provided in all disciplines required for the position. All staff reporting to project site will receive safety indoctrination.</p>

POSITION	RESPONSIBILITIES	CERTIFICATION & TRAINING
<b>Water / Wastewater Operator Level 2</b>	buildings, structures and grounds.	
	• Coordinates the personnel and other resources required in the maintenance and repair of WWCS, WWTS and WD facilities.	
	• Reads, interprets and works from blueprints, drawings, sketches, plans, specifications and mechanical illustrations.	
	• Performs skilled mechanical repair work on WWCS, WWWWS and WD motors, pumps and other equipment.	
	• Keeps records and prepares routine and special reports.	
	• Performs PM and CM on WWCS, WWTS, WDS, and related equipment.	
	• Performs general maintenance and repair tasks on buildings, structures and grounds.	
	• Communicate effectively at all levels regarding recommended maintenance and repair procedures.	
	• Analyzes equipment failures to determine cause and to prevent recurrences.	
	• This position is required to be on standby and work irregular hours.	
	• Operate and maintain various service pumps and motors.	
	• Maintains system records.	
	• This position is subject to call out and maybe required to work irregular hours.	
	• Determine the operational effectiveness of the various equipment and machinery	
	• The lead operator directs other operators	
	• There may be exposure to fumes, odors, dust and heat.	
		Class C Water Systems certification from Texas Commission on Environmental Quality in area of primary responsibility and Class C Wastewater Systems certification from Texas Commission on Environmental Quality in area of secondary responsibility, with at least one in wastewater treatment First Aid/CPR, Complete 8 hour asbestos awareness program. Possess and maintain a card for an 8 hour hazmat awareness course.



### 3.22 CUSTOMER CARE AND BILLING INITIAL OPERATING PLAN

Corix will perform the Customer Care and Utility billing functions on behalf of LCRA for approximately 2,700 customers in the Hill Country and Southeast Regions. Corix is committed to providing a seamless transition and excellent service to its customers. To achieve this objective, CCB (Customer Care and Billing), Corix has hired staff currently with the LCRA doing this function today. A Customer Care Supervisor, one Customer Care representative and an Administrative assistant have been hired to handle the responsibilities as anticipated by the LCRA and the requirements of the Operating and Maintenance Agreement. This team will be located at the new Corix office on Bee Caves Road in Austin, Texas.

Regular weekly meetings have been held to address the various components of the CCB process. From the meter reads through to the payment process, all aspects of the 2 cycles including reporting have been addressed.

On July 2, 2012 the telephony equipment and programming of messages will be in place. Training on the equipment will take place prior to go live day. A state of the art VOIP telephone system allows redundancy in our center should the location go down due to an unplanned event such an extraordinary storm event or natural disaster. In addition, it allows for expanded coverage hours to support customer needs. After hours emergency dispatch will be handled through LCRA dispatch during the O&M period.

CCB staff will utilize LCRA's current CIS Billing System and TAG to dispatch field operation activities and access real-time account and premise information. CIS is a web-based software program with numerous links that will allow a Customer Care representative to drill deeper into specific information about specific bills, meter reads, field activities, collection and severance processes that are displayed at a high level on the home screen. A Customer Care representative can review current and past customer contacts allowing them to answer customer questions that may have arisen previously. CIS allows field activity information at a customer premise to be stored indefinitely allowing Corix to act in a cost effective manner when considering repair or replacement of equipment or lines. In addition, Corix system automates field activity dispatching to allow the field personnel to complete field activities in a live environment so that Customer Care representatives/supervisors have the information available as soon as the order is completed. This will allow Corix to accurately and quickly respond to its customers. Customer bills generated in CIS allow a customer to compare their consumption to prior months, as well as the same month from the previous year. This enhanced information allows customers the ability to review their account history, to make informed decisions about their service and to recognize changes in their service usage.

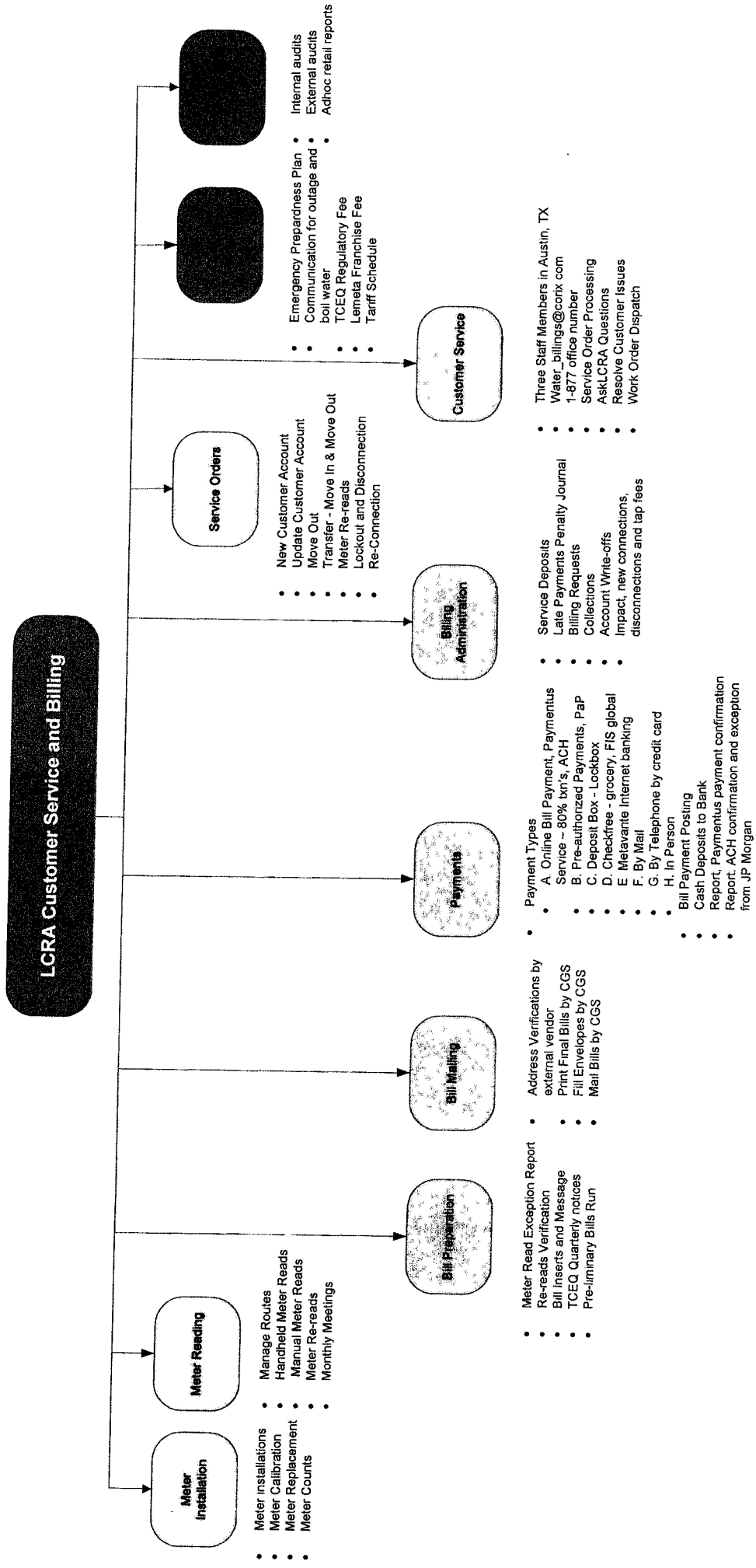
Although payment processing and posting will stay the same and will reside with LCRA, Corix staff will do the billing, take customer calls, and create service work orders. A new third party bill print provider has been selected: Infosend. A parallel run is planned in the month of July with go live in August.

Corix will continue to offer online services via LCRA's website during the O&M period. Online services will include:

- the application for residential and commercial service
- the updating of water service account information
- move out forms

- the transfer of water utility services
- on line bill payment
- tips on how to read your water meter

Figure 13: Customer Care and Billing



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## **4 COMMUNITY OUTREACH PLAN**

### **4.1 COMMUNITY RELATIONS**

Community acceptance is essential in facilitating a prompt and streamlined transition of a public utility to private ownership. To achieve the community's confidence in Corix as a new owner/operator, we are committed to working with our partnering municipalities on extensive public and stakeholder communications. These communications are guided by requirements usually determined in consultation with our public partners during a transition period, recognizing previous established relationships and practices with its customers and other key stakeholders. The communications plan would be centered on our overall operational, integration, and financial plans, with specific details on our projections of utility rates required by Corix in order to continue to deliver the same level of reliability and safety that the LCRA currently delivers.

Some of the key components in our community relations and communications plans are:

- Research to gain understanding and insights into the priorities and needs of the community.
- Development of communications materials with appropriate messaging about Corix and the benefits of an investor-owned utility operation.
- Strategies for public engagement and elected official outreach through face-to-face meetings, digital and social media and media relations.

#### **4.1.1 Community Involvement**

We believe a strong community will support a strong and reliable utility. Corix and its employees support local charities and community groups in every region in which we operate. We also believe in supporting environmental and sustainability initiatives that align well with our core businesses. In our University of Oklahoma transaction that completed in 2010, Corix donated \$2 million to establish the Corix Institute for Water Resources and Sustainability, a research effort devoted to water sustainability in emerging and critical regions.

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**EXHIBIT G: PRICE AND UTILITY COST DATA**

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Please refer to the following page for Exhibit G, Cost Data (Lometa).

## CORIX®

### Exhibit G - Price & Utility Cost Data

STM application

Region

name

type

a) **Total Purchase Price (as at June 30th, 2011), excluding Closing Adj's**

Total Original Cost

Accumulated Depreciation

Contributions -in-Aid of Construction

Specific surcharges approved by TCEQ

Revenues from explicit Customer Agreements

Developer Contributions

Other (please explain)

Total CIAC

Net Book Value before CIAC (June 30th, 2011)

Original Cost after CIAC (June 2011)

Accumulated Depreciation after CIAC (June 30th, 2011)

Net Book Value after CIAC (June 30th, 2011)

b) Utility Plant in Service (as of June 30th, 2011)

c) Plant Acquisition Adjustment (June 30th, 2011)

Total Purchase Price (June 30th, 2011)

d) Extraordinary Loss on Purchase

e) Accumulated Depreciation on Plant

f) Cash

g) Notes Payable

h) Mortgage Payable, to be reduced for payments made prior to closing

i) Other - Construction WIP (as of June 30, 2012)

i) Other - Prepaid expenses (as of June 30, 2011)

13	
Lometa	
Lometa	Lometa
Water	Wastewater
\$2,719,043	\$0
\$7,783,302	\$1,565,703
\$2,030,174	\$258,342
(\$401,574)	(\$488,714)
(\$401,574)	(\$488,714)
\$5,753,128	\$1,307,361
\$7,381,729	\$1,076,989
\$1,964,418	\$246,124
\$5,417,310	\$830,865
\$5,417,310	\$830,865
(\$2,698,267)	(\$830,865)
\$2,719,043	\$0
\$0	\$0
\$2,030,174	\$258,342
\$0	\$0
\$0	\$0
\$0	\$0

50%

0%

Note: Purchase Price negotiated was for Utility Plant in service as at June 30th, 2011, with a Closing Price Adjustment. The Closing Price adjustment takes into consideration asset additions, depreciation and retirements between June 30th, 2011 and the closing date.

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**EXHIBIT H: OTHER TRANSACTION CONSIDERATIONS**

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The following details "Other Transaction Considerations" with regards to Corix Utilities (Texas) Inc. acquisition of utilities in the Hill Country and S.E. Region of Central Texas include the following:

***Project Initiatives in the Region:***

Corix is experienced in providing long-term sustainable utility service to the systems under its operation and control. Additionally, Corix is a multi-utility organization that provides utilities operations, utility services and utility products. Our utilities services in Texas currently involve water meter reading services to Austin Energy. We have recently established a Water Products sales force in Texas. Our Water Products Group provides pipe, valve, control products and solutions as well as manufactures packaged water treatment plants, wastewater treatment plants and specialty valve and master meters. Currently the Corix Group has approximately 75 utility/services/ products staff located in Austin. Having the multi-utility capacity allows Corix to support our utility operations with technical expertise in utility O&M, measurement & metering and product/ systems that other public or private utilities do not have in house.

Presently, Corix is undertaking work on several projects in Central Texas in advance of the regulatory approval of the acquisition of these assets from LCRA.

***Customer Care and Utility Billing Services***

1. Corix will be converting the customer base to our Northstar CIS system which will provide customers with a fully comprehensive bill including historical consumption data.
2. Customers will be provided a detailed bill insert in the first two months to communicate changes in the cosmetic look and feel of their bill and to address any new contact information.
3. Customers will be provided with online access via the Corix website to set up new service or provide a change of address and access a copy of their bill at anytime with payment options remaining the same and unchanged.
4. Customer service orders and records will be kept on file for a minimum of seven years in the Austin, Texas office and although the servers are out of state and fully supported by a secure data center the information will be accessible to the TCEQ and the customers at anytime. This issue has been previously discussed with the commission and we had received approval at that time.
5. The customers will be supported by a call center with attendants available between the hours of 8 – 5pm for billing inquires and after hour for emergencies.
6. Customer deposits will be purchased from LCRA and held on account. Amounts will be reviewed and adjusted as per the TCEQ rules and refunds will be provided to customers as required.

**Texas Water Code 13.301(j)**

LCRA's disclosure regarding contributed property pursuant to TWC 13.301(j) can be found in Section 7.2(O) of the Purchase Sale Agreement dated March 30, 2012, as amended in the Confirmation and Supplemental Agreement dated October 1, 2012.

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**EXHIBIT I.1: TARIFF TERMS AND CONDITIONS (WATER) INCLUDING DROUGHT  
CONTINGENCY PLAN**

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Please refer to the following pages for Exhibit I.1 water tariff data, including:

- Section 1.0: Rate Schedule
- Section 2.0: Service Rules and Policies
- Section 3.0: Extension Policy
- Section 4.0: Drought Contingency Plan
- Appendix A: Sample Service Agreement
- Appendix B: Application for Service



# WATER UTILITY TARIFF FOR

Corix Utilities (Texas) Inc.

6836 Bee Caves Rd, Suite 209

(Utility Name)

(Business Address)

Austin, Texas 78746

(512) 306-4000

(City, State, Zip Code)

(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

Existing CCN number to be reassigned for existing certified areas and newly certificated area to be given the same CCN number.

This tariff is effective in the following county (ies):

Lampasas

This tariff is effective in the following cities or unincorporated towns (if any):

Lometa

This tariff is effective in the following subdivision or systems:

Lometa Water System

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

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SECTION 1.0 – RATE SCHEDULE	2
SECTION 2.0 – SERVICE RULES AND POLICIES	4
SECTION 3.0 – EXTENSION POLICY	13
SECTION 4.0 – DROUGHT CONTINGENCY PLAN	19
APPENDIX A – SAMPLE SERVICE AGREEMENT	
APPENDIX B – APPLICATION FOR SERVICE	

(Utility Name)

**SECTION 1.0 -- RATE SCHEDULE****Section 1.01 - Rates****RESIDENTIAL/NON-RESIDENTIAL**

Meter Size	Monthly Minimum Charge	Gallonage Charge		
5/8 or 3/4"	\$ 52.00	\$ 0.00	per 1000 gallons, 1 <sup>st</sup>	2,000 gallons
1"	\$ 111.00	\$ 3.75	per 1000 gallons, next	3,000 gallons
1 1/2"	\$ 210.00	\$ 4.75	per 1000 gallons, next	10,000 gallons
2"	\$ 332.00	\$ 6.90	per 1000 gallons, next	10,000 gallons
3"	\$ 651.00	\$ 7.95	per 1000 gallons thereafter	

**SCHOOLS**

Meter Size	Monthly Minimum Charge	Gallonage Charge		
5/8 or 3/4"	\$ 47.75	\$ 4.75	per 1000 gallons,	All gallons
1"	\$ 137.00			
1 1/2"	\$ 249.00			
2"	\$ 378.00			
3"	\$ 651.00			

**FORM OF PAYMENT:** The utility will accept the following forms of payment:Cash ☒, Check ☒, Money Order ☒, Credit Card ☒, Other (specify) Electronic Funds Transfer

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

**REGULATORY ASSESSMENT**1.0%

TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

**Section 1.02 - Miscellaneous Fees****TAP FEE**\$ 800

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

**TAP FEE (Unique costs)**Actual Cost

FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

**TAP FEE (Large meter)**Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

**METER RELOCATION FEE**Actual Relocation Cost, Not to Exceed Tap Fee

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

## SECTION 1.0 – RATE SCHEDULE (Continued)

**METER TEST FEE** \$ 25.00

THIS FEE WILL BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY.

**METER RE-READ FEE** \$ 25.00

THIS FEE WILL BE CHARGED IF A CUSTOMER REQUESTS MORE THAN ONE RE-READ OF THEIR METER WITHIN A TWO-YEAR PERIOD AND THE RE-READ INDICATES THAT THE PREVIOUS READING WAS RECORDED ACCURATELY.

**DISCONNECTION FEE** \$ 25.00

THE DISCONNECTION FEE WILL BE CHARGED TO CUSTOMERS WHO DISCONNECT FROM THE SYSTEM FOR ANY REASON EXCEPT TERMINATION OF A UTILITY ACCOUNT.

**RECONNECTION FEE**

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- |  |          |
|--|----------|
| a) Nonpayment of bill                                | \$ 25.00 |
| b) Reconnect fee if customer requested disconnection | \$ 25.00 |

**TRANSFER FEE** \$ 30.00

THIS FEE APPLIES TO CUSTOMERS WHO REQUEST TO TRANSFER AN ACCOUNT FROM ONE SERVICE LOCATION TO ANOTHER EXISTING SERVICE LOCATION WITHIN THE SAME SERVICE AREA. IF THERE IS NOT AN EXISTING TAP AT THE NEW SERVICE LOCATION, THE CUSTOMER WILL ALSO BE RESPONSIBLE FOR ALL CHARGES AND FEES FOR A NEW SERVICE APPLICATION AND CONNECTION.

**CHANGE OF ACCOUNT FEE** \$ 20.00

THE CHANGE OF ACCOUNT FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

**LATE CHARGE** 10% OF THE BILL

TCEQ RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

**RETURNED CHECK CHARGE** \$ 25.00

**CUSTOMER DEPOSIT RESIDENTIAL** \$ 50.00

**COMMERCIAL & NON-RESIDENTIAL DEPOSIT** 1/6TH OF ESTIMATED ANNUAL BILL

**GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE** \$ Actual Cost

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [30 TAC 291.21(K)(2)]

Corix Utilities (Texas) Inc.  
(Utility Name)

Water Tariff

## SECTION 1.0 – RATE SCHEDULE (Continued)

### LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

### APPLICATION FEE

\$ 40.00

THIS FEE IS DUE AT THE TIME WATER SERVICE IS REQUESTED

### METER INSTALLATION AND INSPECTION FEE

\$ See below

THIS FEE WILL BE \$100 OR THE COST OF THE METER, WHICHEVER IS GREATER. IF THE COST OF THE METER EXCEEDS \$100, THEN A \$25 INSPECTION FEE WILL BE ADDED TO THE ACTUAL COST OF THE METER.

### EQUIPMENT DAMAGE FEE

\$ See below

IF CORIX'S FACILITIES OR EQUIPMENT HAVE BEEN DAMAGED DUE TO TAMPERING, NEGLIGENCE, OR UNAUTHORIZED USE OF CORIX'S EQUIPMENT, RIGHT-OF-WAY, OR METER SHUT-OFF VALVE, OR DUE TO OTHER ACTS FOR WHICH CORIX INCURS LOSSES OR DAMAGES, THE CUSTOMER SHALL BE LIABLE FOR A FEE OF \$50.00 OR THE ACTUAL COSTS FOR ALL LABOR, MATERIAL, AND EQUIPMENT NECESSARY FOR REPAIR, REPLACEMENT, OR OTHER CORRECTIVE ACTIONS BY CORIX, WHICHEVER IS GREATER. THIS FEE SHALL BE CHARGED AND PAID BEFORE SERVICE IS RE-ESTABLISHED.

## SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Texas Commission on Environmental Quality Rules, Chapter 291, Water Utility Regulation, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

### Section 2.01 - Application for Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

### Section 2.02 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the TCEQ Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that a complaint may be filed with the Commission.

### Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected

#### (A) Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with TCEQ Rules.

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

(Utility Name)

**SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)**

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the deposit at any time prior to termination of utility service but must refund the deposit plus interest for any residential customer who has paid 18 consecutive billings without being delinquent.

**(B) Tap or Reconnect Fees**

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the TCEQ or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 30 T. A. C. 291.86(a)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

**(C) Easement Requirement**

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the Utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

(Utility Name)

## SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

### Section 2.04 - Utility Response to Applications for Service

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and utility cut-off valve and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

Except for good cause where service has previously been provided, service will be reconnected within one working day after the applicant has met the requirements for reconnection.

### Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

No direct connection between a public water supply system and any potential source of contamination or between a public water supply system and a private water source (ex. private well) will be allowed. A customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises.

### Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality Rules and Regulations for Public Water Systems, Section 290.46(j). The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

(Utility Name)

**SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)**Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required.

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in Section 290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.



(Utility Name)

**SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)**Section 2.08 - Access to Customer's Premises

The utility will have the right of access to the customer's premises at all reasonable times for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours and the utility personnel will attempt to notify the customer that they will be working on the customer's property. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

All customers or service applicants shall provide access to meters and utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

Section 2.09 - Meter Requirements, Readings, and Testing

One meter is required for each residential, commercial, or industrial connection. All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers.

Meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established

**SECTION 2.0 -- SERVICE RULES AND POLICIES(Continued)**

by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

**Section 2.10 - Billing****(A) Regular Billing**

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

**(B) Late Fees**

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

**(C) Information on Bill**

Each bill will provide all information required by the TCEQ Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

**(D) Prorated Bills**

If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

**SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)****Section 2.11- Payments**

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

**Section 2.12 - Service Disconnection****(A) With Notice**

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the TCEQ Rules.

**B) Without Notice**

Utility service may also be disconnected without notice for reasons as described in the TCEQ Rules.

## SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

### Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition.

Service will be reconnected within 36 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

### Section 2.14 - Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the Commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

### Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the Texas Commission on Environmental Quality Rules and Regulations for Public Water Systems.

### Section 2.16 - Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through the Texas Commission on Environmental Quality complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

## SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the Commission.

### Section 2.17 - Customer Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

APPENDIX A – SAMPLE SERVICE AGREEMENT

From 30 TAC Chapter 290.47(b), Appendix B

SERVICE AGREEMENT

- I. PURPOSE. The NAME OF WATER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF WATER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the water system will not re-establish service unless it has a signed copy of this agreement.
- II. RESTRICTIONS. The following unacceptable practices are prohibited by State regulations.
  - A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
  - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
  - C. No connection which allows water to be returned to the public drinking water supply is permitted.
  - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
  - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

III. SERVICE AGREEMENT. The following are the terms of the service agreement between the NAME OF WATER SYSTEM (the Water System) and NAME OF CUSTOMER (the Customer).

- A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System.
- B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Water System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Water System's normal business hours.
- C. The Water System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
- D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
- E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Water System. Copies of all testing and maintenance records shall be provided to the Water System.

IV. ENFORCEMENT. If the Customer fails to comply with the terms of the Service Agreement, the Water System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

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CUSTOMER'S SIGNATURE

DATE

**APPENDIX B -- APPLICATION FOR SERVICE  
(Utility Must Attach Blank Copy)**



## **SECTION 3.0--EXTENSION POLICY**

### **Section 3.01 - Standard Extension Requirements**

LINE EXTENSION AND CONSTRUCTION CHARGES: NO CONTRIBUTION IN AID OF CONSTRUCTION MAY BE REQUIRED OF ANY CUSTOMER EXCEPT AS PROVIDED FOR IN THIS APPROVED EXTENSION POLICY.

The Utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with TCEQ rules and policies, and upon extension of the Utility's certified service area boundaries by the TCEQ.

The applicant for service will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

The Utility is not required to extend service to any applicant outside of its certificated service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with TCEQ rules and policies, and upon extension of the Utility's certificated service area boundaries by the TCEQ.

### **Section 3.02 - Costs Utilities and Service Applicants Shall Bear**

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

### SECTION 3.0 -- EXTENSION POLICY (Continued)

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the additional cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Unless an exception is granted by the TCEQ's Executive Director, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the TCEQ Executive Director if

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.