NERRO
Customer Presentation

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WATER IS OUR ELEMENT

UNDINE TEXAS, LLC

Regulated Water and Wastewater Utilities

Emphasizing Regulatory Compliance and Quality Customer Service

Water Customers	10,099
Sewer Customers	3,153

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UNDINE TEXAS, LLC

Regulated Water and Wastewater Utilities

Founded in 2016 to acquire and renovate privately-owned water and wastewater utilities, Undine has taken on the challenging and rewarding role of bringing desperately needed improvements to utilities across Texas.

We are committed to achieving regulatory compliance in all of our systems by:

- **making cost-effective improvements**
- **eliminating violations**
- **improving customer service**

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UNDINE Benefits to Texas Utilities:

- **Experienced management**
- **Ample capitalization**
- **Regulatory compliance**
- **Adherence to NARUC (utility) accounting**
- **Improved customer and regulatory affairs**

1. ***Commitment to customer service and reputation***
2. ***Dedication to "cost-effective" improvements and minimal rate impact***

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Rising Water Rates in America

Reference: February 2012 CNN Money Report

- A study by the American Water Works Association found that repairing the aging drinking water systems in America will cost at least $1 trillion.
- In most cases this will be paid for by increasing household water bills.
- Many consumers could see their **water bills double or even triple, as the country attempts to overhaul its aging water systems.**

http://money.cnn.com/2012/02/27/pf/water_bills/index.htm?source=cnn_bin

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TO IMPROVE WATER SERVICE IN AGING UTILITIES OUR CAPITAL PLAN INCLUDES:

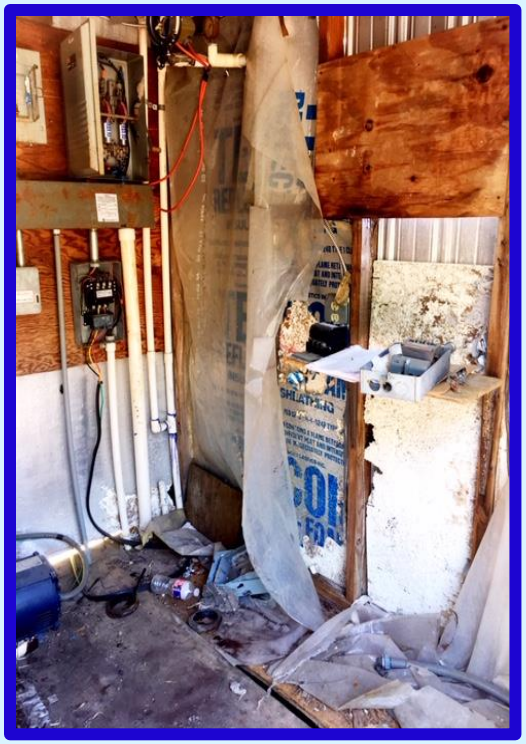
Installation of:

- new ground storage tanks
- New pressure tanks
- water treatment plants
- booster pumps, electrical controls, disinfection equipment
- Isolation valves and flush valves
- back-up generators and additional wells as needed

Addressing Water Loss Through:

- leak repairs
- meter replacement plan

Typical Old Pump House / Control Rooms



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New Control Room/ Pump House

- New electrical components
- Computerized monitoring
- Security water treatment and chlorine
- New gauges, controls, pumps
- Secure protection for the above

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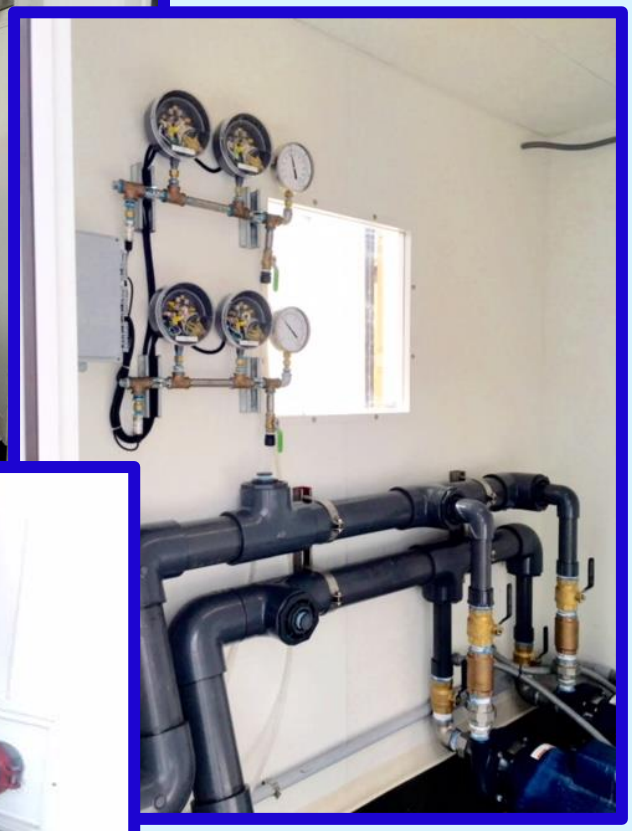

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NEW storage tanks and pressure tanks wherever needed

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Undine / NERRO

- Systems 20
- Customers 2,373

Capital Improvements

- Through 2/2022 – $1,900,000
- Budgeted going forward – $5,800,000

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Regulated Water and Wastewater Utilities

Water –
What you need to know

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Regulated Privately-Owned Utilities
(Investor-Owned Utilities / ”IOU”)

- Must meet all **regulatory guidelines** and EPA clean-water standards
- EPA surveys have shown the small IOUs around the country have the **most violations**
- EPA has determined – the best future for small aging IOUs is to be purchased by a large, responsible utility with capital to make **needed improvements**
- IOU **rates reflect full cost of service**
- Rates, service and complaint resolution are under the jurisdiction of the Texas PUC

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The Texas Utility Regulators

"PUCT"

Public Utility Commission of Texas has jurisdiction over privately-owned utilities' rates, service and complaint resolution.

"TCEQ"

Texas Commission On Environmental Quality oversees the rules, regulations and permitting that ensure safe drinking water and clean wastewater treatment.

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Public Utility Commission of Texas

What We Do: (Rates and Service)

The Public Utility Commission of Texas regulates the state's electric, telecommunication, and water and sewer utilities, implements respective legislation, and offers customer assistance in resolving consumer complaints.

Mission:

We protect customers, foster competition, and promote high quality infrastructure.

512-936-7000 http://www.puc.texas.gov/

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Texas Commission on Environmental Quality

The Texas Commission on Environmental Quality strives to protect our state's public health and natural resources consistent with sustainable economic development. Our goal is clean air, clean water, and the safe management of waste.

We ensure safe drinking water:

- **Reporting, monitoring, notification requirements regarding water quality**
- **Wastewater and storm-water permitting requirements**
- **Participation in the permitting process**

512-239-1000 **http://tceq.state.tx.us/**

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Primary Water Utility Issues

Capacity

Quality

Operations

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Capacity

- **TCEQ sets capacity requirements** that must be maintained for the water well and storage, based on the number of connections:
  - Ground *Storage must provide at least 200 gallons per connection.*
  - *Pressure tanks must provide at least 20 gallons per connection.*
  - *Wells must produce at least .6 GPM per connection.*
  - *Service pumps must achieve 2 gallons per connection.*
- "**Drought Plan**": In order to always maintain a minimum household pressure of 35 psi, utilities must produce and enforce a drought plan, designed to decrease water consumption in times of very high usage. To achieve this, outside irrigation may be restricted. These plans are a requirement of the TCEQ.

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Water Quality

What Causes Water to Become Discolored?

- "Brown" water – Naturally occurring minerals (primarily iron and manganese) flowing with the water are typically to blame for water discoloration. These minerals, which are heavier than water can settle in water pipelines (and storage tanks) when water usage is low. Water utilities frequently attempt to minimize water discoloration by flushing out their systems on a regular basis.*

***DrinkTap.org - By American Water Works Association**

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Quality Issues

Iron/manganese – these are "secondary constituents" with only an aesthetics parameter. Although, according to the EPA, these are not a health concern, it is an issue we take very seriously.

Treatment Options:

1. **Flushing** – helpful in removing discolored water, but can be problematic for systems with low water capacity or pressure issues
2. **Sequestering** – a polyphosphate solution is added to the raw water to keep particles from becoming "discolored"
3. **Filtration** – very expensive, high water loss
4. **Reverse Osmosis** – prohibitive in smaller, non-municipal systems due to high cost, water loss and discharge requirement

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United States Environmental Protection Agency

National Secondary Drinking Water Regulations (NSDWRs)

- Guidelines for regulating contaminants that may cause cosmetic effects, aesthetic, or technical effects that are not health-threatening.
- If present in your water the contaminants may cause the water to appear cloudy, colored, or to taste or smell bad.

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Operations

Undine is highly committed to:

- Maintaining regulatory and environmental compliance (testing, reporting, etc.)
- Achieving utility "best practices", problem solving, keeping costs down, minimizing rate impact
- Customer communications and responsiveness

  (We cannot provide advance notice of all water outages)

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Emergency Water Supplies

Having an ample supply of clean water is a top priority in an emergency. A normally active person needs to drink at least two quarts (half gallon) of water each day. People in hot environments, children, nursing mothers, and ill people will require even more. You will also need water for food preparation and hygiene. **Store at least one gallon per person, per day.** Consider storing at least a two-week supply of water for each member of your family. If you are unable to store this quantity, store as much as you can.

To view the Full Article: https://www.fema.gov/pdf/library/f%26web.pdf

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Rates

How and Why Rates Change

Rates must cover all the components and costs of providing water:

- Additional investment in the utility system (repairs, replacements, improvements)
- Reasonable Increases in Operations & Maintenance costs
- Earning a reasonable rate of return ensures continued investment and compliance by private utility owners

The Rate Process:

- File an application with the PUC
- Provide notification to customers
- Expenses must be "used and useful", "reasonable and necessary"
- The PUC conducts an audit of the company expenses
- A hearing is held where customers may provide input

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Subsidence and Conservation Districts

"Pass Through" Fees

- The use of well water in Texas is causing the ground to subside, or SINK, in some areas.
- In 1985 Texas began requiring the use of Groundwater Conservation Districts to reduce the use of groundwater. To reach required goals, Subsidence or Conservation Districts are established, placing fees on use of ground water. These fees are charged to utility companies who pass them directly on to their customers, based on customer usage.
- There are many different Conservation districts throughout the Undine utility systems. Their fees for water usage varies widely. Not all Undine systems have these pass-through fees.

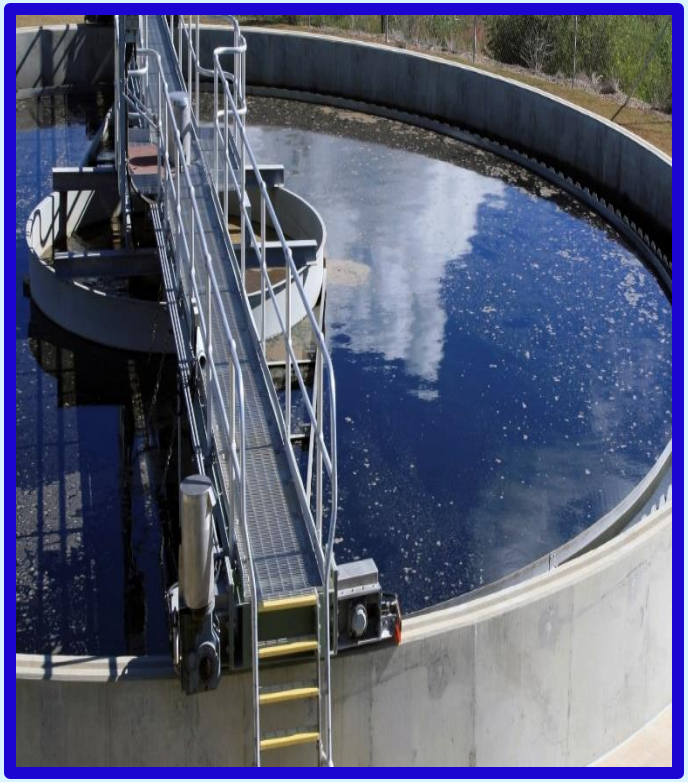
COMMUNICATIONS

"Town Hall Meetings"
Face-to-face meetings to discuss important utility issues.

"IRIS" Alert Notification System
Undine is pleased to provide our customers with up-to-the-minute communications. Please contact our customer service to sign up for text, email, or phone messages, regarding emergencies, boil water conditions or other important information.

"Service Agreement"
The service agreement is a part our Application for Service. It's a TCEQ requirement that protects the water supply from outside contamination.

"Consumer Confidence Reports" (CCRs)
Annual water quality information required by the EPA



UNDINE

Also Owns and Operates Regulated Wastewater Utilities

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What is the environmental problem with "FOG" (FATS, OIL, GREASE) in our sewers?

EPA's report to congress on sewer overflows identifies grease from "restaurants, homes and industrial sources" as the most common cause of blockages (47%). Grease is problematic because it solidifies, reduces system capacity and blocks flow.*

***EPA's Office of Water -2007**

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Avoid putting fats, oils or grease down the drain!

Grease solidifies and causes sewer spills

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Proper Sewer Spill Cleanup:
Vacuum and disinfect

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Final Thoughts

- We appreciate our customers' thoughts and concerns.
- Anytime you experience low water pressure or water quality problems, please call our customer service department so we can take proper action.
- Our website also contains useful information regarding conservation tips, links to the State Regulatory Agencies, answers to your Frequently Asked Questions, and each system's rates, charges and applications for service.