



TCEQ REGULATORY GUIDANCE

Water Supply Division
RG-553 • July 2021

Emergency Preparedness Plan (EPP): Drinking Water Financial Waiver

Senate Bill 3 (SB 3) created Texas Water Code (TWC) Section 13.1394, which requires affected utilities to provide emergency operations during extended power outages lasting more than 24 hours. (87th Texas Legislature, 2021) TCEQ may grant a waiver to the requirement to submit an EPP if it is determined that implementation of an EPP causes a significant financial burden on the utility's customers. Below are the requirements for requesting a financial waiver depending on if the affected utility bills or does not bill customers.

This financial waiver information is also applicable to affected utilities in Fort Bend and Harris Counties.

Affected Utility that Bills Customers

To demonstrate that the affected utility meets the criteria to obtain a financial waiver, an affected utility that bills customers must do both of the following:

- 1) Provide documents demonstrating how much customers are charged for water annually.
- 2) Submit all necessary price quotes needed to provide emergency operations.

Annual water charges to customers

Please provide information demonstrating the average annual cost that each customer incurs to receive water to include:

- 1) The average monthly water usage per connection. You may provide this information in the form of a spreadsheet containing 12 months of continuous data with:
 - a. One column containing the total amount of water sold from the system each month (in gallons).
 - b. One column containing how many connections are billed for water each month.
- 2) The initial base water rate and the additional water rate after the base amounts are surpassed. For example, \$16 for the first 1,000 gallons of water and \$1.25 for every 100 gallons thereafter. This information can be provided in a statement from the system owner or in a copy of any document given to customers showing how the customers are charged for water.

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- 3) Any other customer charges used to subsidize the water system. For example, taxes, surcharges, or other fees. This information can be provided in a statement from the system owner or in a copy of any document given to customers showing how the customers are charged for water.

Cost estimates or price quotes for providing emergency operations

- 1) Provide documentation estimating the total cost of implementing an EPP. The list below may not capture all costs. All costs associated with implementing an EPP must be documented through any of the following: engineering quotes, manufacture's quotes, or current published price information gathered from the internet. Some examples of potential expenses may include:
 - a. Generator(s) must be capable of operating plant equipment necessary to provide potable water to your customers lasting more than 24 hours. This may include equipment such as a well, treatment units, air compressor for pressure tanks, and service pump(s).
 - b. Installation of the generator(s) including both:
 - i. Concrete slab/pad for the generator(s) including leveling material and structural housing for the generator.
 - ii. Protective fencing around the generator(s) to prevent intruders including fencing, razor wire, alarm system, security company, security lights, etc.
 - c. Secondary spill containment berm to capture accidental oil and fluid spillage from the generator(s).
 - d. Auxiliary fuel tank for the generator(s); including sufficient fuel to operate for a 72-hour period.
 - e. Site work, e.g. tree removal, installation of gas lines.
 - f. Electrical work, e.g. installation of automatic transfer switch, electric service panel; upgrading to three phase electricity.
 - g. Construction or other types of permits including:
 - i. Annual maintenance fee. Some water systems will need the installer/operator to service the generator annually or the warranty will be void.
 - ii. Insurance fees.
 - iii. Design and construction of a well, water tank and pump station. For systems without a water plant.
- 2) A description of how you plan to finance the costs associated with designing and implementing an EPP. For example, securing a 10-year loan, increasing rates over a 2-year period, etc.

Affected Utility that Does Not Bill Customers

This section is for affected utilities that do **not bill** customers for water. To demonstrate that the affected utility that does not bill its customers, meets the criteria to obtain a financial waiver, you must do both of the following:

- 1) Provide documents demonstrating the costs for running the water system annually.
- 2) Submit all necessary price quotes needed to provide emergency operations.

Annual cost of running the water system annually

Provide information demonstrating average annual cost that each customer incurs to receive water to include:

- 1) Documentation of the water facility operational costs. For example, operator salary, system maintenance costs, sampling costs, chemical costs, and electricity costs. These costs can be provided in a financial statement from the utility or as individual receipts or records. If the electricity used to power the water system is combined with a household or other facility's electricity bill, 10% of the bill can be used toward running your water system.
- 2) A list of how many units or connections are receiving water each month for one (1) year.
- 3) If your system is categorized as Section 8 housing, provide a letter or legal document identifying the housing units as such.

Cost estimates or price quotes for providing emergency operations

- 1) Please provide documentation estimating the total cost of implementing an EPP. Please note that the list below may not capture all costs. All costs associated with implementing an EPP must be documented through engineering quotes, manufacturer's quotes or published price information from the internet. Some examples of potential expenses may include:
 - a. Generator(s) must be capable of operating plant equipment necessary to provide potable water to your customers lasting more than 24 hours. This may include equipment such as a well, treatment units, air compressor for pressure tanks, and/or service pumps.
 - b. Installation of the generator(s):
 - i. Concrete slab/pad for the generator(s) (may include leveling material and structural housing for the generator).
 - ii. Protective fence and lock to surround the generator(s) to prevent intruders including fencing, razor wire, alarm system, security company, security lights, etc.).
 - c. Secondary spill containment berm to capture accidental oil and fluid spillage from the generator(s).
 - d. Auxiliary fuel tank for the generator(s); this includes having sufficient fuel to operate for a 72-hour period.

- e. Site work, e.g. tree removal, installation of gas lines.
 - f. Electrical work, e.g. installation of automatic transfer switch, installation of electric service panel, and upgrade from single phase to three phase electricity.
 - g. Construction or other types of permits:
 - i. Annual maintenance fee. Some water systems will need the installer/operator to service the generator annually or the warranty will be void.
 - ii. Insurance fees.
 - iii. Design and construction of a well, water tank and pump station.
- 2) A description of how you plan to finance the costs associated with designing and implementing an EPP. For example, securing a 10-year loan, increasing rates over a 2-year period, etc.