

**APPLICATION FOR FINANCIAL ASSISTANCE
FOR WATER AND WASTEWATER INFRASTRUCTURE PROJECTS**

This application is comprehensive, covering all loan and grant assistance applications for water and wastewater infrastructure financing through the various Texas Water Development Board (TWDB) programs. The format of the application is intended to expedite the review process for both the applicant and TWDB staff. This application can be used by political subdivisions, including water supply corporations.

Please submit one double-sided original and one indexed, electronic copy, via electronic storage media such as CD or flash drive using MS Word, Excel and/or Adobe Acrobat.

Please submit your application to:

Texas Water Development Board
Water Supply and Infrastructure-Regional Water Planning and Development
P O Box 13231
1700 N. Congress Avenue, 5th Floor
Austin, Texas 78711-3231
(78701 for courier deliveries)

A complete application consists of all of the applicable information and forms requested in this document. When preparing this application please review the Application and all Guidance and Forms, listed at the end.

For more information, please contact your Regional Project Implementation Team at:

http://www.twdb.texas.gov/financial/programs/swift/regional_project_teams.asp

Thank you.

TWDB Use Only

Name of Applicant: _____

Date application received: _____

Date administratively complete: _____

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Part A: General Information

1.

The legal authority under which the applicant was created and operates.

- a) TYPE A GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.001)
- b) TYPE B GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.002)
- c) TYPE C GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.003)
- d) HOME-RULE MUNICIPALITY (Texas Local Gov't Code Sec. 5.004)
- e) SPECIAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.005)
- f) NONPROFIT ORGANIZATION (Business Organization Code Chapter 22)
- g) NONPROFIT WATER SUPPLY OR SEWER SERVICE CORP. (Texas Water Code Chapter 67)
- h) ALL DISTRICTS (Texas Water Code Chapter 49)
- i) OTHER (attach)

2. Applicant Name and Contact Information:

Name:	El Paso Water Utilities Public Service Board, on behalf of City of El Paso, Texas
County:	El Paso
Physical Address:	1154 Hawkins Boulevard; El Paso, Texas 79925
Mailing Address:	PO Box 511; El Paso, Texas 79961-0001
Phone:	(915) 594-5501
Fax:	(915) 594-5666
Website:	www.epwu.org

2. Brief description of the project

THIS INFORMATION IS CONFIDENTIAL. Please do not release the following information; it is to be redacted before releasing to the public.



4. Applicant's Officers and Members:

<u>Name</u>	<u>Office Held</u>
John E. Balliew, P.E.	President and CEO
Marcela Navarrete	Vice President of Strategic Finance
Alan Shubert, P.E.	Vice President of Operations and Technical Services
Dr. Richard T. Schoephoerster	PSB Chair
Ruth Katherine Brennand	PSB Vice Chair
Terri Garcia	PSB Secretary-Treasurer
Christopher A. Antcliff	PSB Member
Henry Gallardo	PSB Member
Bradley Roe	PSB Member
Oscar Leeser	Mayor, City of El Paso

5. Applicant's **primary contact person** for day-to-day project implementation.

Name:	Scott Reinert
Title:	<u>Water Resources Manager</u>
Address:	1154 Hawkins Blvd., El Paso, Texas 79925
Phone:	(915) 594-5579
Fax:	(915) 594-5574
Email:	sreinert@epwu.org

6. Applicant's Consultants (Attach copies of all draft and/or executed contracts for consultant services to be used by the Applicant in applying for financial assistance or constructing the proposed project.):

a) Applicant Engineer N/A

Firm Name:	
Contact:	
Address:	
Phone:	
Fax:	
Email:	

b) Bond Counsel N/A

Firm Name:	Fulbright & Jaworski LLP
Contact:	Paul Braden, Attorney-at-Law
Address:	2200 Ross Avenue, Suite 2800, Dallas, Texas 75201-2784
Phone:	(214) 855-8189
Fax:	(214) 855-8200
Email:	pbraden@fulbright.com

c) Financial Advisor N/A

Firm Name:	First Southwest Company
Contact:	Maria Fernanda Urbina, Senior Vice President Public Finance
Address:	221 N. Kansas St., Suite 200, El Paso, Texas 79901
Phone:	(915) 351-7228
Fax:	(915) 351-7230
Email:	

d) Certified Public Accountant (or other appropriate rep) N/A

Firm Name:	Gibson Ruddock Patterson LLC
Contact:	Greg Gibson
Address:	600 Sunland Park, 6-300, El Paso, Texas 79912
Phone:	(915) 356-3700
Fax:	(915) 356-3779

Email:	GRP-CPA.COM
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e) Legal Counsel (if other than Bond Counsel) N/A

Firm Name:	(In-house staff)
Contact:	Lupe Cuellar
Address:	1154 Hawkins Blvd., El Paso, Texas 79925
Phone:	(915) 594-5636
Fax:	(915) 594-5574
Email:	Lcuellar@epwu.org

f) Any other consultant representing the Applicant before the Board N/A

Firm Name:	
Contact:	
Address:	
Phone:	
Fax:	
Email:	

7. List the counties within the Applicant's service area. **El Paso County, Texas**
8. Identify the Applicant's total service area population: **836,698 (2014 estimate, U.S. Census)**
9. Applicant is requesting funding from which programs? Check all that apply.

	PROGRAM	AMOUNT REQUESTED
a) <input type="checkbox"/>	Drinking Water State Revolving Fund (DWSRF)	\$ _____
b) <input type="checkbox"/>	Clean Water State Revolving Fund (CWSRF)	\$ _____
c) <input type="checkbox"/>	Texas Water Development Fund (DFund)	\$ _____
d) <input type="checkbox"/>	State Participation	\$ _____
e) <input type="checkbox"/>	Rural Water Assistance Fund (RWAFF)	\$ _____
f) <input checked="" type="checkbox"/>	State Water Implementation Fund for Texas (SWIFT)	\$ 50,000,000.
g) <input type="checkbox"/>	Economically Distressed Areas Program (EDAP)	\$ _____
h) <input type="checkbox"/>	If other please explain: _____	\$ _____

10. Other Funding Sources: Provide a list of any other funding source(s) being utilized to complete the project, including Applicant's local contribution, if any, or commitments applied for and/or received from any other funding agency for this project or any aspect of this project. **Provide commitment letters if available. Additional funding sources must be included within the Project Budget (TWDB-1201).**

Funding Source	Type of Funds (Loan/Grant)	Amount (\$)	Date Applied for Funding	Anticipated or Funding Secured Date
EPWU PSB	Internal	\$135,000	NA	NA
Total Funding		\$135,000		

from All Sources				
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Comments: **El Paso Water Utilities PSB expects to self-fund costs such as bond counsel, financial advisor, and loan origination fees.**

11. Applicant is requesting funding for which phase(s)? Check all that apply.

- Planning
- Acquisition
- Design
- Construction

12. Is Applicant requesting funding to refinance existing debt?

- Yes If yes, attach a copy of the document securing the debt to be refinanced.
- Attached document**
- No

Part B: Legal Information

13. Cite the legal authority under which the Applicant can issue the proposed debt including the authority to make a proposed pledge of revenues.

See attachment Part B 21.

Bonds will be issued pursuant to and in accordance with the provisions of Chapter 1502 of the Texas Government Code, including Sections 1502.051 and 1502.052. Section 1502.052 of the Texas Government Code authorizes the governing body of a municipality to pledge all or a part of the revenue of a utility system to the bonds.

14. What type of pledge will be used to repay the proposed debt?

- Systems Revenue
- Taxes
- Combination of systems revenues and taxes
- Other (Contract Revenue, etc.)

15. Provide the full legal name of the security for the proposed debt issue(s).

“City of El Paso, Texas Water and Sewer Revenue Bonds, Series 2015 B,” with the series indicating the year of issuance. See attachment Part B-15.

16. Describe the pledge being offered and any existing rate covenants.

See attachment Part B-15, where indicated B-16.

17. Attach the resolution from the governing body requesting financial assistance.
TWDB-0201A (<http://www.twdb.texas.gov/financial/instructions/>)

- Attached Resolution**

18. Attach the Application Affidavit

TWDB-0201 (<http://www.twdb.texas.gov/financial/instructions/>)

Attached Applicant Affidavit

19. Attach the Certificate of Secretary
TWDB-201B (<http://www.twdb.texas.gov/financial/instructions/>)

Attached Certificate of Secretary

20. Is the applicant a Water Supply Corporation (WSC)?

Yes If yes, attach each of the following:

- Articles of Incorporation**
- Certificate of Incorporation from the Texas Secretary of State evidencing that the current Articles of Incorporation are on file with the Secretary**
- By-laws and any amendments**
- Certificate of Status from the Texas Secretary of State (i.e. Certificate of Existence)**
- Certificate of Account Status from the Texas Comptroller of Public Accounts (certifies that the WSC is exempt from the franchise tax and that the WSC is in good standing).**

No

21. Is the applicant proposing to issue revenue bonds?

Yes If yes, attach copies of the most recent resolution/ordinance(s) authorizing any outstanding parity debt. This is essential to insure outstanding bond covenants are consistent with covenants that might be required for TWDB financing.

Attached resolution/ordinance(s)

No

22. Does the applicant possess a Certificate of Convenience and Necessity (CCN)?

Yes If yes, attach a copy of the CCN and service area map showing the areas the applicant is allowed to provide water or wastewater services.

Attached CCN and service area map

No If no, indicate the status of the CCN. _____

N/A

23. Has the applicant been the subject of any enforcement action by the Texas Commission on Environmental Quality (TCEQ), the Environmental Protection Agency (EPA), or any other entity within the past three years?

Yes If yes, attach a brief description of every enforcement action within the past three years and action(s) to address requirements.

Attached

No

24. Are any facilities to be constructed or the area to be served within the service area of a municipality or other public utility?

- Yes If yes, has the applicant obtained an affidavit stating that the utility does not object to the construction and operation of the services and facilities in its service area?
- If yes, attach a copy of the affidavit.
- Attached affidavit**
- If no, provide an explanation as to why not. _____
- No

25. If the assistance requested is more than \$500,000 a Water Conservation Plan (WCP) is required. The WCP cannot be more than **FIVE** years old and must have been adopted by the applicant. Has the applicant adopted a Board-approved WCP? (Check one and attach requested information, if any.)

- Yes Enter date of Applicant's WCP adoption: **12/10/2014**
- No If no, attach a copy of a draft Water Conservation Plan and Drought Contingency Plan prepared in accordance with the TWDB WCP Checklist (<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1968.pdf>)
- Attached Draft WCP and Drought Contingency Plan**
- Attached Utility Profile TWDB-1965**
- <http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1965.pdf>
- N/A (Request is \$500,000 or less per Water Code §§ 15.106(c), 17.125(c), 17.277(c), and 17.857(c))

Note: If the applicant will utilize the project financed by the TWDB to furnish services to another entity that in turn will furnish services to the ultimate consumer, the requirements for the WCP may be met through contractual agreements between the applicant and the other entity providing for establishment of a water conservation plan. The provision requiring a WCP shall be included in the contract at the earliest of: the original execution, renewal or substantial amendment of that contract, or by other appropriate measures.

26. Does the applicant provide retail water services?

- Yes If yes, has the applicant already submitted to the TWDB the annual water use survey of groundwater and surface water for the last **THREE** years?
- Yes
- No If no, please download survey forms and attach a copy of the completed water use surveys to the application.
- <http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
- Attached Water Use Survey**
- No

27. Is the applicant a retail public utility that provides potable water?

- Yes If yes, has the applicant already submitted the most recently required water loss audit to the TWDB?
- Yes
- No If no, and if applying for a water supply project, please complete the online TWDB Water Audit worksheet found at

<http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp> and attach a copy to the application.

Attached TWDB Water Audit worksheet

No

28. Does the Applicant provide wastewater services?

Yes

No

Part C: Financial Information

Regional or wholesale providers, complete questions 29-31.

Retail providers, complete questions 32-34.

29. List top **TEN** customers of the system by annual usage in gallons and percentage of total usage, including whether any are in bankruptcy.

Customer Name	Annual Usage (gal)	Percent of Usage	Bankruptcy (Y/N)
Lower Valley Water District Authority	1,886,948,184	5.6	N
Fort Bliss	453,073,324	1.28	N
Paseo Del Este MUD	355,594,000	1.0	N
East Montana County	246,007,476	0.6	N
Hacienda Del Norte WID	55,141,064	< 0.1	N
Mayfair/Nuway & Schuman	32,064,516	< 0.1	N
Ponderosa and Western Village	23,474,484	< 0.1	N
Gaslight Square MHE	21,027,776	< 0.1	N
Colonia Revolución (as of 10/2014)	1,460,000	< 0.1	N

Comment: El Paso Water Utilities PSB has only nine wholesale customers.

30. List the top TEN customers of the system by gross revenues and percent of total revenues, including whether any are in bankruptcy

Customer Name	Annual Revenue(\$)	Percent of Revenue	Bankruptcy (Y/N)
Lower Valley Water District Authority	2,432,812	2.16	N
Paseo del Este MUD	966,013	0.86	N
Fort Bliss	520,329	0.46	N
East Montana County	331,885	0.29	N
Hacienda del Norte WID	111,101	0.09	N
Mayfair/Nuway & Schuman	84,174	0.08	N
Ponderosa and Western Village	62,961	0.06	N
Gaslight Square MHE	51,531	0.05	N
Colonia Revolución	3,278	0.01	N
(El Paso Water Utilities PSB has only nine wholesale customers).			

Comment: Gross revenues include water replacement charge.

31. Provide a summary of the wholesale contracts with customers

Contract Type Revenue	Minimum annual amount	Usage fee per 1,000 gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other
Paseo del Este MUD	No minimum required	\$2.79	Not tracked	Not tracked	Not tracked	
Lower Valley Water District Authority	"	1.29	'	'	'	
East Montana County	"	1.35	'	'	'	
Hacienda del Norte WID	"	2.02	'	'	'	
Gaslight Square MHE	"	2.45	'	'	'	
Ponderosa and Western Village	"	2.69	'	'	'	
Mayfair/Nuway & Schuman	"	2.63	'	'	'	
Ft. Bliss	"	1.15	'	'	'	
Colonia Revolución	"	1.68	"	"	"	

Comment: El Paso Water Utilities PSB does not track O & M, annual capital costs, of annual debt service.

32. List top **TEN** customers of the water and/or wastewater system by annual revenue with corresponding usage and percentage of total use, including whether any are in bankruptcy.

a. **WATER**

Customer Name	Annual Usage (gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)
Lower Valley Water District Authority	1,886,948,184	2.7	N
El Paso Electric	1,737,608,000	2.2	N
El Paso City	1,478,797,000	3.5	N
Western Refining	718,750,000	3.3	N
El Paso County	538,026,000	1.3	N
El Paso Housing Authority	495,251,000	1.2	N
Federal Government	479,807,000	0.7	N
El Paso Independent School District	458,862,000	1.7	N
Paseo del Este MUD	355,594,000	1.0	N
Ysleta Independent School District	351,965,000	1.7	N

Comment: Revenue does not include water replacement charge.

b. **WASTEWATER**

Customer Name	Annual Usage (gal)	Percent of Total Wastewater Revenue	Bankruptcy (Y/N)
Federal Government	Not metered	2.4	N
El Paso Housing Authority	"	1.6	N
Western Refining	"	1.4	N
Lower Valley Water District	"	1.2	N
El Paso Independent School District	"	0.9	N
El Paso County	"	0.7	N
City of El Paso	"	0.7	N
EPT	"	0.6	N
Yselta Independent School District	"	0.6	N
Eagle Family Foods	"	0.6	N

Comment: **EPWU PSB does not meter wastewater use.**

33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water	3/1/2015	9724	27.61	2.00	399,700
Wastewater	3/1/2015	Not metered	17.76	1.31	248,920

34. Provide the number of customers for each of the past five years.

Year	Number of Customers
2015	221,202
2014	217,532
2013	214,432
2012	210,866
2011	207,584

All applicants complete questions 35-51 of the financial section, as applicable.

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).

NA

36. Has the applicant ever defaulted on any debt?
 Yes If yes, disclose all circumstances surrounding prior default(s). _____
 No

37. Does the applicant have taxing authority?
 Yes
 No

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy \$	Percent age Current Collectio ns	Percenta ge Total Collectio ns
2011	\$33,114,775,917	0.653700	0.428400	0.225300	202,583,361	97.76%	99.16%
2012	34,431,256,433	0.658404	0.429236	0.229168	206,961,409	95.92%	97.94%
2013	32,045,964,266	0.658404	0.442148	0.216256	210,991,914	97.50%	98.92%
2014	36,402,000,797	0.678378	0.445699	0.232679	220,315,596	98.21%	98.21%
2015	36,779,129,756	0.699784	0.460937	0.238847	229,083,007	96.78%	97.52%

Comments: **Fiscal Year 2015 Collections, as of April 30, 2015.**

For Items 39, 40, 46, 49 a and b, see attached workbook C 39.

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.**

- a) **2011 attached**
- b) **2012 attached**
- c) **2013 attached**
- d) **2014 attached**
- e) **2015 attached**

40. Attach the direct and overlapping tax rate table:
 Attached tax rate table

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten.

Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)
Western Refining Co. L.P	\$488,902,139	1.49%	N
El Paso Electric Company	246,189,427	0.75%	N
Wal-Mart Company	231,367,138	0.71%	N
Sierra-Providence Physical Rehab	223,488,767	0.68%	N

Simon Property Group	177,170,273	0.54%	N
River Oaks Properties Ltd.	159,409,787	0.49%	N
Hawkins & I-10 Acquisition Co. LP	101,325,248	0.31%	N
Texas Gas Service	84,200,393	0.26%	N
Union Pacific Railroad Co	72,384,983	0.22%	N
Southwestern Bell Telephone Co	68,584,430	0.21%	N

Comments: _____

42. Provide the maximum tax rate permitted by law per \$100 of property value. **\$2.50**

43. Does the applicant collect sales tax?

Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections
2011	\$ 71,589,756.79
2012	72,586,532.61
2013	75,753,235.31
2014	77,494,781.93
2015 YTD through 4/2015	60,646,862.69

No

44. Indicate the tax status of the proposed loan?

Tax-Exempt
 Taxable

45. Proforma (**Select one of the four listed below**) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.

a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:

- projected gross revenues
- operating and maintenance expenditures
- outstanding and proposed debt service requirements
- net revenues available for debt service and coverage of current and proposed debt paid from revenues

See Part C 39 workbook, C 46.

b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- outstanding and proposed debt service requirements

- the tax rate necessary to repay current and proposed debt paid from taxes
- list the assumed collection rate and tax base used to prepare the schedule

- c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:
- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
 - outstanding and proposed debt service requirements
 - the tax rate necessary to pay the current and proposed debt
 - list the assumed collection rate and tax base used to prepare the schedule
- d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.
- Attached

46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.
- Attached Operating Statement.**

Also see Part C 39 workbook.

47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.
- Attached Annual Audit**
 - Attached Management Letter**
 - If applicable, attached interim financial information**

Also see Part C 39 workbook.

48. Does the applicant have any outstanding debt? (Check all that apply)
- Yes, General obligation debt
 - Yes, Revenue debt
 - Yes, Authorized but unissued debt
 - No

49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.

a. General Obligation Debt:

- Yes
 - Attached schedule C 39, C 49 a & b. The schedule should also identify the debt holder.**
- No

b. Revenue:

- Yes
 - Attached schedule. The schedule should also identify the debt**

No holder.

c. Authorized by Unissued Debt:

Yes

Attached schedule. The schedule should also identify the debt holder.

No

50. List the ten largest employers of the Applicant's service area:

Name	Number of Employees
EI Paso Independent School District	9,000
Ysleta Independent School District	7,155
Socorro Independent School District	7,000
Fort Bliss Civilian Employees	6,006
City of El Paso	5,545
T&T Staff Management, LP	5,020
Sierra Providence Network	3,980
University of Texas at El Paso	3,700
County of El Paso	2,771
EI Paso Community College	2,499

Comments (example, any anticipated changes to the tax base, employers etc.) _____

51. Provide any current bond ratings with date received.

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.	AA	07/27/2014	N/A	N/A	AA	07/24/2014
Revenue	AA+	03/06/2015	N/A	N/A	AA+	03/06/2015

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.

Attached

No.

Part D: Project Information

53. Description of Project Need (for example, is the project needed to address a current compliance issue, avoid potential compliance issues, extend service, expand capacity, etc.):

In order to address this community’s future water needs, the El Paso Water Utilities Public Service Board, on behalf of the City of El Paso, Texas, is pursuing funding to secure underground water resources that will provide sustainable water solutions. With this funding, El Paso Water Utilities PSB will acquire land and water rights necessary to meet this goal.

54. Description of Project, including a bulleted list of project elements/components, and alternatives considered (including existing facilities):

See attachments Part D 54: a. Description of Project, maps, c. Projected Draw Schedule, and d. Alternatives Considered. Please note: because this application is for funding of acquisition of land and water rights only, no planning or design activities are scheduled for this project.

Attachments D 54 a and D 54 d are confidential. The information is protected under Section 552.105 of the Texas Open Records Act which protects information concerning price or location of property that the public entity seeks to acquire.

A complete preliminary engineering feasibility data must include:

- a. A description and purpose of the project, including existing facilities.
 - Note: CWSRF and DWSRF must address issues scored in Intended Use Plan submittal

Attached

- b. **If project is for Construction only, then attach** the appropriate Engineering Feasibility Report:

NA

a) **Water** (TWDB-0555 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0555.pdf>)

Attached

b) **Wastewater** (TWDB-0556 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0556.pdf>)

Attached

- c. SWIFT applicants must complete a Projected Draw Schedule (TWDB-1202 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-1202.xls>)

See attachment Part D 54 c, Projected Draw Schedule.

See attachment Part D 54 d, Alternatives Considered.

55. Water Made Available (For projects requesting a construction component):

NA

- a. *New supply* _____ (*acre-feet/year*) _____ (*\$*) *capital cost*
- The **increase** in the total annual volume of water supply that will be made available to the recipient(s) by the proposed project.
 - Water Plan project examples: new groundwater wells, reservoir development, pipelines to sources.
- b. *New Conservation savings* _____ (*acre-feet/year*) _____ (*\$*) *capital cost*
- Annual volume of anticipated water savings resulting from implementation of the proposed conservation project including water loss) and other conservation activities,
 - Water Plan project examples: municipal conservation, advanced Water Conservation, on-farm conservation, brush control, irrigation conservation.
- c. *New Reuse supply* _____ (*acre-feet/year*) _____ (*\$*) *capital cost*
- Increase in the annual volume of (direct or indirect) reuse water supply that will be made available to the recipient(s) by the proposed project.
 - Water Plan project examples: direct reuse, non-potable reuse, recycled water programs.
- d. *Maintenance of Current Supply* _____ (*acre-feet/year*) _____ (*\$*) *capital cost*
- Volume of recipients' current supplies that will be maintained by implementing the proposed project
 - Water Plan project examples: None. Not a water plan project. (Examples of these type projects: treatment rehabilitation, system storage facilities, system upgrades).

56. Project Location:

THIS INFORMATION IS CONFIDENTIAL. Please do not release the following information; it is to be redacted before releasing to the public.



Attach a map of the service area and drawings as necessary to locate and describe the project. The map should show the project footprint and major project components.

See attachment Part D 54 a.

57. Attach the Census tract numbers in which the applicant's service area is within. The Census tracts within your area may be found at:

<http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>.

Please follow these steps:

- Select Advanced Search.
- Select the Geographies button located below Topics (left side of page).
- On the top of the window select the Name tab.

- In the text box, type "All Census Tracts within____" (Fill in the blank with the name of a County Subdivision or a Place.) Select "Go".
- If your town is a County Subdivision, select the geography labeled "All Census Tracts (or parts) within City, County, State" from the Geography Results. If your town is a place select the geography labeled "All Census Tracts (or parts) full-or-partially within City, State" from the Geography Results.
- Close the Geographies Search window.
- Use the Topics on the left side of the page to further refine your search or to select a table(s) from your search results.

Attached Census tracts

58. Project Schedule:

- Requested loan closing date.
December 2015
- Estimated date to submit environmental planning documents.
Phase One Desktop Survey will be submitted October 1, 2015.
- Estimated date to submit engineering planning documents.
NA-acquisition only.
- Estimated date for completion of design.
NA-acquisition only.
- Estimated Construction start date for first contract.
NA-acquisition only.
- Estimated Construction end date for last contract.
NA-acquisition only.

59. **Attach** a copy of current and future populations and projected water use or wastewater flows. Include entities to be served.

Attached-see Part D 59.

60. Attach the most current itemized project cost estimate (include all costs and funding sources). Utilize the budget format provided (TWDB-1201 at <http://www.twdb.texas.gov/financial/instructions/>). If applying for pre-construction costs only (i.e., P, A, D) then itemize only the relevant portions in the attached budget template

Attached; please see redactions on Form TWDB-1201. THIS INFORMATION IS CONFIDENTIAL. Please do not release this information; it is to be redacted before releasing to the public.

61. Attach the appropriate Project Information Form:

Wastewater: Attached a completed Wastewater Project Information Form WRD-253a <http://www.twdb.texas.gov/financial/instructions/index.asp>
NA

Water: Attached a completed Water Project Information Form WRD-253d <http://www.twdb.texas.gov/financial/instructions/index.asp>
Attached; ; please see redactions on Form WRD-253d. **THIS INFORMATION IS CONFIDENTIAL. Please do not release this information; it is to be redacted before releasing to the public.**

62. If the project is for Construction only, wastewater projects that involve the construction of a new plant or the expansion of an existing plant and/or associated facilities, attach evidence that an application for a new Texas Pollution Discharge Elimination System Permit or amendment to an existing permit related to the proposed project has been filed with the Texas Commission on Environmental Quality (TCEQ). Final permit authorization must be obtained from the TCEQ before funds can be released for construction activities.

NA

- Attached**
- No. Provide explanation:

63. If this project will result in: (a) an increase by the applicant in the use of groundwater, (b) drilling a new water well, or (c) an increase by the applicant in use of surface water, then the applicant must demonstrate that it has acquired – by contract, ownership or lease – the necessary property rights, groundwater permits, and/or surface water rights sufficient for the project before funds can be released for construction.

a) Does the applicant currently own all the property rights, groundwater permits and surface water rights needed for this project?

- Yes If yes, please attach the completed, appropriate form.
 1. WRD 208A (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Surface Water)
 - Attached**
 2. WRD 208B (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Groundwater)
 - Attached**

No – SWIFT funding will allow us to acquire property and groundwater rights. We are aware that acquisition of additional water rights will be necessary to fully implement a water supply project.

N/A

b) If all property rights, groundwater permits, and surface water rights, needed for this project have not yet been acquired, identify the rights and/or permits that will need to be acquired and provide the anticipated date by which the applicant expects to have acquired such rights and/or permits.

THIS INFORMATION IS CONFIDENTIAL. Please do not release the following information; it is to be redacted before releasing to the public.

Type of Permit Water Right	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	Permit / Water Right ID No.



c) List any major permits not identified elsewhere that are necessary for completion of project. Also, list any more necessary minor permits that may involve particular difficulty due to the nature of the proposed project.

Permit	Issuing Entity	Permit Acquired (Y/N)
NA		

64. Has the applicant obtained all necessary land and easements for the project?

Yes. If yes, attach the site certificate (ED-101 at <http://www.twdb.texas.gov/financial/instructions/index.asp>)
 Attached

No. If no, **fill out the table below** and describe the land or easements that will need to be acquired, provide the anticipated date by which the applicant expects to have the land or easements, and indicate if funding from TWDB is to be used for the acquisition.

THIS INFORMATION IS CONFIDENTIAL. Please do not release the following information; it is to be redacted before releasing to the public.

Description of Land or Easement Permit	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	To Be Funded by TWDB (Yes/No)



- Yes
- Attach a copy of the finding.
- No

66. Is the project potentially eligible for a Categorical Exclusion (CE)/ Determination of No Effect (DNE) because it involves only minor rehabilitation or the functional replacement of existing equipment?

- Yes
- No

67. Are there potentially adverse environmental or social impacts that may require mitigation or extensive regulatory agency or public coordination (e.g. known impacts to properties eligible for listing on the National Register of Historic Places; potentially significant public controversy; need for an individual permit from the U.S. Army Corps of Engineers)?

- Yes
 - If yes, attach additional information
- No **At this time, the project involves only purchase of land and water rights, no construction or excavation. However, prior to any construction, excavation, or rehabilitation required, it is EPWU PSB policy to complete an archeological survey and, when indicated, an U.S. Army Corps of Engineer 404 Run-off Permit.**

Part E: State Water Implementation Fund for Texas (SWIFT) Applicants Only:

68. Identify the type of SWIFT funding (If more than one funding option is being requested indicate the amount of funding for each):

- Deferred \$
- Low Interest Loan **\$50,000,000**
- Board Participation \$

69. For multi-year funding request or phased commitments, provide a schedule reflecting the closing dates for each loan requested.

- Attached**

NA

70. **Notice to SWIFT Applicants:** Texas Water Code Sec. 15.435(h) requires all recipients of financial assistance from the SWIFT to acknowledge any applicable legal obligations in federal law, related to contracting with disadvantaged business enterprises, and state law, related to contracting with historically underutilized businesses. Checking the boxes below serves as this acknowledgement.

- As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with any applicable legal obligations in federal law related to contracting with disadvantaged business enterprises.

- As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with applicable legal obligations in state law (Texas Government Code Chapter 2161 and

Texas Administrative Code Chapter 20, Subchapter B) related to contracting with historically underutilized businesses.

71. Provide drafts of the following documents:

- a. Proposed Bond Ordinance
 See Part B 21
- b. Private Placement Memorandum
 Attached

Part F: Economically Distressed Programs (EDAP) Applicants Only: NA

In accordance with TWDB Rules (31 TAC Chapter 363), an application for EDAP will **not** be considered until the County has adopted and is enforcing the Model Subdivision Rules (MSRs) Texas Water Code § 16.343. If the proposed project is within a municipality or its extraterritorial jurisdiction (ETJ), or if the applicant is a municipality, the municipality must also have adopted and be enforcing MSRs.

72. Describe procedures for collecting monthly customer bills (include procedures for collection of delinquent accounts)

73. Is financing being requested for a **wastewater** project?
- Yes If yes, does the applicant have the required resolution/ordinance establishing a mandatory hookup policy?
 - Yes. If yes, attach a copy of the resolution/ordinance.
 - Attached**
 - No. If no, explain_____
 - No

74. Required documentation for the project area for Preliminary EDAP Eligibility (31 TAC Chapter 363)

- Attached** documentation of inadequacy of water and/or wastewater services.
- Attached** documentation regarding the financial resources of the residential users in the EDAP area. Census data or documentation regarding median household income should be provided.
- Attached** documentation demonstrating existence of a residence in the project area prior to **June 1, 2005**. This could include tax records of residence, dated aerial maps, or, other documentation demonstrating existence of a residence.

75. Has the Department of State Health Services issued a determination stating a public health nuisance exists in the project area?

- Yes If yes, attach a copy of the determination.
 Attached
- No If no determination exists, attach documentation demonstrating a public health nuisance exists in the project area. (*Photographs may be submitted, but they **must** be labeled with location and date when taken. If the soil types are mentioned in the project area as an issue, include soil profile maps*) This documentation will be used by TWDB staff to request a determination from the Department of State Health Services
 Attached

76. Is this project providing new service?

- Yes If yes, attach plats of the affected subdivisions.
 Attached
- No

77. Attach an EDAP Facility Engineering Plan/Scope of Services report that complies with the requirements of WRD-023A. <http://www.twdb.texas.gov/financial/instructions/index.asp>

- Attached**

Part G: CWSRF/DWSRF Applicants Only - NA

Only applicants applying for funding from the CWSRF and DWSRF Programs must complete this section.

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to obtain a DUNS number that will represent a universal identifier for all federal funding assistance. DUNS numbers can be obtained from Dun and Bradstreet at <http://fedgov.dnb.com/webform/>

78. Applicant's Data Universal Number System (DUNS) Number:

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to register with System for Award Management (SAM) and maintain current registration at all times during which the Board loan agreement is active or under consideration by the Board. Register at: <https://sam.gov>.

79. The applicant has registered and will maintain current SAM registration at all times during which a federal subaward is active or under consideration by the Board.

- Yes
 No

80. Federal Awards information:

1. Did applicant receive over 80% of their revenue from Federal Awards last year?

- Yes
 No

2. Did applicant receive over \$25 million in Federal Awards last year?

- Yes
 No

3. Public does not have access to executive compensation information via SEC or IRS reports?

- Yes
 No

81. If applicant checked **YES** to **ALL** three boxes in 3 above, applicant is required to disclose the name and compensation of the five most highly compensated officers.

Officer's Name	Officer's Compensation (\$)

82. Complete form WRD 213 (<http://www.twdb.texas.gov/financial/instructions/index.asp>) - Certification Regarding Lobbying

Attached Yes
 No
 N/A

83. If applying for CWSRF Equivalency or DWSRF, **attach** the Certification Regarding Debarment, Suspension and Other Responsibility. SRF-404 (<http://www.twdb.texas.gov/financial/instructions/doc/SRF-404.pdf>)

Attached Yes
 No
 N/A

84. If applying for CWSRF Equivalency or DWSRF, **attach** the Assurances – Construction Programs. EPA-424D (<http://www.twdb.texas.gov/financial/doc/EPA-424D.pdf>)

Attached Yes
 No
 N/A

85. The applicant must comply with the Davis-Bacon Act regarding prevailing wage rates. The applicant acknowledges that they are aware of, and will abide by, the Davis-Bacon Act requirements.

Yes
 No

Further information on the Davis-Bacon requirement is available through the TWDB Guidance document, DB-0156 (<http://www.twdb.texas.gov/financial/instructions/index.asp>)

All project costs funded by the TWDB through CWSRF Equivalency or DWSRF must comply with the federal Disadvantaged Business Enterprise (DBE) program rules and requirements. The federal DBE program requires a good faith effort to contract with DBE's for all procurements including: professional and non-professional consulting services, equipment, supplies and construction to be funded by federal equivalency dollars. Guidance and forms are found at:

TWDB-0210 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0210.pdf>)

86. **At a minimum, you must complete and attach** the Applicant Affirmative Steps Certification and Goals. This form is required to obtain a financial assistance commitment.

TWDB-0215 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0215.pdf>)

Attached Yes
 No

87. If you have already solicited contractors, complete and attach the Affirmative Steps Solicitation Report. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-216 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0216.pdf>)

Attached Yes
 No
 N/A

88. If you have awarded contracts to contractors, complete and attach the Loan/Grant Participation Summary. This form must be submitted for review prior to loan closing and release of funds. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-0373 (<http://www.twdb.texas.gov/financial/doc/TWDB-0373.pdf>)

Attached Yes
 No
 N/A

89. All Contractors that have been awarded will need to complete and attach the Prime Contractor Affirmative Steps Certification and Goals This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-217 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0217.pdf>)

Attached Yes
 No
 N/A

90. **All CWSRF applicants** must be a Designated Management Agency (DMA) for wastewater collection and treatment. Please complete and attach DMA resolutions. WRD-210 (<http://www.twdb.texas.gov/financial/doc/WRD-210.pdf>) is an example of this type of resolution.

 Attached
 N/A

Part H: Documentation of “Green” Projects and Project Components - NA
CWSRF and DWSRF Applicants Only

All SRF applicants must complete this section if green benefits are all or part of the project (more than an incidental benefit). Project is defined as the entire project or a stand-alone component of the project. This section is required so that the TWDB may determine whether the project qualifies as “green” pursuant to Environmental Protection Agency (EPA) Guidance.

A project (or project component) is “green” if the primary purpose qualifies under EPA Guidance as one of the following:

- a. Green Infrastructure,
- b. Water Efficiency-related,
- c. Energy Efficiency-related, or
- d. Environmentally Innovative.

You must use the Green Project Reserve guidance to complete this section. Current guidance may be found at: **Green Project Reserve: Guidance for determining project eligibility**
TWDB-0161 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0161.pdf>)

91. Does your project or a component of your project qualify as Green, per EPA guidance?
 Yes
 No

If Yes, Please complete the remainder of Section G.

92. Type of Green Project
 Water Efficiency Energy Efficiency Green Infrastructure Environmentally Innovative

93. The correct worksheets must be completed.
Green Project Reserve: CWSRF Green Project Worksheets
TWDB-0162 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0162.pdf>)
Attached Yes
 No
 N/A

Green Project Reserve: DWSRF Green Project Worksheets
 TWDB-0163 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0163.pdf>)

Attached Yes
 No
 N/A

TWDB will make the final determination whether your project (or project component) meets federal criteria as “green”. You may be required to submit a **business case, utilizing the Green guidance**

Part I: Summary of attachments to application

Following is a list of the documents that may be necessary in order to process this application. While not all of the listed information below may be required for all projects, an applicant should review the application carefully because incomplete applications will not be processed until all of this information has been provided. In addition, please make sure your entity system name appears on every attachment. **Label each attachment with the number of the pertinent application section (i.e. “Part B5”).**

Check list for your convenience

Part A

No. 6

General Information

Draft or executed consulting contracts (engineering, financial advisor, bond counsel)

[6 b](#)

[6 c](#)

[6 d](#)

No. 12

Existing security document for refinancing - **NA**

Part B

No. 17

No. 18

No. 19

No. 20

Legal

Resolution (TWDB-0201A)

Application Affidavit (TWDB-0201)

Certificate of Secretary (TWDB-201B)

Water Supply Corporations **NA**

Articles of Incorporation

Certificate of incorporation from the Texas Secretary of State

By-laws and any amendments

Certificate of status from the Texas Secretary of State

Certificate of account status from Texas Comptroller

No. 21

Resolution/ordinance authorizing the issuance of parity debt

No. 22

Certificate of Convenience & Necessity

No. 23

Enforcement Actions

No. 24

Affidavit of No Objection- **NA**

No. 25

Two copies of the Water Conservation Plan (TWDB-1968 and TWDB-1965)

No. 26

Water use surveys

<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>

No. 27

Water Loss Audit

<http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp>

Part C

No. 39

Financial

Assessed Values by Classifications

No. 40

Direct and Overlapping Tax Table

- [No. 45](#) Pro forma for each year of debt outstanding
- [No. 46](#) Five year comparative system operating statement.
- [No. 47](#) Annual audit and management letter
- [No. 49](#) Outstanding debt schedule
- [No. 52](#) Service provider contracts-**NA**

Part D

- [No. 54a](#) Preliminary Engineering Feasibility Data (PEFD)
- [No. 54b](#) Engineering Feasibility Report -**NA**
 - Water (TWDB-0555)
 - Wastewater (TWDB-0556)

- [No. 54c](#) Project Draw Schedule (TWDB-1202)

Also see Part D 54 d

- [No. 56](#) Project Map-see 54 a
- [No. 57](#) Census Tract(s)
- [No. 59](#) Current and future populations and projected water use or wastewater flows
- [No. 60](#) Project Cost Estimate Budget (TWDB-1201)
- [No. 61](#) Wastewater Project Information Form (WRD-253a)
Water Project Information Form (WRD-253d)
- [No. 62](#) Texas Pollution Discharge Elimination System Permit- **NA**
- [No. 63](#) If applicant has property rights and permits-**NA**
 - a. WRD-208A (Surface Water)
 - b. WRD-208B (Groundwater)
- [No. 63c](#) Additional Permits-**NA**
- [No. 64](#) Site certificate, evidencing land ownership for the project. (ED-101)-**NA**
- [No. 65](#) Categorical Exclusion (CE), Finding of No Significant Impact (FONSI), Record of Decision or any other supporting document - **NA**
- [No. 67](#) Social or environmental issues - **NA**

Part E

- [No. 69](#) Multi-year/phased commitment schedule – **NA**
- [No. 71a](#) Draft Bond Ordinance-**See Part B 21**
- [No. 71b](#) Private Placement Memorandum

Part F Economically Distressed Areas Program - NA

Part G CWSRF/DWSRF Applicants Only - NA

Part H Green Projects - NA

Miscellaneous documents

- [Part B 15](#) Full legal name of security for proposed debt issue.
- [No. 54a](#) Redacted- Preliminary Engineering Feasibility Data (PEFD)
- [No. 56](#) Redacted-Project Map-see 54 a
- [No. 60](#) Redacted-Project Cost Estimate Budget (TWDB-1201)
- [No. 61](#) Redacted-Water Project Information Form (WRD-253d)

Part J: Guidance and Forms

Part A

General Information

CWSRF – 31 TAC 375

DWSRF – 31 TAC 371

EDAP and SWIFT - 31 TAC 363

For more information visit, <http://www.twdb.texas.gov/about/rules/index.asp>.

Part D

Project Information

[State Programs - 31 TAC 363](#)

[Drinking Water State Revolving Fund - 31 TAC 371](#)

[Clean Water State Revolving Fund / Equivalency - 31 TAC 375](#)

[Clean Water State Revolving Fund / Non-Equivalency - 31 TAC 375](#)

Guidelines for Environmental Assessment, Clean Water Non-Equivalency (ED-001A)

Clean Water EID Instructions (SRF-099)

Guidelines for Environmental Assessment, State Participation, DFund, RAAF and WIF,
(ED-001B)

Guidelines for Environmental Assessment, EDAP (ED-001C)

Drinking Water EID Instructions (DW-001)

Part H

Green Projects and Project Components

Green Project Reserve: Guidance for determining project eligibility
(TWDB-0161)

8

FULBRIGHT & JAWORSKI L.L.P.

A REGISTERED LIMITED LIABILITY PARTNERSHIP
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FACSIMILE: (214) 855-8200

January 18, 2008

REC'D CLERK DEPT.
FEB 13 PM 2:16

Ms. Joyce Wilson
City Manager
City of El Paso
2 Civic Center Plaza
El Paso, Texas 79901

Re: Legal Representation of City of El Paso regarding the Issuance of Obligations

Dear Ms. Wilson:

As discussed, we are pleased to submit to you a proposed agreement for Fulbright & Jaworski L.L.P., to serve as bond counsel ("*Bond Counsel*") to the City of El Paso (the "*Issuer*") with respect to the issuance of tax-exempt debt obligations and such other obligations, if any, that the Issuer may elect to issue from time to time (the "*Obligations*"). When approved by you, this letter, together with the *Additional Terms of Engagement* attached hereto, will become effective and will evidence an agreement between the Issuer and our firm with respect to our representation of the Issuer as bond counsel (the "*Representation*").

Terms of Engagement

This letter sets out the terms of our engagement in the Representation. Certain of those terms are included in the body of this letter, and additional terms are contained in the attached document, entitled *Additional Terms of Engagement*. That document is expressly incorporated into this letter, and it should be read carefully. The execution and return of the enclosed copy of this letter constitutes an agreement to all the terms set forth in this letter and in the attached *Additional Terms of Engagement*.

As Bond Counsel, we will prepare, or assist the appropriate Issuer officials and staff in the preparation of, all required legal proceedings and will perform certain other necessary legal work in connection with the Issuer's authorization, issuance, and sale of the Obligations. Our services as Bond Counsel will include the following Basic Services, which we will carry out directly or in concert with officials and staff of the Issuer, as follows:

1. Preparation of legal proceedings and documents to call and hold bond elections, if applicable.

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2. Preparation of the resolution or ordinance authorizing issuance of the Obligations and all other instruments which comprise the transcript of legal proceedings pertaining to the authorization, issuance, and sale of the Obligations, as well as legal research, document preparation, and consultation with respect to related municipal finance legal issues;
3. Attendance at meetings called by the appropriate Issuer officials, to the extent required or requested by the Issuer, to discuss sale of the Obligations or other municipal finance related legal issues;
4. Preparation and submission of transcripts of legal proceedings pertaining to the issuance of the Obligations to the Attorney General of Texas to obtain an approving opinion;
5. Consultation with Issuer officials and staff and the Issuer's financial advisor, together with underwriters, if any, to review information to be included in the offering documents for the Obligations, but only to the extent that such information describes the Obligations, the security therefor, federal income tax status and our opinion;
6. Supervision of the printing or preparation of the Obligations and the delivery thereof to the purchasers thereof;
7. At the closing of the sale of the Obligations, delivery of an approving opinion, based on facts and law existing as of its date, as to the due authorization of the issuance, execution, and delivery of the Obligations, the validity of the Obligations, and the tax-exempt status of the interest thereon, if applicable;
8. Prior to and in connection with the closing of the Obligations, giving advice to the Issuer to enable appropriate officials to comply with the arbitrage requirements of the Internal Revenue Code of 1986 as they affect the Obligations, including yield restrictions and arbitrage rebate requirements; and
9. After the closing of the sale of the Obligations and upon specific request of the Issuer, providing assistance to the Issuer concerning questions and issues that may arise prior to the maturity, and with respect to the terms, of the Obligations.

Our engagement is to advise you with respect to legal issues only, we understand that you have or are in the process of engaging an investment banking firm as your financial advisor, and unless otherwise instructed by you we will also consult with and take direction from your financial advisor in the issuance of the Obligations. Unless we are separately engaged to provide such services, our duties as bond counsel specifically do not include:

- I. except as described above, or except as specifically engaged for such purpose, assisting in the preparation or review of an official statement or any other disclosure document with respect to the Obligations, or performing an independent

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investigation to determine the accuracy, completeness or sufficiency of any such document or rendering advice that the official statement or other disclosure document does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading;

2. preparing requests for tax rulings from the Internal Revenue Service;
3. preparing blue sky or investment surveys with respect to the Obligations;
4. drafting of state constitutional amendments or preparation of authorizing legislation;
5. making an investigation or expressing any view of the creditworthiness of the Issuer or of the Obligations or any obligor therefor;
6. except if specifically engaged for such purpose, assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Obligations and, after initial delivery of the Obligations, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking;
7. responding to Internal Revenue Service audits or Securities and Exchange Commission investigations; or
8. any other matter not specifically set forth above that is not required to render the Bond Opinion.

It is understood and agreed that our engagement is limited to the Representation. We are not being retained as general counsel, and our acceptance of this engagement does not imply any undertaking to provide legal services other than those set forth in this letter.

Our Personnel Who Will Be Working on the Representation

I will be working on any proposed offering and sale of Obligations. Other firm personnel, including firm lawyers and legal assistants, will participate in the Representation if, in our judgment, their participation is necessary or appropriate.

Our Legal Fees and Other Charges

For the services performed in connection with the issuance of Obligations, we will be paid a fee as set forth on the attached schedule of fees. Such fees(s) shall be paid from the proceeds of the sale of the Obligations or from other funds, as the Issuer deems appropriate, and, except to the extent otherwise provided herein, are contingent on a successful closing of the Obligation sale unless otherwise agreed to by the parties hereof. We customarily do not submit any statement for fees and out-of-pocket expenses until the closing of the sale of Obligations;

CITY CLERK DEPT.

OFFER 17 ON 2-11-07

however, if there is a substantial delay in completing the financing or if it is determined that the financing will not proceed to a closing, we will submit a statement for any-out-of-pocket expenses reasonably incurred.

In addition to our fees for rendering professional services, you will compensate us for expenses and non-professional services incurred incident to the performance of our legal services, such as photocopying, delivery charges, travel expenses, long-distance telephone calls, facsimile transmissions, overtime for secretaries and other nonlegal staff, specialized computer applications such as computerized legal research, and filing fees, whether or not the Obligations are issued.

In the event we are requested by the Issuer to perform services beyond the scope of Bond Counsel or to perform services as Bond Counsel, including the issuance of a legal opinion, which are not directly related to the issuance of Obligations, the Firm's hourly rates apply and the fees are not contingent. Any such work that is not directly related to an offering of Obligations or that is beyond the scope of Bond Counsel must be specifically authorized by the City Attorney, the City Manager or Deputy City Manager for Financial and Administrative Services prior to such work being performed. Our statements for any such hourly services and expenses relating to such work will normally be rendered on a monthly basis and are due and payable upon receipt by you.

There shall be no individual liability to any member of the City Council of the Issuer, or any other official of the Issuer for the payment of any amounts due hereunder.

If this agreement is terminated by you and a sale of Obligations which we worked on closes, we will be entitled to payment of reasonable fees in compensation for the work performed by us to the date of termination, based upon our standard hourly rates and the time expended on the transaction.

Conflicts of Interest

Before accepting the Representation, we have undertaken reasonable and customary efforts to determine whether there are any potential conflicts of interest that would bar our firm from representing the Issuer in the Matter. Based on the information available to us, we are not aware of any potential disqualification. We reviewed that issue in accordance with the rules of professional responsibility adopted in Texas. We believe that those rules, rather than the rules of any other jurisdiction, are applicable to the Representation, and the execution and return of the enclosed copy of this letter by the Issuer represents an express agreement to the applicability of those rules.

We also note that we represent many issuers, investment banking firms, commercial banks, and other parties to public finance transactions from time to time in connection with issuance of bonds other than the Obligations or in non-bond-related matters, including your financial advisor and possible purchasers of the Obligations.

January 18, 2008

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In addition to our representation of other companies and individuals, we also regularly represent lawyers and law firms. As a result, other counsel involved in issuance of the Obligations may be a lawyer or law firm that we may represent now or in the future. Likewise, such counsel may represent our firm now or in the future. Further, we have professional and personal relationships with many other attorneys, often because of our participation in bar associations and other professional organizations.

It is our professional judgment that such relationships with the others described in this section do not adversely affect our ability to represent the Issuer in this matter. Your acceptance of these terms of engagement represents your consent to our representation of those persons now and in the future on the terms outlined in this section.

Conclusion

This letter, the attached *Additional Terms of Engagement* and the other attachments constitute the entire terms of the engagement of Fulbright & Jaworski L.L.P. in the Representation. These written terms of engagement are not subject to any oral agreements or understandings, and they can be modified only by further written agreement signed both by the Issuer and Fulbright & Jaworski L.L.P. Unless expressly stated in these terms of engagement, no obligation or undertaking shall be implied on the part of either the Issuer or Fulbright & Jaworski L.L.P.

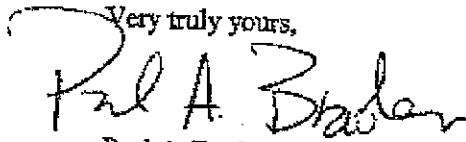
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Please carefully review this letter and the attached *Additional Terms of Engagement*. If both documents are acceptable, please sign and return the enclosed copy of this letter so that we may commence the Representation. Thank you for the opportunity to be of service to the City of El Paso.

Very truly yours,



Paul A. Braden

PAB/emt

cc: William F. Studer
Deputy City Manager -
Financial and Administrative Services

Charles McNabb
City Attorney

City of El Paso
Agrees to and Accepts this Letter and the
Attached Terms of Engagement;

City of El Paso

By: James G. Felton
Title: City Manager
Date: February 26, 2008

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SCHEDULE OF FEES

- A. Tax Supported New Money General Obligations and Certificates of Obligation: \$5,000 + (i) \$1.00 for each \$1,000 of par value of Obligations issued for all amounts up to \$50 million, and thereafter (ii) \$0.80 for each \$1,000 of par value of Obligations issued, with a minimum of \$7,500.
- B. Refunding Bonds: 1.25 times above amounts.
- C. Revenue or Other Special Obligations: 1.5 times above amounts and/or by agreement.

Expenses. In addition to bond counsel fees, the Firm would be entitled to payment or reimbursement for out-of-pocket expenses incurred in performing services in this engagement, including in-house photocopying (\$0.10 per page), local messenger and delivery service, long-distance telephone and telecopying services, computerized research, travel, overnight courier services, filing or document retrieval fees and large reproduction projects sent outside the Firm.

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FULBRIGHT & JAWORSKI L.L.P.

Additional Terms of Engagement

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This is a supplement to our engagement letter, dated January 18, 2008. The purpose of this document is to set out additional terms of our agreement to provide the representation described in our engagement letter (the "*Representation*") concerning any proposed offering and sale of Obligations (the "*Matter*"). Because these additional terms of engagement are a part of our agreement to provide legal services, the Issuer should review them carefully and should promptly communicate to us any questions concerning this document. We suggest that the Issuer retain this statement of additional terms along with our engagement letter and any related documents.

The Scope of the Representation

As lawyers, we undertake to provide representation and advice on the legal matters for which we are engaged. It is important for our clients to have a clear understanding of the legal services that we have agreed to provide. Thus, if there are any questions about the scope of the Representation that we are to provide in the Matter, please raise those questions promptly, so that we may resolve them at the outset of the Representation.

Any expressions on our part concerning the outcome of the Representation, or any other legal matters, are based on our professional judgment and are not guarantees. Such expressions, even when described as opinions, are necessarily limited by our knowledge of the facts and are based on our views of the state of the law at the time they are expressed.

Upon accepting this engagement on the Issuer's behalf, Fulbright & Jaworski L.L.P. agrees to do the following: (1) provide legal counsel in accordance with these terms of engagement and the related engagement letter, and in reliance upon information and guidance provided by the Issuer; and (2) keep the Issuer reasonably informed about the status and progress of the Representation.

To enable us to provide effective representation, the Issuer agrees to do the following: (1) disclose to us, fully and accurately and on a timely basis, all facts and documents that are or might be material or that we may request; (2) keep us apprised on a timely basis of all developments relating to the Representation that are or might be material; (3) attend meetings, conferences, and other proceedings when it is reasonable to do so; and (4) otherwise cooperate fully with us.

Our firm has been engaged to provide legal services in connection with the Representation in the Matter, as specifically defined in our engagement letter. After completion of the Representation, changes may occur in the applicable laws or regulations that could affect the Issuer's future rights and liabilities in regard to the Matter. Unless we are actually engaged after the completion of the Representation to provide additional advice on such issues, the firm has no continuing obligation to give advice with respect to any future legal developments that may pertain to the Matter.

It is our policy and the Issuer's agreement that the person or entity that we represent is the one identified in our engagement letter, and that our attorney-client relationship does not include any related persons or entities. For example, if a corporation, partnership, or other organization is identified as our client in our engagement letter referenced above, we do not represent any related parent companies, subsidiaries, affiliates, employees, officers, directors, shareholders,

partners, members, commonly owned corporations or partnerships, or other such persons, entities, or affiliates, whether becoming such by virtue of merger, dissolution, acquisition, or any other means. Accordingly, it is understood that we may represent another client with interests adverse to any such affiliated or related person or entity without first obtaining consent from the Issuer.

It is further agreed that the attorney-client relationship terminates upon our completion of the services for which we have been retained in the Representation.

Who Will Provide the Legal Services

As our engagement letter confirms, Fulbright & Jaworski L.L.P. will represent the Issuer in the Matter. Fulbright & Jaworski L.L.P. is a registered limited liability partnership that has elected to adopt the Texas Revised Partnership Act.

Although our firm will be providing legal services, each client of the firm customarily has a relationship principally with one attorney, or perhaps a few attorneys. At the same time, however, the work required in the Representation, or parts of it, may be performed by other firm personnel, including lawyers and legal assistants. Such delegation may be for the purpose of involving other firm personnel with experience in a given area or for the purpose of providing services on an efficient and timely basis.

Our Relationships With Others

Our law firm represents many companies and individuals. In some instances, the applicable rules of professional conduct may limit our ability to represent clients with conflicting or potentially conflicting interests. Those rules of conduct often allow us to exercise our independent judgment in determining whether our relationship with one client prevents us from representing another. In other situations, we may be permitted to represent a client only if the other clients consent to that representation.

Rules concerning conflicts of interest vary with the jurisdiction. In order to avoid any uncertainty, it is our policy that the governing rules will be those applicable to the particular office of our firm that prepares the engagement letter for a particular matter. The acceptance by the Issuer of our engagement letter constitutes an express agreement with that policy, unless the engagement letter specifically states that some other rules of professional responsibility will govern our attorney-client relationship.

From time to time, our firm may concurrently represent one client in a particular case or matter and, at the same time, our firm may be asked to represent an adversary of that same client in an unrelated case or matter. We would consider doing so only if it is our professional judgment that the firm could undertake the concurrent representation impartially and without any adverse effect on the responsibilities that the firm has to either client.

Specifically, it is possible that, during the Representation, some of our present or future clients will have disputes with the Issuer. By accepting these terms of engagement, it is expressly understood and agreed that we may continue to represent, or may undertake in the future to represent, existing or new clients in any matter that is not substantially related to the Representation, even if the interests of such clients in those other matters are directly adverse to the Issuer. We agree, however, that the prospective consent to conflicting representation contained in the preceding sentence shall not apply if, as a result of the Representation, we have

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obtained proprietary or other confidential information of a non-public nature that, if known to the other client, could be used in any other matter by that client with the result of any material disadvantage to the Issuer.

In addition to our representation of other companies and individuals, we also regularly represent lawyers and law firms. As a result, opposing counsel in the Matter may be a lawyer or law firm that we may represent now or in the future. Likewise, opposing counsel in the Matter may represent our firm now or in the future. Further, we have professional and personal relationships with many other attorneys, often because of our participation in bar associations and other professional organizations. It is our professional judgment that such relationships with other attorneys do not adversely affect our ability to represent any client. The acceptance of these terms of engagement represents an unqualified consent to any such relationships between our firm and other lawyers or law firms, even counsel who is representing a party that is adverse to the Issuer in the Matter that is the subject of this engagement or in some other matter.

Communications and Confidentiality

We have available Internet communication procedures that allow our attorneys to use e-mail for client communications in many instances. Accordingly, unless the Issuer specifically directs us otherwise, we may use unencrypted e-mail sent on the Internet to communicate with the Issuer and to send documents we have prepared or reviewed.

We recognize our obligation to preserve the confidentiality of attorney-client communications as well as client confidences, as required by the governing rules of professional responsibility. If the Matter involves transactions, litigation or administrative proceedings or like proceedings in which our firm appears as counsel of record for the Issuer in publicly available records, we reserve the right to inform others of the fact of our representation of the Issuer in the Matter and (if likewise reflected of record in publicly available records) the results obtained, unless the Issuer specifically directs otherwise.

Disclaimer

Fulbright & Jaworski L.L.P. has made no promises or guarantees to the Issuer about the outcome of the Representation or the Matter, and nothing in these terms of engagement shall be construed as such a promise or guarantee.

Termination

At any time, the Issuer may, with or without cause, terminate the Representation by notifying us of the Issuer's intention to do so. Any such termination of services will not affect the obligation to pay for legal services rendered and expenses and charges incurred before termination, as well as additional services and charges incurred in connection with an orderly transition of the Matter.

We are subject to the codes or rules of professional responsibility for the jurisdictions in which we practice. There are several types of conduct or circumstances that could result in our withdrawing from representing a client, including, for example, the following: non-payment of fees or charges; misrepresentation or failure to disclose material facts; fraudulent or criminal conduct; action contrary to our advice; and conflict of interest with another client. We try to identify in advance and discuss with our clients any situation that may lead to our withdrawal.

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A failure by the Issuer to meet any obligations under these terms of engagement shall entitle Fulbright & Jaworski L.L.P. to terminate the Representation. In that event, the Issuer will take all steps necessary to release Fulbright & Jaworski L.L.P. of any further obligations in the Representation or the Matter, including without limitation the execution of any documents necessary to effectuate our withdrawal from the Representation or the Matter. The right of Fulbright & Jaworski L.L.P. to withdraw in such circumstances is in addition to any rights created by statute or recognized by the governing rules of professional conduct.

Billing Arrangements and Terms of Payment

Our engagement letter specifically explains our fees for services in the Matter. It is agreed that the Issuer will make full payment within 30 days of receiving our statement. We will give notice if an account becomes delinquent, and it is further agreed that any delinquent account must be paid upon the giving of such notice. If the delinquency continues and the Issuer does not arrange satisfactory payment terms, we may withdraw from the Representation and pursue collection of our account.

Document Retention

At the close of any matter, we send our files in that matter to a storage facility for storage at our expense. The attorney closing the file determines how long we will maintain the files in storage. After that time, we will destroy the documents in the stored files.

At the conclusion of the Representation, we return to the client any documents that are specifically requested to be returned. As to any documents so returned, we may elect to keep a copy of the documents in our stored files.

Charges for Other Expenses and Services

Typically, our invoices will include amounts, not only for legal services rendered, but also for other expenses and services. Examples include charges for photocopying, long-distance telephone calls, travel and conference expenses, messenger deliveries, computerized research, and facsimile and other electronic transmissions. In addition, we reserve the right to send to the Issuer for direct payment any invoices delivered to us by others, including experts and any vendors.

In situations where we can readily determine the exact amount of expenses for products and services provided by third parties to be charged to the Issuer's account, our invoices will reflect the cost to us of the products and services. In many situations, however, the precise total cost of providing a product or service is difficult to establish, in which case we will use our professional judgment on the charges to be made for such product or service, which charges may vary from or exceed our direct cost of such product or service. In some situations, we can arrange for ancillary services to be provided by third parties with direct billing to the client. Attached is a copy of our current recharge schedule for expenses and services, which is subject to change from time to time.

Standards of Professionalism and Attorney Complaint Information

Pursuant to rules promulgated by the Texas Supreme Court and the State Bar of Texas, we are to advise our clients of the contents of the Texas Lawyer's Creed, a copy of which is attached. In

addition, we are to advise clients that the State Bar of Texas investigates and prosecutes complaints of professional misconduct against attorneys licensed in Texas. A brochure entitled *Attorney Complaint Information* is available at all of our Texas offices and is likewise available upon request. A client that has any questions about State Bar's disciplinary process should call the Office of the General Counsel of the State Bar of Texas at 1-800-932-1900 toll free.

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THE TEXAS LAWYER'S CREED — A Mandate for Professionalism

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The Texas Supreme Court and the Texas Court of Criminal Appeals adopted this Creed with the requirement that lawyers advise their clients of its contents when undertaking representation.

I am a lawyer, I am entrusted by the People of Texas to preserve and improve our legal system. I am licensed by the Supreme Court of Texas. I must therefore abide by the Texas Disciplinary Rules of Professional Conduct, but I know that Professionalism requires more than merely avoiding the violation of laws and rules. I am committed to this Creed for no other reason than it is right.

I. OUR LEGAL SYSTEM. A lawyer owes to the administration of justice personal dignity, integrity, and independence. A lawyer should always adhere to the highest principles of professionalism. I am passionately proud of my profession. Therefore, "My word is my bond." I am responsible to assure that all persons have access to competent representation regardless of wealth or position in life. I commit myself to an adequate and effective pro bono program. I am obligated to educate my clients, the public, and other lawyers regarding the spirit and letter of this Creed. I will always be conscious of my duty to the judicial system.

II. LAWYER TO CLIENT. A lawyer owes to a client allegiance, learning, skill, and industry. A lawyer shall employ all appropriate means to protect and advance the client's legitimate rights, claims, and objectives. A lawyer shall not be deterred by any real or imagined fear of judicial disfavor or public unpopularity, nor be influenced by mere self-interest. I will advise my client of the contents of this Creed when undertaking representation. I will endeavor to achieve my client's lawful objectives in legal transactions and in litigation as quickly and economically as possible. I will be loyal and committed to my client's lawful objectives, but I will not permit that loyalty and commitment to interfere with my duty to provide objective and independent advice. I will advise my client that civility and courtesy are expected and are not a sign of weakness. I will advise my client of proper and expected behavior. I will treat adverse parties and witnesses with fairness and due consideration. A client has no right to demand that I abuse anyone or indulge in any offensive conduct. I will advise my client that we will not pursue conduct which is intended primarily to harass or drain the financial resources of the opposing party. I will advise my client that we will not pursue tactics which are intended primarily for delay. I will advise my client that we will not pursue any course of action which is without merit. I will advise my client that I reserve the right to determine whether to grant accommodations to opposing counsel in all matters that do not adversely affect my client's lawful objectives. A client has no right to instruct me to refuse reasonable requests made by other counsel. I will advise my client regarding the availability of mediation, arbitration, and other alternative methods of resolving and settling disputes.

III. LAWYER TO LAWYER. A lawyer owes to opposing counsel, in the conduct of legal transactions and the pursuit of litigation, courtesy, candor, cooperation, and scrupulous observance of all agreements and mutual understandings. If feelings between clients shall not influence a lawyer's conduct, attitude, or demeanor toward opposing counsel. A lawyer shall not engage in unprofessional conduct in retaliation against other unprofessional conduct. I will be courteous, civil, and prompt in oral and written communications. I will not quarrel over matters of form or style, but I will concentrate on matters of substance. I will identify for other counsel or parties all changes I have made in documents submitted for review. I will attempt to prepare documents which correctly reflect the agreement of the parties. I will not include provisions which have not been agreed upon or omit provisions which are necessary to reflect the agreement of the parties. I will notify opposing counsel, and, if appropriate, the Court or other persons, as soon as practicable, when hearings,

depositions, meetings, conferences or closings are canceled. I will agree to reasonable requests for extensions of time and for waiver of procedural formalities, provided legitimate objectives of my client will not be adversely affected. I will not serve motions or pleadings in any manner that unfairly limits another party's opportunity to respond. I will attempt to resolve by agreement my objections to matters contained in pleadings and discovery requests and responses. I can disagree without being disagreeable. I recognize that effective representation does not require antagonistic or obstructive behavior. I will neither encourage nor knowingly permit my client or anyone under my control to do anything which would be unethical or improper if done by me. I will not, without good cause, attribute bad motives or unethical conduct to opposing counsel nor bring the profession into disrepute by unfounded accusations of impropriety. I will avoid disparaging personal remarks or acrimony towards opposing counsel, parties and witnesses. I will not be influenced by any ill feeling between clients. I will abstain from any allusion to personal peculiarities or idiosyncrasies of opposing counsel. I will not take advantage, by causing any default or dismissal to be rendered, when I know the identity of an opposing counsel, without first inquiring about that counsel's intention to proceed. I will promptly submit orders to the Court. I will deliver copies to opposing counsel before or contemporaneously with submission to the court. I will promptly approve the form of orders which accurately reflect the substance of the rulings of the Court. I will not attempt to gain an unfair advantage by sending the Court or its staff correspondence or copies of correspondence. I will not arbitrarily schedule a deposition, Court appearance, or hearing until a good faith effort has been made to schedule it by agreement. I will readily stipulate to undisputed facts in order to avoid needless costs or inconvenience for any party. I will refrain from excessive and abusive discovery. I will comply with all reasonable discovery requests. I will not resist discovery requests which are not objectionable. I will not make objections nor give instructions to a witness for the purpose of delaying or obstructing the discovery process. I will encourage witnesses to respond to all deposition questions which are reasonably understandable. I will neither encourage nor permit my witness to quibble about words where their meaning is reasonably clear. I will not seek Court intervention to obtain discovery which is clearly improper and not discoverable. I will not seek sanctions or disqualification unless it is necessary for protection of my client's lawful objectives or is fully justified by the circumstances.

IV. LAWYER AND JUDGE. Lawyers and judges owe each other respect, diligence, candor, punctuality, and protection against unjust and improper criticism and attack. Lawyers and judges are equally responsible to protect the dignity and independence of the Court and the profession. I will always recognize that the position of judge is the symbol of both the judicial system and administration of justice. I will refrain from conduct that degrades this symbol. I will conduct myself in court in a professional manner and demonstrate my respect for the Court and the law. I will treat counsel, opposing parties, the Court, and members of the Court staff with courtesy and civility. I will be punctual. I will not engage in any conduct which offends the dignity and decorum of proceedings. I will not knowingly misrepresent, mischaracterize, misquote or miscite facts or authorities to gain an advantage. I will respect the rulings of the Court. I will give the issues in controversy deliberate, impartial and studied analysis and consideration. I will be considerate of the time constraints and pressures imposed upon the Court, Court staff and counsel in efforts to administer justice and resolve disputes.

FULBRIGHT & JAWORSKI L.L.P.
(Dallas)

Expenses and Services Summary

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<u>EXPENSE/SERVICE</u>	<u>CHARGE</u>
Binding	\$2.00 per book (Pricing varies in other office locations)
Data Base Research Lexis, Westlaw, Information America	Costs allocated by the firm
Deliveries	
Overnight/Express	Direct Cost
Outside Courier	Direct Cost
In-House	N/A (Pricing varies in other office locations)
Courthouse Messengers	\$25.00/Hour plus Transportation - Bankruptcy Filings @ \$10.00 per filing (Pricing varies in other office locations)
Document Scanning	\$1.12 per page - Direct Cost
Duplicating	
Photocopy	\$0.15 per page
Color photocopy	\$0.85 per page
Microfilm/Microfiche	\$0.50 per page
Videography (duplication)	\$5.00/tape plus \$20.00/duplication
Electronic Mail (via Internet)	No Charge
Library Research by Library Staff	\$130.00 per hour
Weekend & Late Evening Air Conditioning	N/A (Pricing varies in other office locations)
Postage	Direct Cost on any item or group of items which cost \$1.00 or more
Secretarial Overtime	\$28.00 per hour plus supper allowance paid for overtime in excess of 2 hours per day during the week and 6 hours per day on weekends (Pricing varies in other office locations)
Facsimile (Outgoing)	\$0.80 per page plus applicable LD charges

EXPENSE/SERVICE

CHARGE

Telephone	
Long Distance (Domestic)	\$0.30 per minute
Long Distance (International)	80% of direct dial rate
File Storage Retrieval	N/A (Pricing varies in other office locations)
Transportation	
Mileage (personal automobile)	Applicable IRS allowable rate per mile
Lodging	Direct Cost
Meals	Direct Cost
Car Rental/Airline/Rail/Etc.	Direct Cost
CD-ROM Research	\$30.00 - \$50.00 per Search (rate varies based on length of search)
Graphic Arts	\$120.00 - \$150.00 per hour, plus direct cost of supplies
Practice Support	\$60.00 - \$215.00 per hour
E-Discovery	Direct Cost

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221 North Kansas
Suite 600
El Paso, TX 79901

915.351.7228 Direct
800.678.3792 Toll Free
915.208.2698 Cell
915. Fax

Maria Fernanda Urbina
Senior Vice President

Maria.Urbina@Firstsw.com

June 18, 2015

Mr. Jeff Walker
Texas Water Development Board
1700 N. Congress Avenue
Austin, Texas 78701

Re: \$50,000,000 City of El Paso, Texas SWIFT Application

Dear Mr. Walker:

I am responding to your request that I provide this letter to the Texas Water Development Board (the "Board") addressing the concern that a potential conflict of interest may exist regarding the representation of both the City of El Paso, Texas (the "City") and the Board by our firm as financial advisor. The City has requested financial assistance in the amount of \$50,000,000 from the Texas Water Development Board's SWIFT program fund.

In our capacity as financial advisor to the City our firm is assisting the City in its loan application process to the Board. If the City's application is chosen by the Board, the Board will directly provide the terms of a loan to the City. Our firm has no involvement in the ranking of loan applications by the Board or the determination of interest rates or any other terms by the Board. Moreover, in our representation of the Board in its offering debt obligations we only review numbers and terms of loan applications in the aggregate and do not review individual loan applications. This enables our firm to retain its independence in fulfilling the duties of its role as financial advisor in a transaction as described above.

Our representation of the Board as financial advisor in the issuance of its debt obligations is not substantially related to the Board's subsequent process in approving applications and funding loans from borrowers. As a result, there is no reasonable possibility that the representation of the Board and the City will adversely limit the representation of the other. If you wish, I will be happy to discuss this in greater detail at your convenience.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Maria Fernanda Urbina".

Maria Fernanda Urbina
Senior Vice President

FINANCIAL ADVISORY AGREEMENT

This Financial Advisory Agreement (the "Agreement") is made and entered into by and between the Public Service Board, El Paso Water Utilities ("Issuer") and First Southwest Company ("FSC") effective as of the date executed by the Issuer as set forth on the signature page hereof.

WITNESSETH:

WHEREAS, the Issuer will have under consideration from time to time the authorization and issuance of indebtedness in amounts and forms which cannot presently be determined and, in connection with the authorization, sale, issuance and delivery of such indebtedness, Issuer desires to retain an independent financial advisor; and

WHEREAS, the Issuer desires to obtain the professional services of FSC to advise the Issuer regarding the issuance and sale of certain evidences of indebtedness or debt obligations that may be authorized and issued or otherwise created or assumed by the Issuer (hereinafter referred to collectively as the "Debt Instruments") from time to time during the period in which this Agreement shall be effective; and

WHEREAS, FSC is willing to provide its professional services and its facilities as financial advisor in connection with all programs of financing as may be considered and authorized by Issuer during the period in which this Agreement shall be effective.

NOW, THEREFORE, the Issuer and FSC, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, do hereby agree as follows:

**SECTION I
DESCRIPTION OF SERVICES**

Upon the request of an authorized representative of the Issuer, FSC agrees to perform the financial advisory services stated in the following provisions of this Section I; and for having rendered such services, the Issuer agrees to pay to FSC the compensation as provided in Section V hereof.

A. Financial Planning. At the direction of Issuer, FSC shall:

1. Survey and Analysis. Conduct a survey of the financial resources of the Issuer to determine the extent of its capacity to authorize, issue and service any Debt Instruments contemplated. This

1. Method of Sale. Evaluate the particular financing being contemplated, giving consideration to the complexity, market acceptance, rating, size and structure in order to make a recommendation as to an appropriate method of sale, and:

a. If the Debt Instruments are to be sold by an advertised competitive sale, FSC will:

(1) Supervise the sale of the Debt Instruments, reserving the right, alone or in conjunction with others, to submit a bid for any Debt Instruments issued under this Agreement which the Issuer advertises for competitive bids; however, in keeping with the provisions of Rule G-23 of the Municipal Securities Rulemaking Board, FSC will request and obtain written consent to bid prior to submitting a bid, in any instance wherein FSC elects to bid, for any installment of such Debt Instruments;

(2) Disseminate information to prospective bidders, organize such informational meetings as may be necessary, and facilitate prospective bidders' efforts in making timely submission of proper bids;

(3) Assist the staff of the Issuer in coordinating the receipt of bids, the safekeeping of good faith checks and the tabulation and comparison of submitted bids; and

(4) Advise the Issuer regarding the best bid and provide advice regarding acceptance or rejection of the bids.

b. If the Debt Instruments are to be sold by negotiated sale, FSC will:

(1) Recommend for Issuer's final approval and acceptance one or more investment banking firms as managers of an underwriting syndicate for the purpose of negotiating the purchase of the Debt Instruments.

(2) Cooperate with and assist any selected managing underwriter and their counsel in connection with their efforts to prepare any Official Statement or Offering Memorandum. FSC will cooperate with and assist the underwriters in the preparation of a bond purchase contract, an underwriters agreement and other related documents. The costs incurred in such efforts, including the printing of the documents, will be paid in accordance with the terms of the Issuer's agreement with the underwriters, but shall not be or become an obligation of FSC, except to the extent specifically provided

7. Auditors. In the event formal verification by an independent auditor of any calculations incident to the Debt Instruments is required, make arrangements for such services.
8. Issuer Meetings. Attend meetings of the governing body of the Issuer, its staff, representatives or committees as requested at all times when FSC may be of assistance or service and the subject of financing is to be discussed.
9. Printing. To the extent authorized by the Issuer, coordinate all work incident to printing of the offering documents and the Debt Instruments.
10. Bond Counsel. Maintain liaison with Bond Counsel in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Debt Instruments.
11. Changes in Laws. Provide to the Issuer copies of proposed or enacted changes in federal and state laws, rules and regulations having, or expected to have, a significant effect on the municipal bond market of which FSC becomes aware in the ordinary course of its business, it being understood that FSC does not and may not act as an attorney for, or provide legal advice or services to, the Issuer.
12. Delivery of Debt Instruments. As soon as a bid for the Debt Instruments is accepted by the Issuer, coordinate the efforts of all concerned to the end that the Debt Instruments may be delivered and paid for as expeditiously as possible and assist the Issuer in the preparation or verification of final closing figures incident to the delivery of the Debt Instruments.
13. Debt Service Schedule; Authorizing Resolution. After the closing of the sale and delivery of the Debt Instruments, deliver to the Issuer a schedule of annual debt service requirements for the Debt Instruments and, in coordination with Bond Counsel, assure that the paying agent/registrars and/or trustee has been provided with a copy of the authorizing ordinance, order or resolution.

**SECTION III
TERM OF AGREEMENT**

This Agreement shall become effective as of the date executed by the Issuer as set forth on the signature page hereof and, unless terminated by either party pursuant to Section IV of this Agreement, shall remain in effect thereafter for a period of five (5) years from such date. Unless FSC or Issuer shall notify the other party in writing at least thirty (30) days in advance of the applicable anniversary date that this Agreement will not be renewed, this Agreement will be automatically renewed on the fifth anniversary of the date hereof for an additional one (1) year period and thereafter will be automatically renewed on each anniversary date for successive one (1) year periods.

**SECTION IV
TERMINATION**

This Agreement may be terminated with or without cause by the Issuer or FSC upon the giving of at least thirty (30) days' prior written notice to the other party of its intention to terminate, specifying in such notice the effective date of such termination. In the event of such termination, it is understood and agreed that only the amounts due FSC for services provided and expenses incurred to the date of termination will be due and payable. No penalty will be assessed for termination of this Agreement.

**SECTION V
COMPENSATION AND EXPENSE REIMBURSEMENT**

The fees due to FSC for the services set forth and described in Section I of this Agreement with respect to each issuance of Debt Instruments or other Securities during the term of this Agreement shall be calculated in accordance with the schedule set forth on Appendix A attached hereto. Unless specifically provided otherwise on Appendix A or in a separate written agreement between Issuer and FSC, such fees, together with any other fees as may have been mutually agreed upon and all expenses for which FSC is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Debt Instruments to the purchaser.

APPENDIX A

The fees due FSC will not exceed those contained in our customary fee schedule as listed below.

\$10,000	Initial Fee
plus \$1.00 per \$1,000	For the first \$25,000,000
plus \$0.75 per \$1,000	thereafter

The above charges shall be multiplied by 1.20 times for the completion of an application to a federal or state government agency or for the issuance of revenue bonds or refunding bonds, reflecting the additional services required.

The charges for ancillary services, including computer structuring and official statement printing, shall be levied only for those services which are reasonably necessary in completing the transaction and which are reasonable in amount, unless such charges were incurred at the specific direction of the Issuer.

The payment of charges for financial advisory services described in Section I of the foregoing Agreement shall be contingent upon the delivery of bonds and shall be due at the time that bonds are delivered. The payment of charges for services described in Section II of the foregoing Agreement shall be due and payable in accordance with the mutual agreement therefor between FSC and Issuer.

The Issuer shall be responsible for the following expenses, if and when applicable, whether they are charged to the Issuer directly as expenses or charged to the Issuer by FSC as reimbursable expenses:

- Bond counsel
- Bond printing
- Bond ratings
- Computer structuring
- Credit enhancement
- CPA fees for refunding
- Official statement preparation and printing
- Paying agent/registrar/trustee
- Travel expenses
- Underwriter and underwriters counsel
- Miscellaneous, including copy, delivery, and phone charges

The payment of reimbursable expenses that FSC has assumed on behalf of the Issuer shall NOT be contingent upon the delivery of bonds and shall be due at the time that services are rendered and payable upon receipt of an invoice therefor submitted by FSC.

CONTRACT



Dispatch via Print

P.O. BOX 511 El Paso, Texas 79961-0001
 Phone: 915.594.5623 Fax: 915.594.5604

Contract ID MCRFP91-12	Page 1 of 1
Contract Dates 01/09/2015 to 01/08/2016	Payment Terms NET 30
Description: AUDIT SERVICES - 2ND EXTENSION (01/09/15 - 01/08/16)	

Vendor ID 0000003970
 GIBSON RUDDOCK PATTERSON LLC
 600 Sunland Park Dr Ste 6-300
 El Paso TX 79912-9984

Tax Exempt? Y Tax Exempt ID: 746003579

Line #	Item Description	Unit Qty	Price	Ordered Qty	Price
1	SERVICES TO BE PROVIDED PER SPECIFICATIONS, TERMS AND CONDITIONS OF RFP91-12.	NTE	95,000.00	1	95,000.00

*THIS CONTRACT IS FOR THREE YEARS WITH AN OPTION TO EXTEND BY MUTUAL AGREEMENT, ON A YEAR TO YEAR BASIS, FOR TWO ADDITIONAL YEARS.

PER RFP91-12 SPECIFICATIONS, TERMS AND CONDITIONS.

AWARDED BY PSB ON JANUARY 9, 2013

ACCOUNT NUMBER 7050-710

AWARDED AMOUNT: NTE \$85,000.00

VENDOR CONTACT NUMBERS:

Ph: (915)356-3700

Email: craig@grp-cpa.com

.....
 INVOICES MUST REFERENCE MCRFP91-12

MAIL INVOICES TO:

El Paso Water Utilities

P.O. Box 511

El Paso, TX 79961

Ph:(915)594-5623

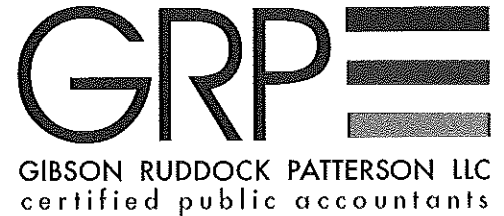
CONTRACT RFP 91-12 IS HEREBY EXTENDED UNDER THE SAME SPECIFICATIONS, TERMS AND CONDITIONS FROM 01/09/15 THRU 01/08/16 PER MICHELLE LEPAGE ON JANUARY 12, 2015.
 (pf01/12/15)

Total Contract Amount \$95,000.00

Michelle LePage 1-12-15
 Authorized Signature

600 SUNLAND PARK, 6-300
EL PASO, TX 79912

P 915 356-3700
F 915 356-3779
W GRP-CPA.COM



January 28, 2014

Arturo Duran, Chief Financial Officer
Public Service Board - El Paso Water Utilities
P.O. Box 511
El Paso, Texas 79961-0002

We are pleased to confirm our understanding of the services we are to provide the Public Service Board - El Paso Water Utilities for the year ended February 28, 2014. We will audit the financial statements of the business-type activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Public Service Board - El Paso Water Utilities as of and for the year ended February 28, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Public Service Board - El Paso Water Utilities' basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Public Service Board - El Paso Water Utilities' RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Other Post Employment Benefits Plan Schedules

We have also been engaged to report on supplementary information other than RSI that accompanies the Public Service Board - El Paso Water Utilities' financial statements and will be included in the Comprehensive Annual Financial Report (CAFR) if indicated. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Water and Wastewater Utility Fund Schedules (included in CAFR)
2. Municipal Drainage Utility Fund Schedules (included in CAFR)
3. Schedule of Insurance Coverage (included in CAFR)
4. Schedule of Expenditures Federal Award (separate report)

The following other information accompanying the financial statements in the CAFR will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Introductory Section
2. Statistical Section

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on-

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and OMB Circular A-133 in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major programs in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of the notes to your financial statements and the schedule of expenditures of federal awards. You will be required to acknowledge in the written representation letter our assistance with preparation of the notes to the financial statements and the schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. You agree to assume all management responsibilities for any non-audit services we provide; oversee the services by designating an individual, preferably from senior management, who possess suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and 3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take a corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

You are responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform you the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope that would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, and *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures-Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Public Service Board - El Paso Water Utilities' compliance with the provisions of applicable laws, regulations, contracts, agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Public Service Board – El Paso Water Utilities' major programs. The purpose of these procedures will be to express an opinion on the Public Service Board - El Paso Water Utilities' compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Gibson, Ruddock, Patterson LLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Environmental Protection Agency, Texas Water Development Board or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Gibson, Ruddock, Patterson LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Texas Water Development Board or Environmental Protection Agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Public Service Board – El Paso Water Utilities
Page 8
January 28, 2014

We expect to begin our audit in March 2014 and to issue our reports no later than July 2014. E. Craig Gibson is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone etc.) except that we agree that our gross fee, including expenses, will not exceed \$95,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2013 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the Public Service Board - El Paso Water Utilities and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Gibson, Ruddock, Patterson LLC

RESPONSE:

This letter correctly sets forth the understanding of the Public Service Board - El Paso Water Utilities.

By: Arturo Duran

Title: CFO

Date: 2/10/14

GLASS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, P.C.

System Review Report

September 24, 2013

To the Owners of Gibson, Ruddock, Patterson, LLC
and the Peer Review Committee of the TSCPA

We have reviewed the system of quality control for the accounting and auditing practice of Gibson, Ruddock, Patterson, LLC (the firm) in effect for the year ended June 30, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Gibson, Ruddock, Patterson, LLC in effect for the year ended June 30, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Gibson, Ruddock, Patterson, LLC has received a peer review rating of *pass*.


GLASS & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

Full legal name of the security for the proposed debt issue(s). Provide a full explanation of pledge being offered and existing rate covenants as well as relevant additional bonds requirements, reserve fund requirements or other requirements needed to ensure parity with other outstanding creditors.

B 15 The Bonds will be styled the "City of El Paso, Texas Water and Sewer Revenue Bonds, Series 201__" with the series indicating the year of issuance.

B 16 The Bonds will be secured solely by the "Net Revenues" of the City's water and sewer system and issued on a parity with the City's previously issued water and sewer revenue bonds (the "Previously Issued Senior Lien Bonds"). "Net Revenues" is defined to mean the Gross Revenues less the Operation and Maintenance Expenses.

- "Gross Revenues" means all of the revenues of every nature received through the operation of the System.
- "System" means the complete waterworks plant and system of the City as they now exist and may be improved, added to, or extended hereafter, and the complete sewer system of the City as it now exists and may hereafter be improved, added to, or extended, there being included in such term all water and sewer facilities now or hereafter owned or operated by the City, lying within and without the boundaries of the City, and including all real estate and real and personal property of every kind and nature comprising any part of or used or useful in the operation of the water and sewer facilities of the City.
- "Operation and Maintenance Expenses" means the reasonable and proper expenses of operating and maintaining the System, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions as are necessary to keep the System in operation or which are necessary to meet some physical accident or condition that would otherwise impair the Bonds, the Previously Issued Senior Lien Bonds and any Additional Bonds shall be included as Operation and Maintenance Expenses.

B 16 **Rate Covenant:** In the authorizing ordinance, the City agrees that it would establish and maintain rates for water and sewer services supplied by the System which such rates shall produce or yield revenues sufficient to pay maintenance and operating expenses of the System and an additional

amount equal to 150% of the aggregate amount required to be paid in such year for principal and interest on all outstanding Previously Issued Senior Lien Bonds, the Bonds, and any Additional Bonds.

Additional Bonds: The City is permitted to issue "Additional Bonds" upon the satisfaction of the following conditions:

- the City is not, at the time, in default as to any covenant, condition or obligation prescribed by an ordinance authorizing the issuance of any bonds payable from and secured by a first lien on and pledge of the Net Revenues;
- Additional Bonds, if any, are made to mature on March 1 or September 1 in each of the years in which they are scheduled to mature;
- the net earnings of the System for any consecutive period of 12 months of the 15 months next preceding the month of the date of the Additional Bonds then to be issued, or for the City's completed fiscal year next preceding the date of such Additional Bonds, are equal to at least 1.25 times the maximum annual principal and interest requirements of all bonds to be outstanding after the issuance of the Additional Bonds, as such net earnings are shown by a report by a certified public accountant; and
- the amount to be accumulated and maintained in the Reserve Fund shall be increased to an amount not less than the average annual requirements for the payment of principal of and interest on the Bonds, the Previously Issued Senior Lien Bonds and the Additional Bonds, such additional amount to be accumulated in equal monthly installments during a period not to exceed five years and one month.

Reserve Fund Requirement. The City is required to maintain a reserve fund in an amount equal to the average annual principal and interest requirements on the Bonds, the Previously Issued Senior Lien Bonds and any Additional Bonds at any time outstanding (the "Reserve Fund Requirement").

Revenue Fund. Pursuant to the authorizing ordinance, all Gross Revenues will be deposited from day to day as collected into the "Revenue Fund." Moneys on deposit in the Revenue Fund shall first be used to pay all Operation and Maintenance Expenses. The revenues of the System not actually required to pay Operation and Maintenance Expenses (the "Net Revenues") shall be transferred from the Revenue Fund to the other Funds

as more fully described in the ordinance, in the order of priority, in the manner, and in the amounts set forth below:

- Interest and Sinking Fund. In addition to the deposits required by ordinances authorizing the Previously Issued Senior Lien Bonds, there shall be deposited into the Interest and Sinking Fund the following:
 - such amounts, in equal monthly installments, commencing on the first day of the month next following the month of Closing Date, and on the first day of each month thereafter, as will be sufficient to pay the interest scheduled to come due on the Bonds on the next interest payment date, less any amounts already on deposit therein for such purpose derived from the proceeds of the Bonds or from any other lawfully available source; and
 - such amounts, in equal monthly installments, commencing on the first day of the month next following the month of Closing Date, and on the first day of each month thereafter, as will be sufficient to pay the next maturing principal of the Bonds, including any scheduled mandatory redemption of Bonds.
 - The Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds, the Previously Issued Senior Lien Bonds and any Additional Bonds as such principal matures and such interest becomes due.
- Reserve Fund. As long as the funds on deposit in the Reserve Fund created for the benefit of the Bonds, the Previously Issued Senior Lien Bonds, and all Additional Bonds are equal to the Reserve Fund Requirement, no deposits need to be made to the credit of the Reserve Fund.
 - However, should the Reserve Fund at any time contain less than the Reserve Fund Requirement, then, subject and subordinate to making the required deposits to the credit of the Interest and Sinking Fund, the City shall transfer from the Net Revenues in the Revenue Fund and deposit to the credit of the Reserve Fund, on the first day of each month, such amounts in equal monthly installments to accumulate within at least five years and one month a sum equal to the Reserve Fund Requirement. The money on deposit in the Reserve Fund may be used to pay the principal of and interest on the Bonds, the Previously Issued Senior Lien Bonds and any Additional Bonds at any time there are not sufficient funds on deposit in the Interest and Sinking Fund for such purpose.

- In accordance with the procedures specified in the preceding paragraph, the City directed that the deposits, if any, being made to the Reserve Fund be increased to accumulate in the Reserve Fund within five years and one month from the date of the Bonds an amount equal to the Reserve Fund Requirement.
- Note Payment Fund. In addition to the foregoing funds and required deposits, in order to provide for the payment of and security for any Subordinate Lien Obligations, the City is required to deposit into the Note Payment Fund amounts sufficient to pay when due the principal of and interest on the Subordinate Lien Obligations.
- Additional Definitions.
 - “Additional Bonds” means the additional revenue bonds permitted to be issued on a parity with the Bonds and the Previously Issued Senior Lien Bonds by the terms of the authorizing ordinance.
 - “Subordinate Lien Obligations” shall mean the obligations of the City under the City’s Commercial Paper Notes, Series A and the documents pertaining thereto.

RESOLUTION

A RESOLUTION REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE FILING OF AN APPLICATION FOR ASSISTANCE AND AUTHORIZING THE PRESIDENT/CEO TO SUBMIT AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD (TWDB) IN AN AMOUNT NOT TO EXCEED \$50,000,000 UNDER STATE WATER IMPLEMENTATION FUND FOR TEXAS (SWIFT).

WHEREAS, the El Paso Water Utilities Public Service Board (EPWU), was established on May 22, 1952, by Ordinance No. 752 of the City of El Paso for the purpose of providing potable water and wastewater collection and treatment for the City of El Paso; and,

WHEREAS, EPWU has historically worked with funding agencies to obtain the necessary resources to invest in sustainable, long-term water solutions for the City of El Paso, and,

WHEREAS, EPWU will continue to secure regional water resources that will allow them to provide residents of the City of El Paso, and surrounding communities, with safe, high-quality drinking water; and,

WHEREAS, the City Council adopted a resolution on September 30, 2014 delegating authority to apply for funding from the State Water Implementation Fund of Texas on behalf of the City of El Paso to the El Paso Water Utilities Public Service Board of Trustees, President/CEO; and,

WHEREAS, the President/CEO is hereby designated the authorized representative for purposes of furnishing information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board; and,

WHEREAS, the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent the El Paso Water Utilities before any hearing held by the Texas Water Development Board on such application, to wit:

Financial Advisor: Maria Fernanda Urbina, Senior Vice President First Southwest
Bond Counsel: Paul A. Braden, Partner Norton Rose Fulbright US LLP

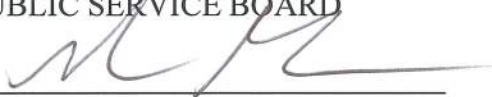
NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE CITY OF EL PASO, TEXAS:

Section 1. That the findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the Public Service Board and made a part of this Resolution for all purposes.

Section 2. That the El Paso Water Utilities Public Service Board is requesting financial assistance from the Texas Water Development Board in an amount not to exceed \$50,000,000.00 in loans from the Texas Water Development Board for land and water rights acquisition under the SWIFT program. The Board further authorizes the President/CEO to sign any and all documents necessary to submit the applications for funding to the Texas Water Development Board in an amount not to exceed \$50,000,000.00.

PASSED AND APPROVED at the regular meeting of the Public Service Board, this 8th day of July, 2015, at which meeting a quorum was present and which was held in accordance with the provisions of V.T.C.A. Government Code, Sections 551.001, et. seq.

EL PASO WATER UTILITIES
PUBLIC SERVICE BOARD



Richard T. Schoephoerster, Chair

ATTEST:



Terry Garcia
Secretary/Treasurer

APPROVED AS TO FORM:



Lupe Cuellar
General Counsel

APPLICATION AFFIDAVIT (WRD-201)

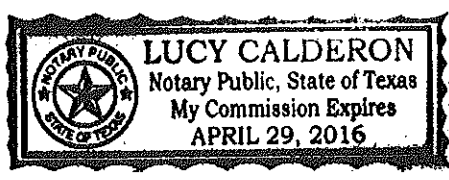
STATE OF TEXAS §
COUNTY OF EL PASO §
El Paso Water Utilities Public Service Board §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared John Balliew, President/CEO as the Authorized Representative of the El Paso Water Utilities Public Service Board, who being by me duly sworn, upon oath says that:

- 1. The decision by the El Paso Water Utilities Public Service Board ("EPWU-PSB") to request financial assistance from the Texas Water Development Board ("Board") was made in a public meeting held in accordance with the Open Meetings Act (Government Code, §551.001, et seq) and after providing all such notice as required by such Act as is applicable to the El Paso Water Utilities Public Service Board ("EPWU-PSB");
2. The information submitted in the application is true and correct according to my best knowledge and belief;
3. The El Paso Water Utilities Public Service Board ("EPWU-PSB") has no pending, threatened, or outstanding judgments, orders, fines, penalties, taxes, assessment or other enforcement or compliance issue of any kind or nature by the Environmental Protection Agency, Texas Commission on Environmental Quality, Texas Comptroller, Texas Secretary of State, or any other federal, state or local government, except for the following (if no such outstanding compliance issue, write in "none"): None
4. The El Paso Water Utilities Public Service Board ("EPWU-PSB") warrants compliance with the representations made in the application in the event that the Board provides the financial assistance; and
5. The El Paso Water Utilities Public Service Board ("EPWU-PSB") will comply with all applicable federal laws, rules, and regulations as well as the laws of this state and the rules and regulations of the Board.

[Signature]
John Balliew
Title: President/CEO
El Paso Water Utilities Public Service Board

SWORN AND SUBSCRIBED BEFORE, by John Balliew, this 10th day of October, 2014.



[Signature]
NOTARY PUBLIC in and for the
STATE OF TEXAS

TWDB-0201B
Revised 02/21/2013

Application Resolution - Certificate of Secretary (WRD-201b)

THE STATE OF TEXAS §
COUNTY OF EL Paso §
APPLICANT El Paso Water Utilities Public Service Board §
On behalf of the City of El Paso §

I, the undersigned, City Clerk of the City of El Paso Texas,
DO HEREBY CERTIFY as follows:

1. That on the 30th day of September, 20 14, a regular/special meeting of the
El Paso City Council was held at a meeting place within the City; the duly
constituted members of the El Paso City Council being as follows:
C. Niland, L. Romero, E. Acosta, M. Noe, C. Ordaz, L. Limon, C. Robinson, A. Lilly, and Mayor O. Leeser

and all of said persons were present at said meeting, except the following:
A. Lilly

Among other business considered at said meeting, the attached resolution entitled:

"A RESOLUTION by the City Council of the City of El Paso, Texas
requesting financial participation from the Texas Water Development Board; authorizing the filing
of an application for financial participation; and making certain findings in connection therewith."

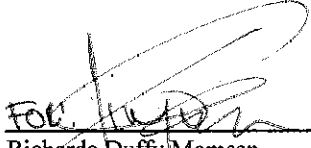
was introduced and submitted to the El Paso City Council for passage and adoption. After
presentation and due consideration of the resolution, and upon a motion made by Mayor Pro Tempore C. Niland
and seconded by Representative E. Acosta, the resolution was duly passed and adopted by the
El Paso City Council by the following vote:

7 voted "For" 0 voted "Against" 0 abstained

all as shown in the official Minutes of the El Paso City Council for the meeting held on the aforesaid date.

2. That the attached resolution is a true and correct copy of the original on file in the official records
of the City of El Paso; the duly qualified and acting members of the El Paso City Council
on the date of the aforesaid meeting are those persons shown above and, according to the records of my office,
advance notice of the time, place and purpose of said meeting was given to each member of the
El Paso City Council; and that said meeting, and deliberation of the aforesaid public business, was open to
the public and written notice of said meeting, including the subject of the above entitled resolution, was posted and
given in advance thereof in compliance with the provisions of Chapter 551 of the Texas Government Code.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of
said City Clerk, this the 1st of May, 20 15.



Richarda Duffy Momsen
City Clerk

(SEAL)

MINUTES AND CERTIFICATION PERTAINING TO THE INTRODUCTION AND ADOPTION OF AN ORDINANCE

On December 2, 2014, the City Council of the City of El Paso, Texas, convened in regular meeting at the regular meeting place thereof on the first floor of the Municipal Building, 300 N. Campbell, El Paso, Texas, the meeting being open to the public and notice of said meeting, giving the date, hour, place and subject thereof, having been posted as prescribed by the Open Meeting Act, Chapter 551, Texas Government Code, as amended, and the roll was called of the duly constituted officers and members of the City Council, to-wit:

- | | | |
|-----------------------------------|------------------|------------------|
| Oscar Leeser, Mayor | Ann Morgan Lilly |) |
| Richarda Duffy Momsen, City Clerk | Larry Romero |) |
| | Emma Acosta |) |
| | Carl L. Robinson |) |
| | Dr. Michiel Noe |) Councilmembers |
| | Claudia Ordaz |) |
| | Lily Limon |) |
| | Cortney Niland |) |

and all of said persons were present except for the following: None, thus constituting a quorum. Whereupon, among other business, following notice, publication and public hearing held in accordance with Section 3.9 of the City's Charter, the following was transacted, to-wit: a written Ordinance bearing the following caption was introduced:


AN ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF EL PASO, TEXAS, WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2015; AND RESOLVING MATTERS WHICH ARE NECESSARY TO EFFECTUATE SAID ISSUANCE, INCLUDING THE DELEGATION OF MATTERS RELATING TO THE SALE AND ISSUANCE OF THE BONDS TO AN AUTHORIZED CITY OFFICER OR EMPLOYEE WITHIN CERTAIN SPECIFIED PARAMETERS

The Ordinance, a full, true and correct copy of which is attached hereto, was read and reviewed by the City Council. Thereupon, it was duly moved and seconded that the Ordinance be introduced and adopted. The motion carried by the following vote:

AYES:	<u> All </u>
NOES:	<u> 0 </u>
ABSTENTIONS:	<u> 0 </u>

The Presiding Officer then declared the Ordinance passed and declared the Ordinance effectively immediately.

MINUTES APPROVED AND CERTIFIED TO BE TRUE AND CORRECT that the attached and following copy of said Ordinance is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of the City, and the above listed persons are hereby certified to be the incumbent officers and members of the City Council as stated, all on this December 2, 2014.



City Clerk
City of El Paso, Texas

(SEAL)

ORDINANCE NO. 018283

AUTHORIZING THE ISSUANCE OF

CITY OF EL PASO, TEXAS,
WATER AND SEWER REVENUE REFUNDING BONDS,
SERIES 2015

Adopted: December 2, 2014

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AN ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF EL PASO, TEXAS, WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2015; AND RESOLVING MATTERS WHICH ARE NECESSARY TO EFFECTUATE SAID ISSUANCE, INCLUDING THE DELEGATION OF MATTERS RELATING TO THE SALE AND ISSUANCE OF THE BONDS TO AN AUTHORIZED CITY OFFICER OR EMPLOYEE WITHIN CERTAIN SPECIFIED PARAMETERS

WHEREAS, in accordance with the Constitution and the laws of the State of Texas, specifically Texas Government Code, Chapter 1502, as amended, the City of El Paso, Texas (the "City"), has previously issued waterworks and sewer system revenue bonds (the "Previously Issued Senior Lien Bonds") payable from and secured by a first and superior lien on and pledge of the net revenues of the City's combined waterworks and sewer system (the "System"); and

WHEREAS, there has been filed with the City Council resolutions adopted and approved by the Public Service Board requesting the City Council to approve the issuance and sale of the City's revenue bonds for the purpose of refunding certain outstanding obligations secured by revenues of the System; and

WHEREAS, the City Council has heretofore authorized and issued the following described bonds which are payable from the net revenues of the System (hereinafter referred to collectively as the "Refunded Bonds"), to wit:

(1) City of El Paso, Texas, Water and Sewer Revenue Refunding Bonds, Series 2005B, dated April 1, 2005 (the "Series 2005B Refunded Bonds");

(2) City of El Paso, Texas, Water and Sewer Revenue Bonds, Series 2005C, dated April 1, 2005 (the "Series 2005C Refunded Bonds");

(3) City of El Paso, Texas, Water and Sewer Revenue Refunding Bonds, Series 2006, dated February 15, 2006 (the "Series 2006 Refunded Bonds");

(4) City of El Paso, Texas, Water and Sewer Revenue Refunding Bonds, Series 2006A, dated November 15, 2006 (the "Series 2006A Refunded Bonds");

(5) City of El Paso, Texas, Water and Sewer Revenue Refunding Bonds, Series 2007, dated July 15, 2007 (the "Series 2007 Refunded Bonds"); and

(6) City of El Paso, Texas, Water and Sewer Revenue Refunding Bonds, Series 2008C, dated November 15, 2008 (the "Series 2008C Refunded Bonds"); and

WHEREAS, the City Council hereby finds and determines to refund certain of its previously issued and outstanding commercial paper notes (the "Refunded Commercial Paper Notes") (the "Refunded Bonds" and the "Refunded Commercial Paper Notes" are hereinafter referred to collectively as the "Refunded Obligations"); and

WHEREAS, the City by this Ordinance and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended ("Chapter 1207") and Texas Government Code, Chapter 1371, as amended ("Chapter 1371"), is delegating to the Pricing Officer (hereinafter defined) the authority to establish the terms and details related to the issuance and sale of the City of El Paso, Texas, Water and Sewer Revenue Refunding Bonds, Series 2015 (the "Bonds") including: (i) the principal amount of the Refunded Commercial Paper Notes and the principal amount of the Refunded Bonds to be refunded, (ii) the form and designation of one or more series of Bonds; (iii) the principal amount of each series of the Bonds and the amount of the Bonds of each series to mature in each year; (iv) the dates, price, interest rates, interest payment dates, principal payment dates, and redemption features of each series of the Bonds; and (v) any other details relating to the issuance, sale, delivery, and/or exchange of the Bonds, all within certain specified parameters set forth herein; and

WHEREAS, the City Council hereby finds and determines that it is a public purpose and in the best interests of the City to refund the Refunded Bonds in order to achieve a present value debt service savings, with such savings, among other information and terms to be included in one or more Pricing Certificates (hereinafter defined) to be executed by the Pricing Officer, all in accordance with the provisions of Chapter 1207; and

WHEREAS, the City Council hereby finds and determines that the refunding of the Refunded Commercial Paper Notes for the purposes of making such debt long-term fixed rate debt of the City and restructuring the debt payable from the revenues of the System is in the best interest of the City, and the manner in which such refunding is being executed does not make it practicable to make the determinations otherwise required by Texas Government Code, Section 1207.008(a)(2), as amended; and

WHEREAS, in the ordinances authorizing the City's Previously Issued Senior Lien Bonds, the City reserved the right and option to issue, under certain conditions, "Additional Bonds" on a parity as to lien and right with such bonds; and

WHEREAS, a public hearing was held, following proper publication of notice thereof, before the City Council with respect to the adoption of this Ordinance; and

WHEREAS, the City Council has found and determined that the bonds herein authorized should be issued on a parity with its Previously Issued Senior Lien Bonds, for the purposes aforesaid, pursuant to this Ordinance and as permitted by the General Laws of the State of Texas, particularly Chapter 1207 and Chapter 1371; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Texas Government Code, Chapter 551, as amended; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL PASO, TEXAS, THAT:

ARTICLE 1

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.01 Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Ordinance, the following terms shall have the meanings specified below:

“Additional Bonds” means the additional revenue bonds permitted to be issued on a parity with the Bonds and the Previously Issued Senior Lien Bonds by Section 10.03(a) of this Ordinance.

“Board” or “Board of Trustees” means that certain board of trustees known as the “Public Service Board” heretofore established for the purpose of managing the System, and other water utilities of the City, as represented by the various persons appointed from time to time.

“Bond” means any of the Bonds.

“Bonds” means the City of El Paso, Texas, Water and Sewer Revenue Refunding Bonds, Series 2015, authorized by Section 3.01 of this Ordinance.

“Bond Counsel” means a firm of nationally recognized attorneys experienced in the issuance of bonds and acceptable to the City, initially Fulbright & Jaworski LLP.

“Business Day” means any day other than a Saturday, Sunday or legal holiday or other day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located in the State of Texas are generally authorized or obligated by law or executive order to close.

“Chapter 1207” means Texas Government Code, Chapter 1207, as amended.

“Chapter 1371” means Texas Government Code, Chapter 1371, as amended.

“City” means the City of El Paso, Texas, and with respect to those matters requiring action regarding the authority and control of management and operation of the System or the expenditure and application of the System’s revenues, “City” shall mean the Board acting on behalf of the City.

“City Council” means the governing body of the City of El Paso, Texas.

“Closing Date” means the date of the initial delivery of and payment for the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, including the regulations and published rulings thereunder.

“Depository Bank” means any financial institution duly designated by the Board to serve as a depository for funds controlled by the Board.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named herein, its designated office specified in the Pricing Certificate, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Escrow Agent” means the Escrow Agent appointed and approved in the Pricing Certificate.

“Escrow Agreement” means the Escrow Agreement by and between the City and the Escrow Agent appointed and approved in the Pricing Certificate.

“Gross Revenues” means all of the revenues of every nature received through the operation of the System.

“Improvement Fund” means the fund by such name described in Section 8.01(a)(iv) hereof.

“Initial Bond” means the Initial Bond authorized by Section 3.04 of this Ordinance.

“Initial Date” means the date designated as the Initial Date in the Pricing Certificate.

“Interest and Sinking Fund” means the fund by that name described in Section 8.01(a)(ii) hereof.

“Interest Payment Date” means the date or dates on which interest on the principal of the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being March 1 and September 1, commencing September 1, 2015 or such later date as specified in the Pricing Certificate.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenues” means the Gross Revenues less the Operation and Maintenance Expenses.

“Note Payment Fund” means the fund so designated in Section 8.01(b) hereof.

“Operation and Maintenance Expenses” means the reasonable and proper expenses of operating and maintaining the System, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions as are necessary to keep the System in operation or which are necessary to meet some

physical accident or condition that would otherwise impair the Bonds, the Previously Issued Senior Lien Bonds and any Additional Bonds shall be included as Operation and Maintenance Expenses.

“Owner” means the person who is the registered owner of a Bond or Bonds.

“Paying Agent/Registrar” means Wells Fargo Bank, National Association (or such other entity or banking association determined by the Pricing Officer in the Pricing Certificate), or any successor thereto or replacement therefor as provided in this Ordinance.

“Previously Issued Senior Lien Bonds” means the outstanding bonds of the following issues of the City (such bonds being designated as “Previously Issued Bonds” in ordinances adopted prior to March 1, 1993):

(1) Water and Sewer Taxable Revenue Bonds, Series 1990B, authorized by ordinance duly passed and approved December 18, 1990;

(2) Water and Sewer Revenue Bonds, Series 2003A, authorized by ordinance duly passed and approved August 26, 2003;

(3) Water and Sewer Revenue Bonds, Series 2005A, authorized by ordinance duly passed and approved March 1, 2005;

(4) Water and Sewer Revenue Refunding Bonds, Series 2005B, authorized by ordinance duly passed and approved March 22, 2005;

(5) Water and Sewer Revenue Bonds, Series 2005C, authorized by ordinance duly passed and approved April 5, 2005;

(6) Water and Sewer Revenue Refunding Bonds, Series 2006, authorized by ordinance duly passed and approved February 14, 2006;

(7) Water and Sewer Revenue Refunding Bonds, Series 2006A, authorized by ordinance duly passed and approved November 14, 2006;

(8) Water and Sewer Revenue Refunding Bonds, Series 2007, authorized by ordinance duly passed and approved July 24, 2007;

(9) Water and Sewer Revenue Refunding Bonds, Series 2008, authorized by ordinance duly passed and approved January 15, 2008;

(10) Water and Sewer Revenue Bonds, Series 2008A, authorized by ordinance duly passed and adopted on September 16, 2008;

(11) Water and Sewer Revenue Bonds, Series 2008B, authorized by ordinance duly passed and adopted on September 16, 2008;

(12) Water and Sewer Revenue Refunding Bonds, Series 2008C, authorized by ordinance duly passed and adopted on October 7, 2008;

(13) Water and Sewer Revenue Refunding Bonds, Series 2010, authorized by ordinance duly passed and adopted on December 22, 2009;

(14) Water and Sewer Revenue Bonds, Taxable Series 2010 (Direct Subsidy – Build America Bonds), authorized by ordinance duly passed and adopted on July 13, 2010;

(15) Water and Sewer Revenue Refunding Bonds, Series 2010A, authorized by ordinance duly passed and adopted on September 21, 2010;

(16) Water and Sewer Revenue Refunding Bonds, Series 2011, authorized by ordinance duly passed and adopted on June 21, 2011;

(17) Water and Sewer Revenue Refunding Bonds, Series 2012, authorized by ordinance duly passed and adopted on January 10, 2012;

(18) Water and Sewer Revenue Refunding and Improvement Bonds, Series 2012A, authorized by ordinance duly passed and adopted on October 30, 2012; and

(19) Water and Sewer Revenue Refunding Bonds, Series 2014, authorized by ordinance duly passed and adopted on January 7, 2014.

“Pricing Certificate” means collectively one or more pricing certificates that set forth the terms of one or more series of the Bonds in accordance with Section 3.02 of this Ordinance and executed by the Pricing Officer, all in accordance with the provisions of Chapter 1207 and Chapter 1371.

“Pricing Officer” means the President/Chief Executive Officer of the System of the City, or in the absence thereof, the Vice President of Strategic, Financial and Management Services of the System or the Chief Financial Officer of the System, each acting in such capacity severally and not jointly.

“Purchasers” means the initial purchasers named in the Pricing Certificate(s).

“Record Date” means with respect to each interest payment date the fifteenth day of the month next preceding such interest payment date.

“Refunded Bonds” means the bonds to be refunded by the Bonds identified in the preamble of this Ordinance and further described in the Pricing Certificate.

“Refunded Commercial Paper Notes” means the commercial paper notes described in the Pricing Certificate.

“Refunded Obligations” means the Refunded Bonds and the Refunded Commercial Paper Notes identified in the preamble of this Ordinance and further described in the Pricing Certificate.

“Register” means the Register specified in Section 3.07(a) of this Ordinance.

“Reserve Fund” means the fund by that name described in Section 8.01(a)(iii) hereof.

“Reserve Fund Requirement” means the amount which is equal to the average annual principal and interest requirements on the Bonds, the Previously Issued Senior Lien Bonds and any Additional Bonds at any time outstanding.

“Revenue Fund” means the Waterworks and Sewage Fund established in Section 8.01(a)(i) hereof.

“Rule” means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

“SEC” means the United States Securities and Exchange Commission.

“Subordinate Lien Obligations” shall mean the obligations of the City under the City’s Commercial Paper Notes, Series A and the documents pertaining thereto.

“System” means the complete waterworks plant and system of the City as they now exist and may be improved, added to, or extended hereafter, and the complete sewer system of the City as it now exists and may hereafter be improved, added to, or extended, there being included in such term all water and sewer facilities now or hereafter owned or operated by the City, lying within and without the boundaries of the City, and including all real estate and real and personal property of every kind and nature comprising any part of or used or useful in the operation of the water and sewer facilities of the City.

Section 1.02 Findings. The declarations, determinations and findings declared, made and found in the preamble to this Ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.03 Table of Contents, Titles and Headings. The table of contents, titles and headings of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04 Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Ordinance.

ARTICLE 2

SECURITY FOR THE BONDS

Section 2.01 Security for the Bonds. The Bonds, the Previously Issued Senior Lien Bonds and any Additional Bonds, both principal and interest, are and shall be equally and ratably secured by and payable from an irrevocable first lien on and pledge of the Net Revenues.

Section 2.02 Limited Obligations. The Bonds, the Previously Issued Senior Lien Bonds and any Additional Bonds, are special obligations of the City, payable solely from the Net Revenues, and do not constitute a prohibited indebtedness of the City. Neither the Bonds, the Previously Issued Senior Lien Bonds, nor the Additional Bonds shall ever be payable out of funds raised or to be raised by taxation.

Section 2.03 Security Interest. The City represents that, under Chapter 1208.002, Texas Government Code, a security interest in property, other than real property, that is created by the City is valid and effective according to the terms of the security agreement and is perfected from the time the security agreement is entered into or adopted continuously through the termination of the security interest, without physical delivery or transfer of control of the property, filing of a document, or another act. The City covenants that, if Chapter 1208.002 is amended at any time while the Bonds, the Previously Issued Senior Lien Bonds or Additional Bonds are outstanding and unpaid, the City shall take all actions required in order to preserve for the Owners of the Bonds, the Previously Issued Senior Lien Bonds or Additional Bonds a perfected security interest in the property in which such security interest is granted pursuant to Section 2.01 hereof.

ARTICLE 3

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01 Authorization. The City's revenue bonds to be designated the "City of El Paso, Texas, Water and Sewer Revenue Refunding Bonds, Series 2015," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, particularly Chapter 1207, Chapter 1371 and the Charter of the City. The Bonds shall be issued in the aggregate principal amount specified in the Pricing Certificate for the purposes of (i) refunding the Refunded Obligations, and (ii) paying the costs of issuing the Bonds.

Section 3.02 Delegation of Authority to Pricing Officer.

(a) As authorized by the Chapter 1207 and Chapter 1371, the Pricing Officer is hereby authorized to act on behalf of the City in selling and delivering the Bonds and carrying out the other procedures specified in this Ordinance, including selection of the specific maturities or series (whole or part) of the Refunded Obligations to be refunded, determining the aggregate principal amount of each series of the Bonds, the Initial Date of each series of Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which

the Bonds of each series will be sold, the years in which the Bonds of each series will mature, the terms of any bond insurance applicable to each series of the Bonds, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the interest payment dates, the price and terms upon and at which the Bonds of each series shall be subject to redemption prior to maturity at the option of the City, as well as any mandatory sinking fund redemption provisions, the designation of a paying agent/registrar, the designation of an escrow agent, if necessary, and all other matters relating to the issuance, sale, and delivery of the Bonds all of which shall be specified in the Pricing Certificate; provided that:

(i) the aggregate original principal amount of the Bonds shall not exceed \$149,520,000;

(ii) the refunding of the Refunded Bonds must produce present value debt service savings of at least 3.00%, net of any issuer contribution;

(iii) the aggregate true interest cost for the Bonds shall not exceed 4.50%; and

(iv) the maximum maturity date for the Bonds shall not exceed December 31, 2035.

(b) In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not exceeding the amount authorized in Subsection (a)(i) above, which shall be sufficient in amount to provide for the purposes for which the Bonds are authorized and to pay costs of issuing the Bonds. Unless otherwise extended by an act of City Council, the delegation made hereby shall expire if not exercised by the Pricing Officer within 90 days from the date of the adoption of this Ordinance. The Bonds shall be sold by negotiated sale to the Purchaser, at such price and with and subject to such terms as set forth in the Pricing Certificate.

(c) The execution of the Pricing Certificate shall evidence the sale date of the Bonds by the City to the Purchaser.

(d) If the Pricing Officer determines that such insurance results in a net reduction of the City's interest costs associated with the Bonds, then the Pricing Officer is authorized, in connection with effecting the sale of the Bonds, to obtain from a municipal bond insurance company (the "Insurer") a municipal bond insurance policy in support of the Bonds. To that end, should the Pricing Officer exercise such authority and commit the City to obtain a municipal bond insurance policy, for so long as such policy is in effect, the requirements of the Insurer relating to the issuance of said policies are incorporated by reference into this Ordinance and made a part hereof for all purposes, notwithstanding any other provision of this Ordinance to the contrary. Each of the City Manager of the City, the President/Chief Executive Officer of the System and the Pricing Officer shall have the authority to execute any documents to effect the issuance of said policy by the Insurer.

Section 3.03 Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall have the Initial Date specified in the Pricing Certificate. The Bonds shall be in fully registered form, without coupons, and shall be numbered consecutively from one upward, except the Initial Bond, which shall be numbered as specified in Section 6.02.

(b) The Bonds shall be in the denomination of \$5,000 or any integral multiple thereof, shall mature on March 1 in the years and in the principal amounts and shall bear interest at the per annum rates set forth in the Pricing Certificate.

(c) Interest shall accrue and be paid on each Bond respectively until its maturity or earlier redemption from the date specified in the Pricing Certificate or the most recent interest payment date to which interest has been paid or provided for at the per annum rates specified in the schedule contained in the Pricing Certificate. Such interest shall be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2015, or such other dates as may be specified in the Pricing Certificate, computed on the basis of a 360-day year of twelve 30-day months.

Section 3.04 Medium, Method and Place of Payment

(a) The principal of and interest on the Bonds shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Bonds shall be paid to the Owners thereof as shown in the Register at the close of business on the Record Date by check (dated as of the Interest Payment Date) and sent by the Paying Agent/Registrar to the person entitled to such payment, first class United States mail, postage prepaid, to the address of such person as it appears in the Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements.

(c) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(d) If the date for the payment of the principal of or interest on the Bonds is not a Business Day, the date for such payment shall be the next succeeding Business Day, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in this Section.

(e) In the event of a nonpayment of interest on a Bond on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

(f) Unclaimed payments shall be segregated in a special escrow account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which the unclaimed payments pertain. Subject to Title 6 of the Texas Property Code, payments

remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, neither the City, the Paying Agent/Registrar nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6 of the Texas Property Code.

Section 3.05 Execution and Initial Registration. The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem and the City Clerk or Alternate City Clerk as of the date of adoption of this Ordinance, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

(a) In the event any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(b) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his duly authorized agent, which certificate shall be evidence that the Initial Bond of each series has been duly approved by the Attorney General of the State of Texas and that they are valid and binding special obligations of the City, and have been registered by the Comptroller of Public Accounts of the State of Texas.

(c) On the Closing Date, one Initial Bond for each series of the Bonds, payable in stated installments to the Purchaser or its designee, executed by manual or facsimile signature of the Mayor or Mayor Pro Tem and City Clerk or Alternate City Clerk, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts will be delivered to the Purchaser or its designee. Upon payment for each Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver registered definitive Bonds to DTC in accordance with Sections 3.09 and 3.11.

Section 3.06 Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of

making and receiving payment of the principal, for the further purpose of making and receiving payment of the interest thereon (subject to the terms of this Ordinance requiring the Paying Agent/Registrar to make payments of interest to the person who is the registered owner on the Record Date or the Special Record Date), and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.07 Registration, Transfer and Exchange

(a) So long as any Bonds remain outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Ordinance.

(b) Registration of any Bond may be transferred in the Register only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of the Bonds, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and the right of such assignee or assignees thereof to have the bond or any portion thereof registered in the name of such assignee or assignees. No transfer of any Bond shall be effective until entered in the Register. Upon assignment and transfer of any Bond or portion thereof, a new Bond or Bonds will be issued by the Paying Agent/Registrar in exchange for such transferred and assigned Bond. To the extent possible the Paying Agent/Registrar will issue such new Bond or Bonds in not more than three business days after receipt of the Bond to be transferred in proper form and with proper instructions directing such transfer.

(c) Any Bond may be exchanged only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantees of signatures satisfactory to the Paying Agent/Registrar, for a Bond or Bonds of like series, of the same maturity and interest rate and in any authorized denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. If a portion of any Bond is redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds of like series, having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of \$5,000 at the request of the registered owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. To the extent possible, a new Bond or Bonds will be required to be delivered by the Paying Agent/Registrar to the registered owner of the Bond or Bonds in not more than three business days after receipt of the Bond to be exchanged in proper form and with proper instructions directing such exchange.

(d) Each Bond issued in exchange for any Bond or portion thereof assigned or transferred shall be of like series, of the same tenor and shall have the same maturity date and bear interest at the same rate and in the same manner as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange the Bonds as provided herein, and each substitute Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such substitute Bond is delivered.

(e) The City will pay the Paying Agent/Registrar's reasonable and customary charge for the initial registration of the Bonds and the subsequent exchange of the Bonds pursuant to the provisions hereof. However, the Paying Agent/Registrar will require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond. In addition, the City hereby covenants with the Owners of the Bonds that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer, registration and exchange of Bonds as provided herein to the extent such fees and charges are payable hereunder by the City.

(f) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption, in whole or in part, where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the owner of the uncalled principal balance of a Bond.

Section 3.08 Cancellation and Authentication.

(a) All Bonds paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Ordinance, shall be canceled upon the making of proper records regarding such payment, redemption, exchange or replacement.

(b) Each substitute Bond issued in exchange for or replacement of (pursuant to the provisions of Section 3.09 hereof) any Bond or Bonds issued under this Ordinance shall have printed thereon a Paying Agent/Registrar's Authentication Certificate, in the form hereinafter set forth. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such bond, manually sign and date such Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing exchange or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Texas Government Code, Chapter 1201, as amended, the duty of exchange or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's

Authentication Certificate, the exchanged or replaced Bonds shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which originally were delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

Section 3.09 Temporary Bonds.

(a) Pending the preparation of definitive Bonds, the City may execute and, upon the City's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Ordinance. The City, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar, and thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10 Replacement Bonds

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like series, of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first:

(c) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(d) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the City, to save each of them harmless;

(i) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(ii) satisfies any other reasonable requirements imposed by the City and the Paying Agent/Registrar.

(e) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the City or the Paying Agent/Registrar in connection therewith.

(f) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, without the necessity of issuing a replacement Bond, may pay such Bond on the date on which such Bond becomes due and payable.

(g) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.11 Book-Entry Only System.

(a) Notwithstanding any other provision hereof, upon initial issuance of the Bonds, the ownership of the Bonds shall be registered in the name of Cede & Co., as nominee of DTC. The definitive Bonds shall be initially issued in the form of a single separate fully registered certificate for each of the maturities thereof.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/ Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on, the Bonds, for the purpose of all matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal

of, premium, if any, and interest on the Bonds only to or upon the order of the respective owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Register, shall receive a certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

Section 3.12 Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the City to DTC, or in the event DTC discontinues the services described herein, the City or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

Section 3.13 Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on the Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the blanket representation letter of the City to DTC.

ARTICLE 4

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01 Limitation on Redemption. The Bonds of each series shall be subject to redemption before their scheduled maturity only as provided in the Pricing Certificate.

ARTICLE 5

PAYING AGENT/REGISTRAR

Section 5.01 Appointment of Initial Paying Agent/Registrar.

(a) Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America authorized to do business in the State of Texas, is hereby appointed as the initial Paying Agent/Registrar for the Bonds.

(b) The Pricing Officer is authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar substantially in the form attached hereto as Exhibit A and incorporated herein by reference as a part hereof for all purposes.

Section 5.02 Qualifications of Paying Agent/Registrar. Each Paying Agent/Registrar shall be a commercial bank, a national banking association trust company organized under the laws of the State of Texas, or other entity duly qualified and legally authorized to serve as, and perform the duties and services of, paying agent and registrar for the Bonds.

Section 5.03 Maintaining Paying Agent/Registrar.

(a) At all times while any Bonds are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Ordinance.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement.

Section 5.04 Termination of Paying Agent/Registrar. The City reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated a certified copy of a resolution of the City (i) giving notice of the termination of the appointment, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/ Registrar.

Section 5.05 Notice of Change of Paying Agent/Registrar to Owners. Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.06 Agreement of Paying Agent/Registrar to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby.

Section 5.07 Delivery of Records to Successor. If a Paying Agent/Registrar is replaced, such Paying Agent/ Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

ARTICLE 6

FORM OF THE BONDS

Section 6.01 Form Generally.

(a) The Bonds of each series, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying

Agent/Registrar, and the Assignment to appear thereon, (i) shall be substantially in the form set forth in this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and the Pricing Certificate, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds. The Pricing Certificate shall set forth the final and controlling terms of the Bonds.

(b) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof. The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.02 Form of the Bonds. The form of the Bonds of each series, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas (which shall only appear on the Initial Bond), the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds shall be substantially as follows:

(a) Form of Bond.

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF EL PASO
CITY OF EL PASO, TEXAS,
WATER AND SEWER REVENUE REFUNDING BONDS,
SERIES 2015

INTEREST RATE: _____% MATURITY DATE: March 1, 20__
INITIAL DATE: _____, 20__ CUSIP NO.: _____

The City of El Paso (the "City"), in the County of El Paso, State of Texas, for value received, hereby promises to pay to

or registered assigns, but solely from the sources and in the manner hereinafter provided, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for prior redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the date of delivery or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1 and September 1 of each year, commencing _____ 1, 20___. The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the designated payment/transfer office in Minneapolis Minnesota (the "Designated Payment/Transfer Office") of Wells Fargo Bank, National Association, Dallas, Texas, Paying Agent/Registrar, or at the Designated Payment/Transfer Office of any successor thereto. Interest on this Bond is payable by check, dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the fifteenth day of the month next preceding such interest payment date. In the event of a nonpayment of interest on a scheduled payment date, and for thirty days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which date shall be fifteen days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof, dated as of _____, 20__, issued in the aggregate principal amount of \$_____ (herein referred to as the "Bonds"), and issued pursuant to the authority provided by Texas Government Code, Chapters 1207, 1371 and 1502, as amended, and a certain ordinance of the City (the "Ordinance"), for the purposes of (i) refunding the Refunded Obligations and (ii) paying the costs of issuing the Bonds as described in the Ordinance. Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto in the Ordinance.

The Bonds, together with the City's previously issued and presently outstanding water and sewer senior lien revenue bonds, are payable from and secured by a first lien on and pledge

of the Net Revenues of the City's combined waterworks and sewer system. The City has reserved the right, subject to the restrictions stated in the Ordinance, to issue additional revenue bonds that may be secured in the same manner and on a parity with the Bonds and the Previously Issued Senior Lien Bonds.

The City reserves the option to redeem Bonds maturing on or after March 1, 20___, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, before their respective scheduled maturity dates, on _____, 20__ or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the redemption date. If less than all of the Bonds are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption.

A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying Agent/Registrar shall assign a separate number for each \$5,000 portion of the Bonds and select the portion or portions of the Bond to be redeemed by lot or by any other customary method that results in a random selection.

The Bonds stated to mature on March 1, 20__ and March 1, 20__ (the "Term Bonds") are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth in the following schedule:

Term Bonds Maturing March 1, 20__

<u>Redemption Date</u>	<u>Principal Amount</u>
March 1, 20__	\$,000
March 1, 20__ (maturity)	\$,000

Term Bonds Maturing March 1, 20__

<u>Redemption Date</u>	<u>Principal Amount</u>
March 1, 20__	\$,000
March 1, 20__	\$,000
March 1, 20__	\$,000
March 1, 20__ (maturity)	\$,000

The Paying Agent/Registrar will select by lot or by any other customary method that results in a random selection the specific Term Bonds (or with respect to Term Bonds having a denomination in excess of \$5,000, each \$5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii)

shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Notice of such redemption or redemptions shall be given by first class mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the registered owner of each of the Bonds to be redeemed in whole or in part. Notice having been so given, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice, and from and after such date, notwithstanding that any of the Bonds or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

As provided in the Ordinance and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and, thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption when such redemption is to occur within 45 calendar days after the transfer or exchange date. However, such limitations of transfer shall not be applicable to an exchange by the Owner of the unredeemed balance of a Bond called for redemption in part.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date) and for all other purposes, whether or not this Bond be overdue, and neither the City, the Paying Agent/Registrar, nor any such agent shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that this Bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this Bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this Bond

and the series of which it is a part, together with certain outstanding senior lien revenue bonds of the City, are secured by and payable from an irrevocable first lien on and pledge of the Net Revenues of the System, as provided in Ordinance, and not from any other revenues, funds or assets of the City.

This Bond shall not be deemed to constitute a debt of the City or a pledge of its faith and credit; nor shall the Owners hereof ever have the right to demand payment of this Bond out of any funds raised or to be raised by taxation.

IN WITNESS WHEREOF, the City has caused this Bond to be executed in its name by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Clerk or Alternate City Clerk, and the official seal of the City has been duly impressed or placed in facsimile on this Bond.

City Clerk
City of El Paso, Texas

Mayor
City of El Paso, Texas

(SEAL)

(b) Form of Comptroller's Registration Certificate.

[to be printed on Initial Bond only]

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
OF THE STATE OF TEXAS §

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding special obligation of the City of El Paso, Texas, payable from the revenues pledged to its payment by and in the ordinance authorizing same and that said Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, on this date: _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(c) Form of Certificate of Paying Agent/Registrar.

CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued and registered under the provisions of the within-mentioned Ordinance; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated office of the Paying Agent/Registrar in Minneapolis, Minnesota is the Designated Payment/Transfer Office for this Bond.

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signature

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto
(print or typewrite name, address and Zip Code of transferee):

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

Authorized Signatory

(e) The Initial Bond shall be in the form set forth in subsection (a) of this Section, except for the following alterations:

(i) Immediately under the name of the Bond, the headings "Interest Rate" and "Maturity Date" shall be completed with the words "As Shown Below," and the heading "CUSIP No." shall be deleted.

(ii) in the first paragraph of the Bond the words "on the Maturity Date specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on March 1 in each of the years, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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(Information to be inserted from the Pricing Certificate)

(iii) the Initial Bond shall be numbered T-1.

(f) The Comptroller's Registration Certificate may be deleted from the definitive Bonds if such Certificate on the Initial Bond is fully executed.

(g) The Certificate of the Paying Agent/Registrar may be deleted from the Initial Bond if the Comptroller's Registration Certificate appears thereon.

Section 6.03 CUSIP Registration. The City may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.04 Legal Opinion. The approving legal opinion of Bond Counsel, may be attached to or printed on each Bond over the certification of the City Clerk or Alternate City Clerk of the City, which certification may be executed in facsimile.

Section 6.05 Statement of Insurance. A statement relating to a municipal bond insurance policy, if any, to be issued for the Bonds may be printed on or attached to each Bond.

ARTICLE 7

PUBLIC SERVICE BOARD

Section 7.01 Public Service Board.

(a) Pursuant to the authority contained in Texas Government Code, Section 1502.071, as amended, during such time as any of the Bonds herein authorized are outstanding and unpaid, the Public Service Board shall have complete authority and control of the management and operation of the System.

(b) The Board shall consist of seven members, one of whom shall be the Mayor of the City who shall ex officio be one member of the Board. Each term of office shall be four years with no member being appointed to more than two consecutive terms. To the extent not prohibited by State law or in conflict with the ordinances authorizing the Bonds, Previously Issued Senior Lien Bonds and any Additional Bonds, any member shall continue to serve until his or her successor is appointed and qualified, or until 60 days have passed beyond the expiration of such term, whichever event occurs first. After that time a vacancy on the Board shall exist and the former member shall have no power to vote or participate in Board proceedings; but such vacancy shall not serve to reduce the number of members required for a quorum.

Each vacancy in Board membership whether occasioned by expiration of office or otherwise shall be filled by the City Council from three persons eligible to serve as Board members and presented to City Council. A selection committee selected by the City Council and comprised of the Board and such additional members as appointed by City Council shall agree upon and submit to City Council the names of such three eligible persons.

Any member of the Board, other than the Mayor, who shall be continuously absent from all meetings of the Board for a period of three consecutive months shall, unless he or she shall be granted leave of absence by the unanimous vote of the remaining members of the Board, be removed from office, but only for adequate cause. As City Council appointees, members of the Board are subject to the City's ethics ordinance, Chapter 2.92 of the City Code of the City, as amended, and must comply with the applicable provisions contained therein.

(e) The Board shall elect one of its own members as Chairman and one as Vice-Chairman and appoint a Secretary and a Treasurer or a Secretary-Treasurer, who may, but need not, be a member or members of the Board. The Board may make such regulations or any by-laws for the orderly handling of its affairs as it may in its discretion see fit and shall thereafter, subject to the pertinent laws of the State of Texas, operate and manage the System with the same freedom and in the same manner as are ordinarily enjoyed by the Board of Directors of a private corporation operating properties of a similar nature.

Subject to the provisions and restrictions contained in this Ordinance, all of which shall be binding on the Board, the Board shall have complete authority and control of the management and operations of the System and the expenditure and application of its revenues.

(d) The Board shall elect or appoint all officers and employees which it may consider desirable, including a President/Chief Executive Officer of the System. The President/Chief Executive Officer shall be responsible to appoint officers and employees that directly report to the President/Chief Executive Officer, including an attorney or attorneys, vice president(s) and such other personnel that directly report to the President/Chief Executive Officer. All other officers and employees, except members of the Board, the President/Chief Executive Officer, attorneys, vice president(s) and persons directly reporting to the vice president(s) shall serve under the City Civil Service provisions as are or may be established by the Charter of the City or the laws of Texas, and the Board shall have the same authority with respect to such officers and employees as that of the City Council with respect to other officers and other employees of the City. The Board shall obtain and keep continually in force an employers' fidelity and indemnity bond of the so-called blanket type, written by a solvent and recognized indemnity company, and covering losses to the amount not to exceed \$50,000.

(e) The members of the Board, other than the Mayor shall, for each meeting attended, receive the sum of \$20.00, except that the amount so paid to any member of the Board in any fiscal year shall not exceed \$5,000. The members of the Board shall not personally be liable for any act or omission not willfully fraudulent or committed in bad faith.

ARTICLE 8

FUNDS; FLOW OF FUNDS

Section 8.01 Special Funds.

(a) The City covenants and agrees that all revenues derived from the operation of the System shall be kept separate from other funds of the City. To that end, the following special funds heretofore established are reaffirmed and shall be maintained at the Depository Bank so long as any of the Bonds, the Previously Issued Senior Lien Bonds, or any Additional Bonds are outstanding and unpaid, to-wit:

(i) "City of El Paso, Texas, Water and Sewer Revenue Bonds Waterworks and Sewage Fund" (herein called the "Revenue Fund");

(ii) "City of El Paso, Texas, Water and Sewer Revenue Bonds Interest and Sinking Fund" (herein called the "Interest and Sinking Fund");

(iii) "City of El Paso, Texas, Water and Sewer Revenue Bonds Reserve Fund" (herein called the "Reserve Fund"); and

(iv) "City of El Paso, Texas, Water and Sewer System Improvement Fund" (herein called the "Improvement Fund").

The Interest and Sinking Fund and the Reserve Fund shall be held in trust solely for the benefits of the Owners and the Owners of the Previously Issued Senior Lien Bonds, the Bonds and any Additional Bonds.

(b) The "City of El Paso, Texas Water and Sewer System Note Payment Fund" (the "Note Payment Fund") heretofore created by the ordinance authorizing the City's Commercial Paper Notes, Series A, herein referred to as the "Subordinate Lien Obligations."

Section 8.02 Revenue Fund. All Gross Revenues shall be deposited from day to day as collected into the Revenue Fund. Moneys on deposit in the Revenue Fund shall first be used to pay all Operation and Maintenance Expenses. The revenues of the System not actually required to pay Operation and Maintenance Expenses (the "Net Revenues") shall be transferred from the Revenue Fund to the other Funds in this Ordinance, in the order of priority, in the manner, and in the amounts set forth below:

(a) Interest and Sinking Fund. In addition to the deposits required by ordinances authorizing the Previously Issued Senior Lien Bonds, there shall be deposited into the Interest and Sinking Fund the following:

(i) such amounts, in equal monthly installments, commencing on the first day of the month next following the month of Closing Date, and on the first day of each month thereafter, as will be sufficient to pay the interest scheduled to come due on the Bonds on the next interest payment date, less any amounts already on deposit therein for such purpose derived from the proceeds of the Bonds or from any other lawfully available source; and

(ii) such amounts, in equal monthly installments, commencing on the first day of the month next following the month of Closing Date, and on the first day of each month thereafter, as will be sufficient to pay the next maturing principal of the Bonds, including any scheduled mandatory redemption of Bonds.

The Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds, the Previously Issued Senior Lien Bonds and any Additional Bonds as such principal matures and such interest becomes due.

(b) Reserve Fund. So long as the funds on deposit in the Reserve Fund created for the benefit of the Bonds, the Previously Issued Senior Lien Bonds, and all Additional Bonds are equal to the Reserve Fund Requirement, no deposits need to be made to the credit of the Reserve Fund; but should the Reserve Fund at any time contain less than the Reserve Fund Requirement, then, subject and subordinate to making the required deposits to the credit of the Interest and Sinking Fund, the City shall transfer from the Net Revenues in the Revenue Fund and deposit to the credit of the Reserve Fund, on the first day of each month, such amounts in equal monthly installments to accumulate within at least five years and one month a sum equal to the Reserve Fund Requirement. The money on deposit in the Reserve Fund may be used to pay the principal of and interest on the Bonds, the Previously Issued Senior Lien Bonds and any Additional Bonds at any time there are not sufficient funds on deposit in the Interest and Sinking Fund for such purpose.

In accordance with the procedures specified in the preceding paragraph, the City hereby directs that the deposits, if any, being made to the Reserve Fund be increased to accumulate in the Reserve Fund within five years and one month from the date of the Bonds an amount equal to the Reserve Fund Requirement.

(c) Note Payment Fund. In addition to the foregoing deposits, in order to provide for the payment of and security for any Subordinate Lien Obligations there shall be deposited to the

Note Payment Fund amounts sufficient to pay when due the principal of and interest on the Subordinate Lien Obligations.

(d) Payment to the City's General Fund. At the end of each month there shall be paid to the City Treasurer for deposit to the City's General Fund from any money which may remain in the Revenue Fund after all payments required to be paid from such Fund in such month have been made and all deficiencies accumulated from prior months have been remedied, such amounts as will result in there having been paid to the City during each fiscal year, ten percent (10%) of the total received by the Board from the sale of water during the fiscal year:

(e) Improvement Fund. All money remaining in the Revenue Fund at the end of each month after all payments required to be made therefrom in such month have been made and all deficiencies accumulated from prior months have been remedied shall continue to be paid to the Improvement Fund established in connection with the System, and shall be held in and paid out from such Fund for the following purposes:

(i) To pay the cost of any special or extraordinary repairs or replacements to or of the properties comprising the System, properly payable with such money under the laws of the State of Texas, necessitated by reason of some emergency; and

(ii) To the extent permitted by law, for the making of extensions, improvements, and betterments of the System.

Section 8.03 Investment of Funds.

(a) Revenue Fund and Interest and Sinking Fund. The Funds hereinabove created shall be invested and secured in the manner required by State or federal law, including specifically the Public Funds Investment Act, Texas Government Code, Chapter 2256, as appropriate. Moneys on deposit in the Interest and Sinking Fund and the Revenue Fund shall be continually secured by the deposit of collateral securities having a market value at all times not less than the amount in such Fund. The money in the Interest and Sinking Fund and the Reserve Fund shall be held as a trust fund for the benefit of the Owners of the Bonds, the Previously Issued Senior Lien Bonds and any Additional Bonds, the beneficial interest in which shall be regarded as existing in such owners. The Secretary of the Board shall require arrangements to be made with the Paying Agent/Registrar as will, to the extent of money in the Interest and Sinking Fund, and, if necessary, in the Reserve Fund, assure the prompt payment of principal of and interest on the Bonds herein authorized as such principal and interest become due, except that by agreement with the Owners of any Bonds purchased on the open market for retirement, payment of principal and interest thereon due by reason of such purchase, may be made by the Paying Agent/Registrar to the Owners thereof upon surrender of Bonds. All Bonds so paid, redeemed or purchased shall be canceled and shall not be subject to reissuance.

(b) Investment of Reserve Fund. To the extent permitted by applicable law, including specifically the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, moneys on deposit in the Reserve Fund may be invested and reinvested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by the United States Government, Federal Intermediate Credit Banks, Federal Land Banks, Federal National Mortgage Association, Federal Home Loan Banks, Banks for

Cooperatives, or certificates of deposit, the payment of which are insured in full by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, which shall mature, or which shall be subject to redemption by the Owner thereof at the option of such Owner, not later than ten years after the date of investment. Any obligations in which money is so invested shall be kept in escrow and shall be promptly sold and the proceeds of sale applied to the making of payments required to be made from the Reserve Fund whenever such payments are necessary to be made under this Section. The deposits into the Reserve Fund shall be subordinate to those required to be made into the bond funds for the Previously Issued Senior Lien Bonds, the Bonds, and any Additional Bonds.

Section 8.04 Contributions in Aid of Construction. Any moneys that may be received by the Board that shall represent contributions in aid of construction shall be deposited in a separate account at the Depository Bank. Such contributions shall not be considered as part of the Gross Revenues of the System. Payments from such bank account shall be made only for the purposes for which the contributions were made, including any refunds that may become due to any contributor.

ARTICLE 9

DEPOSIT OF PROCEEDS; CONTROL AND DELIVERY OF BONDS

Section 9.01 Deposit of Proceeds.

(a) All amounts, if any, received on the Closing Date as accrued interest on the Bonds shall be deposited to the Interest and Sinking Fund.

(b) Bond proceeds, less the accrued interest, if any, referenced in the preceding paragraph, amounts to pay costs of issuance and amounts to pay municipal bond insurance premium, if any, shall be deposited as provided in the Pricing Certificate.

Section 9.02 Control and Delivery of Bonds.

(a) The Mayor, or in his absence, the Mayor Pro-Tem, is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Purchaser under and subject to the general supervision of the City Manager of the City or the President/Chief Executive Officer of the System against receipt by the City of all amounts due the City under the terms of the sale.

ARTICLE 10

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 10.01 Insurance. The City hereby agrees that it will carry at all times for the benefit of the Owners of the Bonds, such insurance on the System that is reasonably obtainable of the kinds and in the amounts which are usually carried by private companies operating similar properties. Such insurance may be provided by means of a self-insurance fund in which event deposits to such fund shall be a maintenance and operating expense of the System.

Section 10.02 Books and Records. The City hereby covenants and agrees that complete and proper books of records and account will be kept and that the Owners of any of the Bonds, or any duly authorized agent or agents of such Owners, shall have the right to inspect such records at all reasonable times. The Board will within sixty (60) days following the close of each fiscal year, cause an audit of the books and accounts to be made by an independent firm of certified public accountants and that such audit will be available for inspection by the Owners of any of the Bonds.

Section 10.03 Additional Covenants.

(a) Additional Bonds. The City may issue "Additional Bonds" if the following conditions are met:

(i) the City is not then in default as to any covenant, condition or obligation prescribed by an ordinance authorizing the issuance of any bonds payable from and secured by a first lien on and pledge of the Net Revenues;

(ii) the Additional Bonds are made to mature on March 1 or September 1 in each of the years in which they are scheduled to mature;

(iii) the net earnings of the System for any consecutive period of 12 months of the 15 months next preceding the month of the date of the Additional Bonds then to be issued, or for the City's completed fiscal year next preceding the date of such Additional Bonds, are equal to at least 1.25 times the maximum annual principal and interest requirements of all bonds to be outstanding after the issuance of the Additional Bonds, as such net earnings are shown by a report by a certified public accountant; and

(iv) the amount to be accumulated and maintained in the Reserve Fund shall be increased to an amount not less than the average annual requirements for the payment of principal of and interest on the Bonds, the Previously Issued Senior Lien Bonds and the Additional Bonds, such additional amount to be accumulated in equal monthly installments during a period not to exceed five years and one month.

(b) Maintain and Operate System Efficiently. The City and the Board hereby covenant, respectively, that they will maintain and operate the System with all possible efficiency while any of the Bonds remain outstanding and faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State.

(c) Rate Covenant. The Board hereby covenants that it will establish and maintain rates for water and sewer services supplied by the System which shall produce or yield revenues

sufficient to pay maintenance and operating expenses of the System and an additional amount equal to 150% of the aggregate amount required to be paid in such year for principal and interest on all outstanding Previously Issued Senior Lien Bonds, the Bonds, and any Additional Bonds.

(d) Charges for Water and Sewer Service. The City and the Board hereby covenant that charges for sewer services will be made jointly with charges made for the sale of water and water services. Such charges shall be required to be paid by the customer at the same time. Water connections shall be permitted only on a metered basis.

(e) Enforcement.

(i) The City and the Board hereby respectively covenant, acting in the exercise of their respective police powers, to take all necessary action to require every owner, tenant or occupant of each lot or parcel of land in the City which abuts upon a street or other public way containing a sewer line and upon which lot or parcel a building shall have been constructed for residential, commercial or industrial use to connect such building with the System and to cease using any other method for the disposal of sewage, sewage waste or other polluting matter. All such connections shall be made in accordance with the rules and regulations of the City and the Board, as may be adopted from time to time, which rules and regulations may provide for an inspection charge to assure the proper making of such connections.

(ii) The City and the Board hereby further covenant, respectively, to require the occupant of any premises, the owner or occupant of which shall be delinquent for more than thirty (30) days in the payment of sewer charges imposed hereunder, to cease to dispose of sewage or industrial or commercial wastes originating from or on such premises by discharge thereof into the System until such delinquent charges, together with all penalties relating thereto, shall have been paid. In order to enforce the provisions of this covenant and to prevent the creation of a health hazard, in the event any such occupant shall not cease such disposal, the supply and sale of water to such premises shall cease until such time as all delinquencies have been removed.

(iii) The Board will proceed immediately with a suit in assumpsit or similar action against such owner or occupant to recover the amount of any delinquent charges, together with penalties and with interest computed thereon at the rate of six percent (6%) per annum.

(iv) The Board will shut off the supply of water to any premises the owner or occupant of which shall be delinquent for more than thirty (30) days in the payment of any charges imposed hereunder.

(f) Nonimpairment of Lien. The City and the Board hereby covenant, respectively, to take no action or omit to take any action, or suffer to be done or omitted to be done, any matter or thing whatsoever whereby the lien of the Bonds, the Senior Lien Bonds and any Additional Bonds on the revenues of the System might or could be lost or impaired, and that the Board will pay or cause to be paid, or will make adequate provision for the satisfaction and discharge of all lawful claims and demands for labor, materials, supplies, or other objects which, if unpaid, might by law be given precedence to, or an equality with the Bonds, the Senior Lien Bonds and any Additional Bonds as a lien or charge upon the revenues of the System or any part

thereof; provided that nothing in this subsection (f) shall be construed to require the Board to pay, discharge or make provision for any such lien, charge, claim or demand so long as the validity thereof shall be by it in good faith contested.

(g) No Sale or Encumbrance of System. The City and the Board hereby covenant, respectively, that they will not in any manner dispose of the System or any substantial part thereof, including any and all extensions and additions that may be made thereto, until the Bonds, the Senior Lien Bonds and any Additional Bonds shall have been paid in full as to both principal and interest; provided, however, that this covenant shall not be construed to prevent the disposal by the City of property, which in the Board's judgment has become inexpedient to use in connection with the System, when other property of equal value is substituted therefor or when the proceeds of such disposition of such property are placed in the Interest and Sinking Fund, in addition to all other amounts required to be placed in the Interest and Sinking Fund in the current fiscal year, and are used for the retirement of Bonds, Senior Lien Bonds, and any Additional Bonds in advance of their respective maturities.

(h) Payment to City from Sale of Land. An amount equal to five percent (5%) of the net proceeds from the sale of lands of the System shall be paid as received to the General Fund of the City and used for any lawful purpose.

(i) No Competing Systems. The City hereby covenants that it will not grant a franchise for the operation of any competing water or sewer system in the City until all Bonds, Senior Lien Bonds and any Additional Bonds have been paid in full with respect to principal and interest.

(j) No Free Service. The Board hereby covenants that it will not permit free water or services to be supplied to the City or to any other user, and the City hereby agrees that it will pay from its general fund the reasonable value of all water and services obtained from the System by the City and all departments and agencies thereof.

Section 10.04 Covenants to Maintain Tax Exempt Status.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

"Closing Date" means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"Computation Date" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Gross Proceeds" means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

"Investment" has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Regulations” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause interest on any Bond issued hereunder to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Bonds:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Obligations), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Obligations) or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take or pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Outstanding Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such

purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Interest and Sinking Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148 3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the City Manager, the President/Chief Executive Officer of the System, the Vice President of Strategic, Financial and Management Services of the System and/or the Chief Financial Officer of the System, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) Bonds Not Hedge Bonds. (1) At the time the original obligations refunded by the Bonds were issued, the City reasonably expected to spend at least 85% of the spendable proceeds of such original obligations within three years after such obligations were issued and (2) not more than 50% of the proceeds of the original obligations refunded by the Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

(l) Current Refunding. The payment and discharge of the Refunded Commercial Paper Notes will occur within ninety (90) days after the issuance of the Bonds and, therefore, the portion of the Bonds issued to refund such obligations are a current refunding. The Bonds are a current refunding of the Series 2005B Refunded Bonds and Series 2006A Refunded Bonds, in

that the Series 2005B Refunded Bonds and Series 2006A Refunded Bonds, are to be paid and redeemed in full within 90 days of the delivery date of the Bonds.

(m) Qualified Advance Refunding. The portion of the Bonds issued to refund the Series 2005C Refunded Bonds, Series 2006 Refunded Bonds, Series 2007 Refunded Bonds, and Series 2008C Refunded Bonds (collectively, the “Advance Refunded Bonds”) will be issued more than 90 days before the redemption thereof. The City represents as follows:

(i) The Bonds are the first advance refunding of the Advance Refunded Bonds within the meaning of section 149(d)(3) of the Code.

(ii) The Advance Refunded Bonds are being called for redemption, and will be redeemed not later than the earliest date on which such issue may be redeemed at par or at a premium of 3 percent or less.

(iii) The initial temporary period under section 148(c) of the Code will end: (a) with respect to the proceeds of the Bonds not later than 30 days after the date of issue of such Bonds; and (b) with respect to proceeds of the Advance Refunded Bonds on the Closing Date if not ended prior thereto.

(iv) On and after the date of issue of the Bonds, no proceeds of the Advance Refunded Bonds will be invested in Nonpurpose Investments having a Yield in excess of the Yield on such Advance Refunded Bonds.

(v) The Bonds are being issued for the purposes stated in the preamble of this Ordinance. There is a present value savings associated with the refunding. In the issuance of the Bonds, the City has neither: (i) overburdened the tax exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than reasonably necessary to accomplish the governmental purposes for which the Bonds were issued; (ii) employed on “abusive arbitrage device” within the meaning of Section 1.148-10(a) of the Regulations; nor (iii) employed a “device” to obtain a material financial advantage based on arbitrage, within the meaning of section 149(d)(4) of the Code.

Section 10.05 Continuing Obligation. Notwithstanding any other provision of this Ordinance, the City’s obligations under the covenants and provisions of this Article X shall survive the defeasance and discharge of the Bonds.

ARTICLE 11

DEFAULT AND REMEDIES

Section 11.01 Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Interest and Sinking Fund or the Reserve Fund as required by the Ordinance, or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Ordinance, the Owner or Owners of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the City and its officers to observe and perform any

covenant, condition or obligation prescribed in the Ordinance. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, nor shall such delay or omission be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 11.02 Remedies Not Exclusive. No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE 12

DISCHARGE

Section 12.01 Discharge. The Bonds may be defeased, refunded and discharged in any manner permitted by law.

ARTICLE 13

SALE AND DELIVERY OF BONDS; OFFICIAL STATEMENT

Section 13.01 Sale of Bonds-Official Statement.

(a) The Bonds authorized by this Ordinance are to be sold by the City to the underwriter(s) (herein referred to as the "Purchasers") in accordance with a bond purchase agreement (the "Purchase Contract"), the terms and provisions of which Purchase Contract are to be determined by the Pricing Officer, in accordance with Section 3 hereof. The Pricing Officer is hereby authorized and directed to execute said Purchase Contract for and on behalf of the City and as the act and deed of this City Council.

The Mayor and City Clerk of the City are further authorized and directed to manually or electronically execute and deliver for and on behalf of the City copies of a Preliminary Official Statement and Official Statement, prepared in connection with the offering of the Bonds by the Purchasers, in final form as may be required by the Purchasers, and such final Official Statement in the form and content as approved by the Pricing Officer or as manually or electronically executed by said officials shall be deemed to be approved by the City Council of the City and constitute the Official Statement authorized for distribution and use by the Purchasers.

(b) The City Manager, the President/Chief Executive Officer of the System, the Vice President of Strategic, Financial and Management Services of the System, the Chief Financial Officer of the System or any other officer of the City are each authorized to execute such documents, certificates and receipts, and to make such elections with respect to the tax-exempt

status of the Bonds, as they may deem appropriate in order to consummate the delivery of the Bonds in accordance with the provisions and terms of this Ordinance and the Pricing Certificate.

(c) The obligation of the Purchaser to accept delivery of the Bonds is subject to the Purchaser being furnished with the final, approving opinion of Fulbright & Jaworski LLP, Bond Counsel for the City, which opinion shall be dated and delivered the Closing Date. The engagement of such firm as Bond Counsel to the City in connection with the issuance of its System revenue bonds is hereby approved and confirmed.

ARTICLE 14

CONTINUING DISCLOSURE UNDERTAKING

Section 14.01 Annual Reports.

(a) The City shall cause the Board to provide annually to the MSRB (1) within six months after the end of each fiscal year (beginning with the fiscal year stated in the Pricing Certificate) financial information and operating data with respect to the System of the general type included in the final Official Statement approved by the Pricing Officer and described in the Pricing Certificate, and (2) if not provided as part such financial information and operating data, audited financial statements of the System, when and if available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in the Pricing Certificate, or such other accounting principles as the Board may be required to employ from time to time pursuant to state law or regulation, and audited, if the Board commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available by the required time, the Board will provide unaudited financial information of the type included in the Official Statement by the required time and audited financial statements when and if such audited financial statements become available.

(b) If the Board changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Article.

(c) The financial information and operating data to be provided pursuant to this Article may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

Section 14.02 Notice of Certain Events.

(a) The City will cause the Board to provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;

- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Owners of the Bonds, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the Board or City, which shall occur as described below;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Board or City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

For these purposes, any event described above in Section 14.02(a)(xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Board or City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board or City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board or City.

(b) The City will cause the Board to notify the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with this Article by the time required by this Article.

Section 14.03 Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this

Article shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 14.04 Limitations, Disclaimers and Amendments

(a) The City, acting through the Board, shall be obligated to observe and perform the covenants specified in this Article with respect to the City and the Bonds while, but only while, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City will cause the Board in any event to give notice required by subsection (e) hereof of any Bond calls and defeasance that cause the City to be no longer such an “obligated person”.

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the financial results, condition, or prospects of the City or the State of Texas or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD OR THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(e) No default by the Board or the City in observing or performing its obligations under this Article shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Board or the City under federal and state securities laws.

(e) Notwithstanding anything herein to the contrary, the provisions of this Article may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City or the Board, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Owners of a majority in aggregate principal amount (or any greater amount required by

any other provision of this Order that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. The provisions of this Article may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

ARTICLE 15

APPROVAL OF ESCROW AGREEMENT

Section 15.01 Escrow Agreement. An Escrow Agreement by and between the City and an authorized escrow agent, if any such agreement is required in connection with the issuance of the Bonds, shall be attached to, and approved in, the Pricing Certificate. Such Escrow Agreement is hereby authorized to be finalized and executed by the Pricing Officer for and on behalf of the City and as the act and deed of this City Council; and such Escrow Agreement as executed by the Pricing Officer shall be deemed approved by the City Council and constitute the Escrow Agreement herein approved. With regard to the finalization of certain terms and provisions of the Escrow Agreement, the Pricing Officer is hereby authorized to come to an agreement with the Escrow Agent on the following details, among other matters:

1. The identification of the Refunded Bonds;
2. The creation and funding of the Escrow Fund or Funds; and
3. The Escrow Agent's compensation, administration of the Escrow Fund or Funds, and the settlement of any paying agents' charges relating to the Refunded Bonds.

Furthermore, appropriate officials of the City in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the escrowed securities referenced in the Escrow Agreement and the delivery thereof to the Escrow Agent on the day of delivery of the Bonds to the Purchasers for deposit to the credit of the "CITY OF EL PASO, TEXAS, WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2015 ESCROW FUND" (referred to herein as the "Escrow Fund"), or such other designation as specified on the Pricing Certificate; all as contemplated and provided in Chapter 1207, the Ordinance, the Pricing Certificate, and the Escrow Agreement.

On or immediately prior to the date of the delivery of the Bonds to the Purchasers, the Pricing Officer shall also cause to be deposited (and is hereby authorized to cause to be deposited) with the Escrow Agent from moneys on deposit in the debt service fund(s) maintained for the payment of the Refunded Bonds an amount which, together with the proceeds of sale, and

the investment earnings thereon, will be sufficient to pay in full the Refunded Bonds (or the amount of accrued interest due thereon) scheduled to mature and authorized to be redeemed on the earliest date established in the Pricing Certificate for the redemption of any of the Refunded Bonds (or the earliest date of payment, to be made from moneys in the Escrow Fund(s), as established in the Pricing Certificate, of the amount of accrued interest due thereon).

ARTICLE 16

REDEMPTION AND PAYMENT OF REFUNDED OBLIGATIONS

Section 16.01 Redemption of Refunded Bonds. (a) In order to provide for the refunding, discharge, and retirement of the Refunded Bonds, the Refunded Bonds, identified, described, and in the amounts set forth in the Pricing Certificate, are called for redemption on the first date(s) such Refunded Bonds are subject to redemption or such other date specified by the Pricing Officer in the Pricing Certificate at the price of par plus accrued interest to the redemption dates, and notice of such redemption shall be given in accordance with the applicable provisions of the ordinances adopted by the City Council of the City, which authorized the issuance of the Refunded Bonds. The Pricing Officer is hereby authorized and directed to issue or cause to be issued a Notice of Redemption for each series of the Refunded Bonds in substantially the forms set forth as Exhibits to the Pricing Certificate, to each and every paying agent/registrar for Refunded Bonds, in accordance with the redemption provisions applicable to each series of the Refunded Bonds.

(b) Each paying agent/registrar for Refunded Bonds is hereby directed to provide the appropriate notice(s) of redemption as required by the respective ordinances authorizing the Refunded Bonds and is hereby directed to make appropriate arrangements so that the Refunded Bonds may be redeemed on the redemption date.

(c) The source of funds for payment of the principal of and interest on the Refunded Bonds on their respective maturity or redemption dates shall be from the funds deposited with the Escrow Agent, pursuant to the Escrow Agreement finalized by the Pricing Officer and approved in Section 15 of this Ordinance and by the Pricing Officer in the Pricing Certificate, if applicable.

Section 16.02 Payment of Refunded Commercial Paper Notes. Following the deposit of funds to the credit of the Note Payment Fund as specified in the Pricing Certificate, the Refunded Commercial Paper Notes shall be payable solely from and secured by such deposits and shall cease to be payable from Net Revenues.

ARTICLE 17

MISCELLANEOUS

Section 17.01 Amendment to Ordinance.

(a) *Amendments Without Consent*. This Ordinance and the rights and obligations of the City and of the owners of the Bonds may be modified or amended at any time without notice

to or the consent of any owner of the Bonds or any other Previously Issued Senior Lien Bonds, solely for any one or more of the following purposes:

- (i) To add to the covenants and agreements of the City contained in this Ordinance, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the City in this Ordinance;
- (ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Ordinance, upon receipt by the City of an opinion of nationally recognized bond counsel, that the same is needed for such purpose, and will more clearly express the intent of this Ordinance;
- (iii) To supplement the security for the Bonds, replace or provide additional credit facilities, or change the form of the Bonds or make such other changes in the provisions hereof as the City may deem necessary or desirable and which shall not, in the judgment of the City, materially adversely affect the interests of the owners of the outstanding Bonds;
- (iv) To make any changes or amendments requested by any bond rating agency then rating or requested to rate Previously Issued Senior Lien Bonds, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the City, materially adversely affect the interests of the owners of the outstanding Previously Issued Senior Lien Bonds; or
- (v) To make such other changes in the provisions hereof as the City may deem necessary or desirable and which shall not, in the judgment of the City, materially adversely affect the interests of the owners of outstanding Previously Issued Senior Lien Bonds.

Notice of any such amendment may be published by the City in the manner described in subsection (c) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory resolution and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory resolution.

(b) *Amendments With Consent.* Subject to the other provisions of this Ordinance, the owners of outstanding Bonds aggregating a majority in outstanding principal amount shall have the right from time to time to approve any amendment, other than amendments described in subsection (a) of this Section, to this Ordinance which may be deemed necessary or desirable by the City; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the outstanding Bonds, the amendment of the terms and conditions in this Ordinance or in the Bonds so as to:

- (i) Make any change in the maturity of the outstanding Bonds;
- (ii) Reduce the rate of interest borne by outstanding Bonds;
- (iii) Reduce the amount of the principal payable on outstanding Bonds;
- (iv) Modify the terms of payment of principal of or interest on the outstanding Bonds, or impose any conditions with respect to such payment;

- (v) Affect the rights of the owners of less than all Bonds then outstanding; or
- (vi) Change the minimum percentage of the outstanding principal amount of Bonds necessary for consent to such amendment.

(e) **Notice.** If at any time the City shall desire to amend this Ordinance other than pursuant to subsection (a) of this Section, the City shall cause written notice of the proposed amendment to be given by certified mail to each registered owner of the Bonds affected at the address shown on the Register. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file with the City Clerk for inspection by all owners of Bonds.

(d) **Consent Irrevocable.** Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of eighteen (18) months from the date of mailing of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after eighteen (18) months from the date of mailing by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar and the City, but such revocation shall not be effective if the owners of a majority in outstanding principal amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(e) **Ownership.** For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the registration books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

Section 17.02 Further Procedures. The Mayor, the City Clerk, the Alternate City Clerk, the City Manager of the City, the President/Chief Executive Officer of the System, the Vice President of Strategic, Financial and Management Services of the System, and/or the Chief Financial Officer of the System and all other officers, employees and agents of the City, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the seal of the City and on behalf of the City all agreements, instruments, or such other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the initial sale and delivery of the Bonds, and the Paying Agent/Registrar Agreement. In addition, prior to the initial delivery of the Bonds, the Mayor, the City Clerk, the Alternate City Clerk, the City Manager of the City, the President/Chief Executive Officer of the System, the Vice President of Strategic, Financial and Management Services of the System or the Chief Financial Officer of the System and the City's Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance: (i) in order to cure any technical ambiguity, formal defect, or omission in the Ordinance or such other document; or (ii) as requested by the Attorney General or his representative to obtain the approval of the Certificates by the Attorney General and if such officer or counsel determines that such ministerial changes are consistent with the intent and purpose of the Ordinance, which determination shall be final. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the

delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 17.03 Municipal Bond Insurance. The Bonds may be sold with the principal of and interest thereon being insured by a municipal bond insurance provider authorized to transact business in the State of Texas. The Pricing Officer is hereby authorized to make the selection of municipal bond insurance (if any) for the Bonds and make the determination of the provisions of any commitment therefor.

Section 17.04 Effectiveness. This Ordinance shall take effect and be in force from and after its passage and approval.

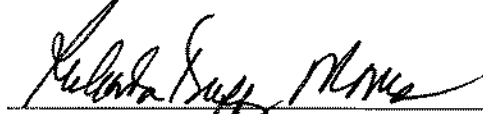
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APPROVED AND ADOPTED this 2nd day of December, 2014.



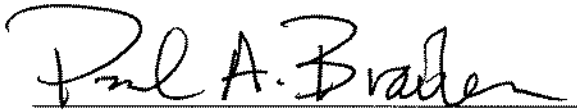
Oscar Leeser
Mayor, City of El Paso, Texas

ATTEST:

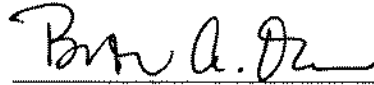


Richarda Duffy-Monsen
City Clerk, City of El Paso, Texas

APPROVED AS TO FORM:



Paul A. Braden
Bond Counsel



Bertha A. Ontiveros
Assistant City Attorney
City of El Paso, Texas

APPROVED AS TO CONTENT:



Marcela Navarrete
Vice President, Strategic, Financial
and Management Services
El Paso Water Utilities



Texas Commission On Environmental Quality

By These Presents Be It Known To All That

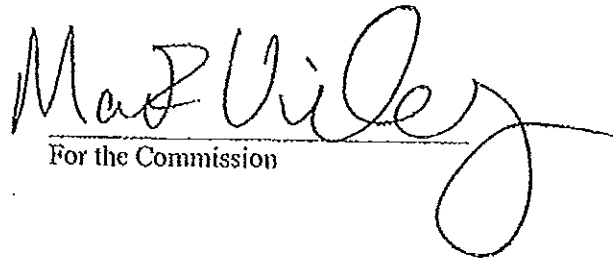
El Paso Water Utilities Public Service Board

having duly applied for certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 21008

to provide continuous and adequate sewer utility service to that service area or those service areas in El Paso County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 35472-C is on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the El Paso Water Utilities Public Service Board to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this JUL 30 2008


For the Commission



Texas Commission On Environmental Quality

By These Presents Be It Known To All That

El Paso Water Utilities Public Service Board

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 10211

to provide continuous and adequate water utility service to that service area or those service areas in El Paso County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 35471-C is on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of El Paso Water Utilities Public Service Board to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this JUL 30 2008


For the Commission



Protecting Texas by
Reducing and
Preventing Pollution

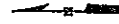
Texas Commission on Environmental Quality
P.O. Box 13687
Austin, Texas 78711-0687
For more information
concerning this report, please contact the
Water Supply Division at (512) 271-4671.
09/02/2018

The Selected Area
of Interest



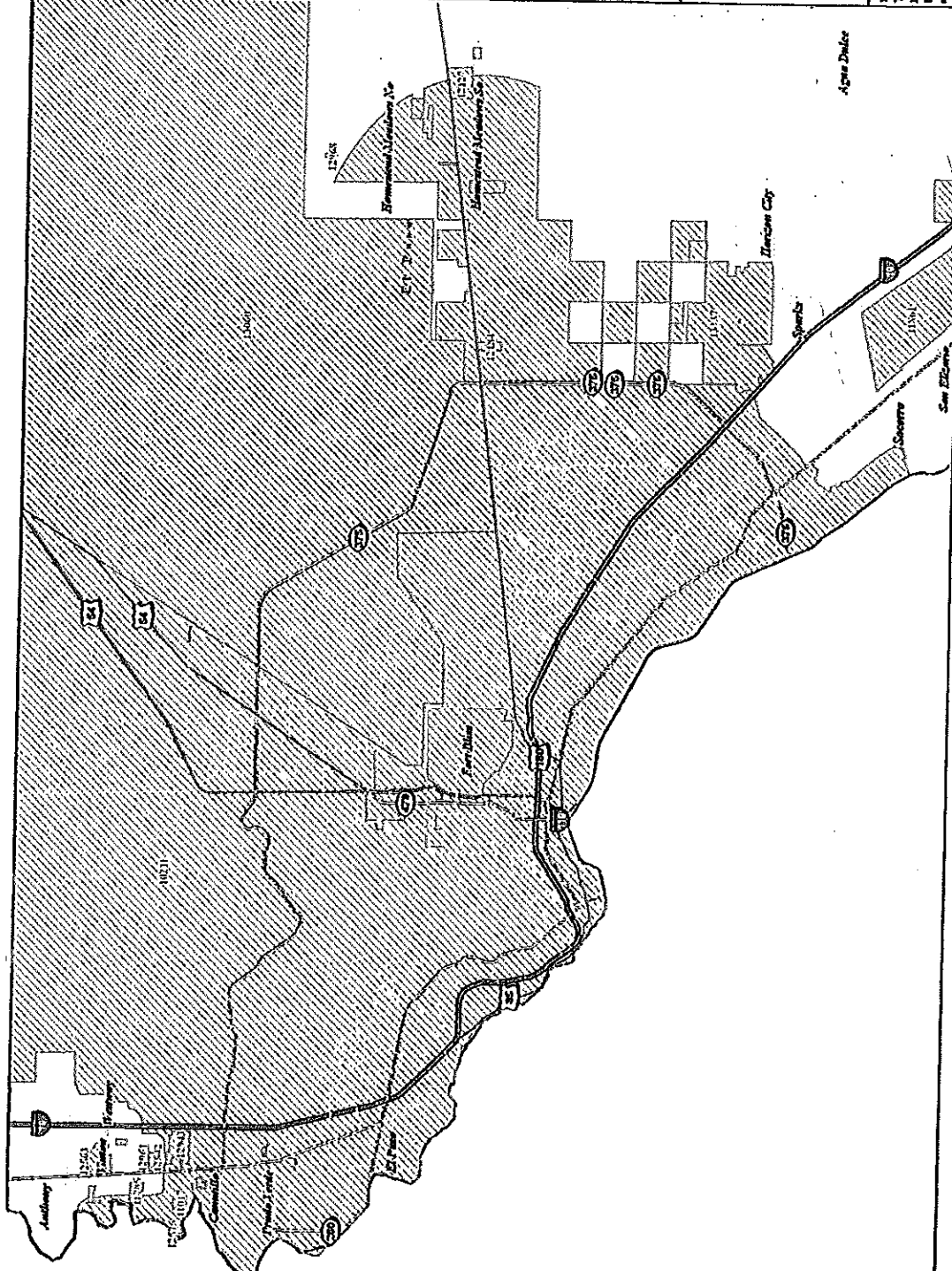
Legend

- Water CCN Facility Line
- Sewer CCN Facility Line
- Waste - Districts
- TCEQ Service Region Boundary
- County Boundary
- Sewer CCN Service Area
- Water CCN Service Area
- City Boundary
- CCN Overlay Key
- Sewer-Water CCN Service Area



Disclaimer

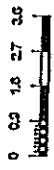
This map was generated by the Integrated Water Utilization Database (IWUD) from the Texas Commission on Environmental Quality. No claims are made to the accuracy or completeness of the data or its availability for a particular year.





Texas Commission on Environmental Quality
P.O. Box 13687
Austin, Texas 78711-9887
For more information
concerning this map, please contact the
Water Supply Division at (512) 225-4401.
02/21/2010

The Selected Area of Interest

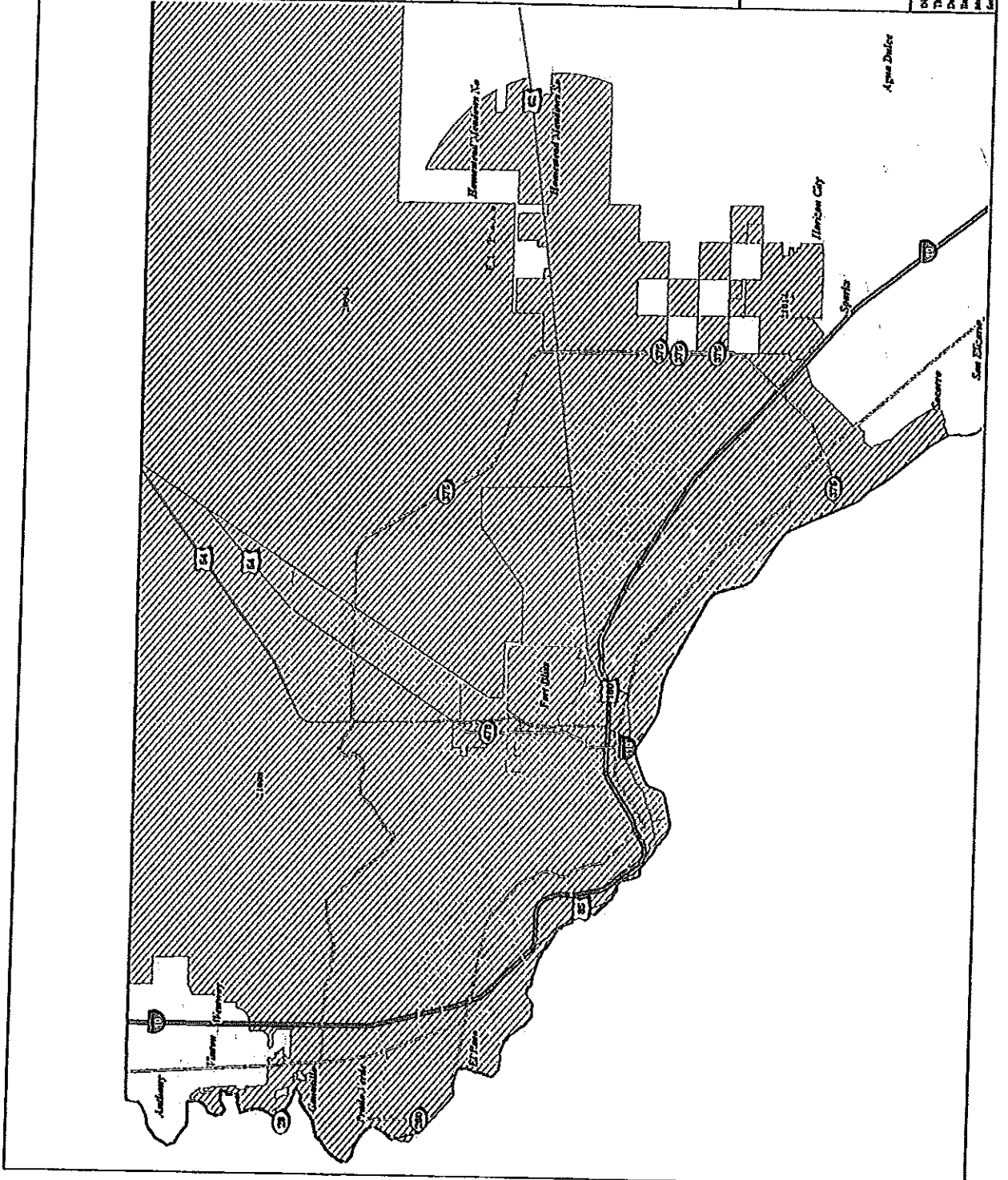


Legend

- Water CCN Facility Line
- Sewer CCN Facility Line
- State - Districts
- House - Districts
- TCEQ Service Region Boundary
- County Boundary
- Sewer CCN Service Area
- Water CCN Service Area
- City Boundary
- CCN Overlay Key
- Sewer-Water-CCN Service Area



Disclaimer:
This map was prepared by the Integrated Water Utilities
Division (IWUD) for the Texas Commission on
Environmental Quality. No guarantee is made for the
accuracy or completeness of the data or the suitability
for a particular use.



Enforcement Actions, 2013-15 Texas Commission on Environmental Quality

Agreed Order Docket No. 2014-0392-MLM-E, case no. 48420

1. Failed to provide a full-face SCBA that meets OSHA standards for construction and operation.
RESOLUTION: obtained an exception to the SCBA rule.

2. Failed to make water works operation and maintenance records available for review by Commission personnel during the investigation.
RESOLUTION: submitted written certification of properly completed water works operation and maintenance records.

3. Failed to flush all dead-end mains at monthly intervals.
RESOLUTION: submitted a request for an exception for the requirement to flush all dead-end mains; submitted a plan to implement a monitoring program and provide data regarding the exception for the dead end mains.

4. Failed to obtain authorization from the Commission prior to any discharge of wastewater.
RESOLUTION: on behalf of the Respondent, ARCADIS U.S., Inc. submitted an application for a wastewater discharge permit for the Robertson/Umbenhauer Water Treatment Facility, also known as the Canal Water Treatment Plant.

Additionally,

Respondent contributed an SEP Offset Amount to the Trans Pecos Water & Land Trust.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN ENFORCEMENT ACTION CONCERNING EL PASO WATER UTILITIES PUBLIC SERVICE BOARD RN103778882

§ § § § § §

BEFORE THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

AGREED ORDER DOCKET NO. 2014-0392-MLM-E

I. JURISDICTION AND STIPULATIONS

On APR 30 2015, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding El Paso Water Utilities Public Service Board ("Respondent") under the authority of TEX. WATER CODE chs. 7 and 26 and TEX. HEALTH & SAFETY CODE ch. 341. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent, together stipulate that:

- 1. The Respondent owns and operates a public water supply at 1154 Hawkins Boulevard in El Paso, El Paso County, Texas (the "Facility") that has approximately 187,160 service connections, 18,136 wholesale connections, and serves at least 25 people per day for at least 60 days per year.
2. The Facility adjoins, is contiguous with, surrounds, or is near or adjacent to water in the state as defined in TEX. WATER CODE § 26.001(5).
3. The Executive Director and the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.
4. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about March 10, 2014.
5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.

6. An administrative penalty in the amount of Three Thousand Two Hundred Two Dollars (\$3,202) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). Six Hundred Forty Dollars (\$640) is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If the Respondent fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require the Respondent to pay all or part of the deferred penalty. Two Thousand Five Hundred Sixty-Two Dollars (\$2,562) shall be conditionally offset by the Respondent's completion of a Supplemental Environmental Project ("SEP")."
7. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
8. The Executive Director and the Respondent agree on a settlement of the matters alleged in this enforcement action, subject to final approval in accordance with 30 TEX. ADMIN. CODE § 70.10(a).
9. The Executive Director recognizes that the Respondent has implemented the following corrective measures at the Facility:
 - a. On November 6, 2013, submitted a request for an exception for the requirement to flush all dead-end mains;
 - b. On April 16, 2014, submitted a plan to implement a monitoring program and provide data regarding the exception for the dead end mains;
 - c. On June 11, 2014, ARCADIS U.S., Inc., submitted on behalf of the Respondent an application for a wastewater discharge permit for the Robertson/Umbenhauer Water Treatment Facility, also known as the Canal Water Treatment Plant;
 - d. On July 31, 2014, obtained an exception to the self-contained breathing apparatus ("SCBA") rule; and
 - e. On February 19, 2015, submitted documentation demonstrating compliance with the requirement to have small bottles of fresh ammonia solution readily accessible outside the chlorinator rooms.
10. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
11. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
12. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

II. ALLEGATIONS

As owner and operator of the Facility, the Respondent is alleged to have:

1. Failed to provide a full-face SCBA or supplied air respirator that meets Occupational Safety and Health Administration ("OSHA") standards for construction and operation that is readily accessible outside the chlorination room and provide a small bottle of fresh ammonia solution (or approved equal) for testing for chlorine leakage that is readily accessible outside the chlorinator room and immediately available to the operator in the event of an emergency, in violation of 30 TEX. ADMIN. CODE § 290.42(e)(4)(A), as documented during an investigation conducted from July 29, 2013 through August 8, 2013 and a record review conducted on February 3, 2014. Specifically, there are 56 distribution stations that use chlorine gas; however only 18 of the stations had a SCBA available. In addition, bottles of ammonia were not readily accessible outside the 56 distribution stations that use chlorine gas.
2. Failed to make water works operation and maintenance records available for review by Commission personnel during the investigation, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2) and (f)(3)(E)(iv), as documented during an investigation conducted from July 29, 2013 through August 8, 2013 and a record review conducted on February 3, 2014. Specifically, the Customer Service Inspections and reports are conducted and maintained by the City of El Paso Building Permits and Inspections Division and are not readily accessible to the Respondent. In addition, the Customer Service Inspection certificate form varies from the format found in 30 TEX. ADMIN. CODE § 290.47(d).
3. Failed to flush all dead-end mains at monthly intervals, in violation of 30 TEX. ADMIN. CODE § 290.46(l), as documented during an investigation conducted from July 29, 2013 through August 8, 2013 and a record review conducted on February 3, 2014.
4. Failed to obtain authorization from the Commission prior to any discharge of wastewater, in violation of 30 TEX. ADMIN. CODE §§ 305.42(a) and 290.42(i), and TEX. WATER CODE § 26.121(a), as documented during an investigation conducted from July 29, 2013 through August 8, 2013 and a record review conducted on February 3, 2014. Specifically, backwash water was discharging from the Robertson/Umberhauer Water Treatment Facility, also known as the Canal Water Treatment Plant, to the American Canal, historically known as the Franklin Canal, without authorization.

III. DENIALS

The Respondent generally denies each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be

constrained in any manner from requiring corrective action or penalties for violations which are not raised here.

2. The Respondent shall implement and complete a SEP in accordance with TEX. WATER CODE § 7.067. As set forth in Section I Paragraph 6 above, Two Thousand Five Hundred Sixty-Two Dollars (\$2,562) of the assessed administrative penalty shall be offset with the condition that the SEP defined in Attachment A, incorporated herein by reference, is implemented by the Respondent. The Respondent's obligation to pay the conditionally offset portion of the administrative penalty assessed shall be discharged upon final completion of all provisions of the SEP agreement
3. It is further ordered that the Respondent shall undertake the following technical requirements:
 - a. Immediately after the effective date of this Agreed Order, respond completely and adequately, as determined by the TCEQ, to any requests for information concerning the permit application within 15 days after the date of such requests or before any other deadline specified in writing;
 - b. Within 30 days after the effective date of this Agreed Order, begin compiling and maintaining properly completed water works operation and maintenance records, including but not limited to Customer Service Inspection and reports, in accordance with 30 TEX. ADMIN. CODE § 290.46;
 - c. Within 45 days after the effective date of this Agreed Order, submit written certification as described in Ordering Provision No. 3.g. below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision Nos. 3.a. and 3.b.;
 - d. Within 90 days after the effective date of this Agreed Order and on a quarterly basis thereafter, begin submitting progress reports to the TCEQ regarding actions taken by the Respondent regarding the dead-end main rule. These reports shall include information regarding actions taken by the Respondent in obtaining the exceptions;
 - e. Within 105 days after the effective date of this Agreed Order, submit written certification as described in Ordering Provision No. 3.g. below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 3.d.
 - f. Within 240 days after the effective date of this Agreed Order:
 - i. Obtain approval of the permit application for the discharge of backwash wastewater from the Robertson/Umbenhauer Water Treatment Facility, also known as the Canal Water Treatment Plant, in accordance with 30 TEX. ADMIN. CODE § 290.42; and
 - ii. Obtain an exception to flushing all dead-end mains at monthly intervals or begin flushing all dead-end mains at monthly intervals, in accordance with 30 TEX. ADMIN. CODE § 290.46.

- g. Within 255 days after the effective date of this Agreed Order, submit written certification as described below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision Nos. 3.f.i. and 3.f.ii. The certification shall be notarized by a State of Texas Notary Public and include the following certification language:

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations."

The certification shall be submitted to:

Order Compliance Team
Enforcement Division, MC 149A
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

with a copy to:

Water Section Manager
El Paso Regional Office
Texas Commission on Environmental Quality
401 East Franklin Avenue, Suite 560
El Paso, Texas 79901-1206

4. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Facility operations referenced in this Agreed Order.
5. If the Respondent fails to comply with Ordering Provision Nos. 3.a., 3.f.i. and 3.g. above within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, the Respondent's failure to comply is not a violation of this Agreed Order. The Respondent shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. The Respondent shall notify the Executive Director within seven days after the Respondent becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.
6. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director.


The determination of what constitutes good cause rests solely with the Executive Director.

7. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
8. This Agreed Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Agreed Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Agreed Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms "electronic transmission", "owner", "person", "writing", and "written" shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.
9. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, whichever is earlier.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission


For the Executive Director

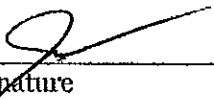
4/30/15
Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.


Signature

August 18, 2014
Date

John E. Ballfiew, P.E.
Name (Printed or typed)
Authorized Representative of
El Paso Water Utilities Public Service Board

President & CEO
Title

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenue Operations Section at the address in Section IV, Paragraph 1 of this Agreed Order.

Attachment A
Docket Number: 2014-0392-MLM-E
SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent:	El Paso Water Utilities Public Service Board
Penalty Amount:	Two Thousand Five Hundred Sixty-Two Dollars (\$2,562)
SEP Offset Amount:	Two Thousand Five Hundred Sixty-Two Dollars (\$2,562)
Type of SEP:	Contribution to a Third-Party Pre-Approved SEP
Third-Party Administrator:	Trans-Pecos Water & Land Trust
Project Name:	<i>Trans-Pecos Water Rights Acquisition Project</i>
Location of SEP:	Rio Grande River Basin

The Texas Commission on Environmental Quality (“TCEQ”) agrees to offset the administrative penalty amount assessed in this Agreed Order for the Respondent to contribute to a Supplemental Environmental Project (“SEP”). The SEP Offset Amount is set forth above and such offset is conditioned upon completion of the project in accordance with the terms of this Attachment A.

1. Project Description

a. Project

The Respondent shall contribute the SEP Offset Amount to the Third-Party Administrator named above. The contribution will be to the **Trans Pecos Water & Land Trust** for the *Trans-Pecos Water Rights Acquisition Project*. The contribution will be used in accordance with the SEP between the Third-Party Administrator and the TCEQ (the “Project”). Specifically, the SEP Offset Amount will be used to acquire, by lease or purchase, surface water rights from various owners of existing water rights in the Rio Grande River Basin in Texas. Within 30 days after water rights are acquired, the Third-Party Administrator shall then apply to TCEQ to administratively amend the water rights permit or certificate of adjudication (collectively referred to as “permit”) pursuant to Water Code, Section 11.0237. If the water rights are purchased, the Third-Party Administrator shall change the use exclusively to in-stream flows dedicated to environmental needs. If the water rights are leased, the Third-Party Administrator shall either change the use exclusively to or add a use for in-stream flows dedicated to environmental needs. However, even if a water rights permit allows for other uses in addition to in-stream flows, the Third-Party Administrator shall only exercise the in-stream flow use during its lease of the water rights acquired through this SEP. The SEP will be performed in accordance with all federal, state, and local environmental laws and regulations.

El Paso Water Utilities Public Service Board
Agreed Order - Attachment A

All dollars contributed will be used solely for the direct cost of implementing the Project, including but not limited to supplies, materials, and equipment. Any portion of this contribution that is not spent on the specifically identified SEP may, at the discretion of the Executive Director ("ED"), be applied to another pre-approved SEP.

The Respondent's signature affixed to this Agreed Order certifies that it has no prior commitment to make this contribution and that it is being contributed solely in an effort to settle this enforcement action. The Respondent shall not profit in any manner from this SEP.

b. Environmental Benefit

This project will enhance the quality of the environment by dedicating water in the Rio Grande River for environmental and conservation purposes, benefitting overall protection of water quality as well as aquatic and riparian wildlife habitat. The Rio Grande River Basin is extensive and relied upon for numerous needs, including human consumption and agriculture as well as by aquatic and riparian wildlife. While two international dams – Amistad and Falcon – are used for flood control, irrigation, and help regulate the flow of the river, the geography of the area and drought-prone conditions can impact the quality of water and habitat. Reduced flow, which can cause high salinity water, impacts the reliability of the Rio Grande for its use by farmers, livestock, and wildlife. In addition, non-native plants invade where native plants (or no plants) used to grow, which further affects water loss along the river. Dedicating water in the Rio Grande River for overall protection of water quality as well as aquatic and riparian wildlife habitat will enhance the quality of the environment consistent with Water Code, Section 7.067.

c. Minimum Expenditure

The Respondent shall contribute at least the SEP Offset Amount to the Third-Party Administrator and comply with all other provisions of this SEP.

2. Performance Schedule

Within 30 days after the effective date of this Agreed Order, the Respondent must contribute the SEP Offset Amount to the Third-Party Administrator. The Respondent shall make the check payable to **Trans Pecos Water & Land Trust SEP** and shall mail the contribution with a copy of the Agreed Order to:

Trans Pecos Water & Land Trust
David Crum, Executive Director
601 North State Street
Fort Davis, Texas 79734

3. **Records and Reporting**

Concurrent with the payment of the SEP Offset Amount, the Respondent shall provide the Enforcement Division SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP Offset Amount due to the Third-Party Administrator. The Respondent shall mail a copy of the check and transmittal letter to:

Texas Commission on Environmental Quality
Enforcement Division
Attention: SEP Coordinator, MC 219
P.O. Box 13087
Austin, Texas 78711-3087

4. **Failure to Fully Perform**

If the Respondent does not perform its obligations under this Attachment A, including full expenditure of the SEP Offset Amount and submittal of the required reporting described in Sections 2 and 3 above, the ED may require immediate payment of all or part of the SEP Offset Amount.

In the event the ED determines that the Respondent failed to fully implement and complete the Project, the Respondent shall remit payment for all or a portion of the SEP Offset Amount, as determined by the ED, and shall include the docket number of the attached Agreed Order and a note that the enclosed payment is for the reimbursement of a SEP; shall make the check payable to "Texas Commission on Environmental Quality;" and shall mail it to:

Texas Commission on Environmental Quality
Litigation Division
Attention: SEP Coordinator, MC 175
P.O. Box 13087
Austin, Texas 78711-3087

5. **Publicity**

Any public statements concerning this SEP made by or on behalf of the Respondent, must include a clear statement that **the Project was performed as part of the settlement of an enforcement action brought by the TCEQ.** Such statements include advertising, public relations, and press releases.

6. Clean Texas Program

The Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, the Respondent may not seek recognition for this contribution in any other state or federal regulatory program.

7. Other SEPs by TCEQ or Other Agencies

The SEP Offset Amount identified in this Agreed Order has not been, and shall not be, included as a SEP for the Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.

Bryan W. Shaw, Ph.D., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 4, 2015

Mr. John Balliew
President
El Paso Water Utilities Public Service Board
P.O. Box 511
El Paso, Texas 79961

Re: TCEQ Enforcement Action
El Paso Water Utilities Public Service Board
Docket No. 2014-0392-MLM-E

Dear Mr. Balliew:

Enclosed for your records is a fully-executed copy of the Agreed Order for the above-referenced matter.

Please review the enclosed Agreed Order, particularly the "Ordering Provisions" section, to determine if further action will be required of you, such as the completion of technical requirements to achieve compliance. When technical requirements are listed (usually Ordering Provision No. 2 or 3), a deadline will be provided based on a specific number of days after the effective date. The effective date of this Agreed Order is three days after the date printed at the top of this letter.

Should you have any questions, please contact Epifanio Villarreal, the Enforcement Coordinator assigned to this matter, at (361) 825-3425.

Sincerely,

A handwritten signature in cursive script that reads "Candice Garrett".

Candice Garrett
Enforcement Division

Enclosure

cc: Epifanio Villarreal, Enforcement Division
Water Quality and Public Water Supply Section Manager, Region 6

**El Paso Water Utilities 2014 Water Conservation Plan
As per Rule 363.15 Required Water Conservation Plan
Texas Water Development Board**

A. UTILITY PROFILE

The City of El Paso, the sociopolitical center of El Paso County and of West Texas, has a distinct culture, climate, and supply of resources that makes water consumption unique among similar municipalities in the desert southwest of the United States. El Paso is located in the northern extreme of the Chihuahuan Desert, and lies on the frontier of three states (Texas, New Mexico and Chihuahua Mex.), two countries (U.S. and Mexico) and three diverse water supplies; the Rio Grande and groundwater from two aquifers, the Hueco and Mesilla Bolsons. The region consisting of El Paso, Texas; Ciudad Juarez, Mexico; and Las Cruces, New Mexico, is home to slightly more than two million people.

El Paso enjoys an average daily temperature of almost 70° and over 300 days of sunshine each year and an average annual rainfall of eight inches. El Paso is the sixth largest city in Texas with an estimated population of 787,208. To serve our customers, El Paso uses ground water and surface water for its potable supply. In 2013 the city produced about 112,000 acre-feet of potable water for its customers. The Hueco Bolson provided 67% of total demand and the Mesilla Bolson, 24% of total demand with 9% from the Rio Grande River. El Paso also uses reclaimed water to supply non-potable demands. Over 8,000 acre-feet per year is distributed to customers for industrial uses and turf irrigation.

The groundwater capacity is approximately 164 MGD including desalinated brackish groundwater, and surface water capacity is 100 MGD. The amount of surface water that is available each year is variable depending drought condition. Despite not receiving full allotments from the Rio Grande Federal Reclamation Program for the past 4 years, EPWU has not implemented any additional mandatory restrictions and has been able to meet demand due to its strategic planning and management of diverse water sources. Utility Profile form included as Appendix (1).

Water Use Data

EPWU-PSB has successfully met the goals outlined in the 2009 and 2014 Water Conservation Plans. The current goal is to maintain overall per capita water consumption at or below 140 gpcd for the next 5 and 130 gpcd by 2019, the 10-year planning periods (CY 2020). This goal is formally adopted in the EPWU-PSB Strategic Plan on an annual basis.

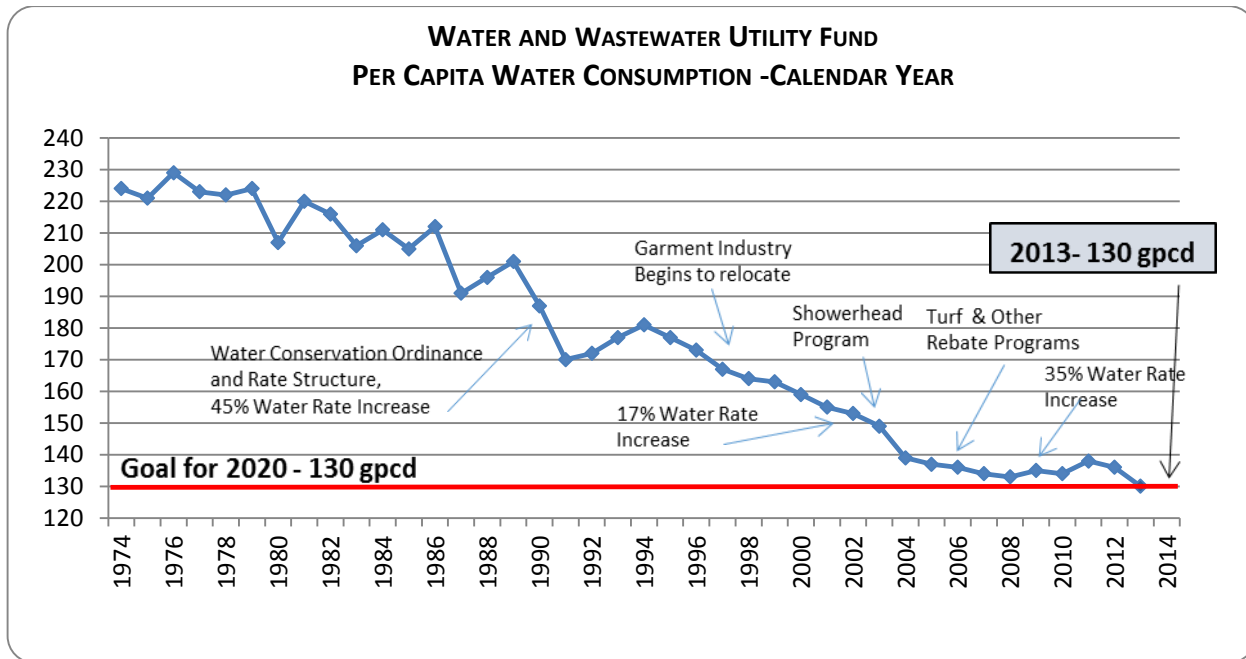
The table below summarizes key water use statistics for 2009-2013. Average per person usage is given in gallons per capita per day (gpcd). Total production per year in billion gallons (BG). Average and peak daily water demand is given in million gallons per day (MGD).

Table 1. Municipal Water Demand 2009-2014

Year	2009	2010	2011	2012	2013
Average GPCD*	135	134	138	136	130
Total Production (MG)	37,067	37,368	38,833	38,820	37,345
Peak Day (MGD)	152,643	158,510	163,463	163,158	161,145
Average Day (MGD)	101,552	102,396	106,362	104,334	99,781
Peaking Factor	1.50	1.55	1.54	1.56	1.61
Population	751,513	767,091	773,995	780,961	787,208

* Gallons per capita day

Chart 1. Per Capita Consumption



B. INCLUSION OF FIVE-YEAR AND TEN-YEAR TARGETS

El Paso Water Utilities current per capita use is 132 gpcd. In the 2011 Region E Plan the target goal of water conservation is to lower the per capita use to 118 gpcd by the year 2060. This is a decrease in per capita use of 3 gpcd per decade. El Paso will track the per capita use by calculating daily consumption numbers tracked by Operations. We also keep track of unaccounted and authorized consumption by obtaining fire hydrant flows during testing (from El Paso Fire Department) and for water use for line flushing. Unaccounted water loss due to main break is already covered on BMP’s section and under **section G**.

Table 2. El Paso Water Utilities 5- and 10- YR Goals for Water Savings

	Historic 5-yr Average	Baseline	5-yr Goal for year 2014	10-yr Goal for year 2020
Total GPCD	132.7	133	130	130
Residential GPCD	83 ¹	83	82	80
Water Loss (GPCD)	8.7	8.7	8.5	8.0
Water Loss (Percentage)	6.6%	6.5%	6.0%	6.0%

1. From TCEQ Water Conservation Implementation Report

C. A SCHEDULE FOR IMPLEMENTING THE PLAN

El Paso will track per capita use, In the event, the daily use doesn’t decline according to our planning goals, EPWU will consider the implementation of various water conservation incentives to lower per capita use. Incentives used in the past include turf rebate, air conditioner conversions, low flow toilets and shower heads. The promotion of water conservation through public media campaigns and outlets will continue as they have in the past.

D. A METHOD FOR TRACKING THE IMPLEMENTATION AND EFFECTIVENESS OF THE PLAN.

The following BMP’s have been implemented by EPWU for many years. They are currently acted upon as part of our daily operations. The established BMP’s allows us to track and measure progress towards improving efficiency.

Conservation Analysis and Planning

Conservation Coordinator: Since 1990, EPWU has had a conservation department managed by a Water Conservation Manager. The fully-staffed conservation department is responsible for actively participating in collaborative educational efforts with other city department, governmental and educational agencies to promote and cultivate the understanding and importance of water conservation. Responsible for effectively coordinating the implementation of the Public Service Board's Water Conservation Program initiatives. Enforce the City's Water Conservation Ordinance in order to increase compliance and reduce water waste. The Conservation Manager oversees 9 full time staff that include a Water Conservation Education Specialist, (4) Water Conservation Technicians, (2) Water Conservation Enforcement Inspectors, (1) Building Maintenance and (1) Office Administrator. Conservation staff prepares section budget and develop public outreach programs. The current Conservation Manager was hired August 15, 1994.

Water Survey for Single-Family Customers: During September of 2012, a survey was taken for El Paso Water Utilities to determine the attitudes and information level of their customers regarding water issues and satisfaction with the Utility. The research is designed to reflect the knowledge and opinions of El Paso Water Utilities' customers within the city limits. Interviews were conducted by trained, bilingual telephone interviewers using a random sampling method.

The survey enables El Paso Water Utilities (EPWU) to review customer attitudes, set benchmarks, and incorporate the findings into future planning. El Pasoans have continuing and increasing confidence and satisfaction with El Paso Water Utilities. Over a nineteen year period, confidence in the safety of drinking water has shown a steady increase from 60% in 1993 to 84% in 2012. Research also shows that El Paso Water Utility customers express continued high satisfaction with the cost of water, customer service, communications and the management of water resources. Of note, however, is while the numbers of El Pasoans who have made water conserving changes to their landscape has steadily increased, those who feel they can reduce their water use by 10% or more has significantly decreased from 76% in 2000 to 24% in 2012.

Financial

Water Conservation Pricing: Please refer to **section J** for explanation of this BMP.

System Operations

Metering of All New Connections and Retrofit of Existing Connections: Please refer to **section F** for explanation regarding this BMP.

Hi/Low Meter Reading Reports: Every day, at the end of the day, once the meter reader's information is downloaded into the system, a Hi/Low report is produced. This report identifies accounts with either low or high consumptions compared to the previous month. The Hi/Low addresses are then assigned to Customer Service Field staff for three main reasons (1) to double check the meter reading for accuracy, (2) if a property leak is found, then to contact the customer before the bill is send out so that customer can fix the leak and (3) if the reading is low, to investigate if the customer is no longer occupying premises which might impact revenues if balances are not recuperated. EPWU reads meters by cycle and each cycle has approximately 10,000 meters. The average Hi/Low readings per cycle is 90. Meter readers record an average of 2.5 readings per year.

Meter Replacement Program: Please refer to **sections E and F and table 5** for additional information regarding this BMP. The El Paso Water Utilities system is 100% metered both for customer and public uses. As a part of our water conservation implementation strategy, our meter replacement program is a long-term plan to replace meters at a rate that maintains a ten year average meter age. A cost / benefit analysis was conducted in 2002 by EPWU staff in order to estimate the appropriate time to change out small meters. Based on the results, it is recommended that the optimal meter age of replacement is 10 to 11 years. This will capture low water flows and ultimately raise revenue.

Landscaping

For many years, EPWU offered a Turf Rebate program that was not only successful but very popular. The utilities discontinued such rebate along with other rebates because the per capita consumption goal was achieved. The rebates ended in 2007 and per capita consumption has been maintained as shown on Chart 1 above. We continue to offer educational programs in many topics including landscaping. In April 2013, the EPWU sponsored a Water Audit Certification class for city employees and local landscapers followed by a testing and certification program, 22 attendees to the course and test.

El Paso Water Utilities offers free irrigation audits upon request. Many of such requests are for city parks, school athletic fields. Indoor and Outdoor Water Use Reviews are free educational programs offered by El Paso Water Utilities Conservation Department designed to help residents and businesses save on their monthly bill by understanding how to efficiently use water indoors and outdoors. Indoor use review includes explanation of the water bill and the Average Winter Consumption (AWC), checking for toilet leaks, measure the flow of water from faucets and showerheads to determine how many gallons per minute are used, how to irrigate your lawn and apply water more efficiently, and explain the Water Conservation Ordinance.

The Outdoor Water Use Review includes a site evaluation which identifies any problem areas with the irrigation system and runoff. We test for irrigation distribution uniformity to help determine the irrigation schedule. A detailed report on system management recommendations is mailed. We provide brochures containing plant lists and other plant material watering guidelines. Both reviews include making recommendations on other water conservation practices and provide brochures with water conservation information.

Additionally, EPWU has implemented a Monthly Allotment for Local Government Yard meter Accounts (Per Acre), see Table 5, for the purpose of curtailing excess irrigation, especially during the hot summer months. A uniform rate of \$2.01 per CCF is charged under the allotment figures, any usage by the local government turf irrigation account in excess of the monthly allotment is billed at the Block 3 rates, currently, \$5.27 per CCF.

Education and Public Awareness

Public Information: Please refer to **section I** for explanation of this BMP.

School Education: Education is an important part of the EPWU Water Conservation Program. The El Paso Water Utilities' Carlos M. Ramirez Tech₂O Water Resources Learning Center is on its 7th year of operations. The Center serves educators, students, policy makers and the public by providing meeting places and resources to promote the understanding and study of water and water issues. It includes a 250-seat auditorium, a training center, interactive exhibits, and display and demonstration projects. The Tech₂O Center is ideal for regional, national and international symposiums and conferences.

El Paso Water Utilities is involved in many activities to increase public awareness about its water resources. The Water Conservation Education Department strives to increase water consciousness throughout the community and area schools. The El Paso area faces unique water challenges and it is our obligation to deliver this information throughout the area to help others understand how crucial it is to work collectively as a region to address the critical water issues. Our intent is to deliver the information in a meaningful and understanding way for all age groups. The El Paso Water Utilities Water Conservation program holds workshops and training sessions throughout the community on various subjects related to water conservation. The following table demonstrates the number of educational events and attendees held at the center; the number of outreach events to schools and other venues as well as attendees for such events. We don't foresee a substantial increment on presentations as currently we are fully staffed and there are no plans to increase staffing levels.

Table 3. Educational efforts by the Water Conservation Department

	Presentations at TechH₂O Center	TechH₂O Attendees	Outreach Presentations	Outreach Attendees
FY 2008-09	195	6,531	305	12,540
FY 2009-10	213	8,391	405	14,641
FY 2010-11	184	8,141	127	10,854
FY 2011-12	197	6,344	120	7,302
FY 2012-13	230	12,170	171	28,117

The mission of the center is to provide education and training to foster the understanding and appreciation of total water management in the Chihuahuan Desert. We accomplish this through education programs and tours offered on site as well as outreach programs throughout the community. This combined effort helps us to spread our conservation message to thousands of people throughout the year. Below are some of these platforms used to educate the general public.

- Trainings and Conferences – Teachers and Professional Development
- Field trips and tours – Grades 5th and higher, Careers in STEM, tours for international visitors, elected officials, general public, and EPWU staff
- Public events- Science Cafés, Drinking Water Week, Summer Camp, Water Festival, and workshops for gardening, landscape, desert plants & wildlife
- Outreach – Head Start to adults, and community events
- Volunteer Program – Docents trained to help us educate others

Partnerships with Nonprofit Organizations: For more than 20 years, EPWU has collaborated with community partners to not only promote conservation but to increase the effectiveness of our message, by such collaborations we have been able to reach substantial number of residents. In addition, we have handled such relations to obtain educational grants. In 2013, the Conservation Department secured a \$6,000+ grant from EPA and BECC for the installation of the “Urban Gardens Using Rain Water Harvesting Techniques” demonstration site, and a \$12,000+ from Texas Parks and Wildlife for an educational program to increase understanding of urban wetlands. This grant is geared to middle school students and the keyhole garden grant is geared to the general public. The following list provides a glimpse of the different community organizations that we partner with to offer educational events.

- Project Wet Host Institute
- Region 19 Education Service Center
- El Paso Zoo - El Paso Water Utilities Discovery Education Center
- Keystone Heritage Park – Desert Botanical Gardens
- City of El Paso Parks & Recreation
- Texas Parks & Wildlife
- University of Texas at El Paso
- El Paso Community College
- Texas Agri-Life County Extension

Rebate, Retrofit, and Incentive Programs

From 1991 to 2007 EPWU customers were given the opportunity to participate in voluntary rebates and incentive programs that included the following:

- Cash for your commode – rebate ran for 11 years
- Clothes Washing Machine – rebate ran for 5 years
- Central Refrigeration System – rebate ran for 4 years
- Turf Rebate Program – rebate ran for 4 years

- Low-flow Showerhead distribution – EPWU had two large programs one in 2001 the other started in 2008 to present
- Faucet aerators for bathrooms and kitchens – available since 1991 to present
- Evaporative Air Conditioner Bleed-off Clamps – available since 1991 to present
- Waterless Urinals for commercial and governmental accounts – distribution of free urinals ran for 3 years
- Hot Water On Demand – Pilot program only ran for 2 years. This was stopped due to low participation.
- Leak Adjustment for Low Income – Pilot program only ran for a couple of years and it was stopped due to community partnership paperwork complicated process.

Conservation Technology

Rainwater Harvesting: A rain water harvesting tank was installed, as a demonstration site at the center, in 2008. Several public workshops have taken place to promote the use of rainwater. Additionally, this tank is part of the Keyhole demonstration project. We are planning on installing 2 more tanks at the center to take advantage of rainwater to water our landscape areas. Because the center is registered as a Texas Parks Wildscape, the tanks will help us provide water to the native wildlife.

Water Reuse: Wastewater within the EPWU service area is collected and treated at one of four EPWU wastewater reclamation plants using advanced secondary or tertiary treatment. The following table lists each wastewater treatment plant with the corresponding TCEQ number.

Table 4. Wastewater Treatment Plants

Wastewater Treatment Plan	Northwest WWTP	Haskell St. WWTP	Roberto Bustamante WWTP	Fred Hervey WWTP
TCEQ No.	WQ0010408009	WQ0010408004	WQ0010408010	WQ0010408007
Reuse Distribution	361 MG / year	273 MG / year	40.4 MG / year	1,823 MG / year

The result is high water quality that earned EPWU the reputation of operating the first wastewater treatment plant in the world to meet drinking water standards for its reclaimed water. EPWU supplies golf courses, city parks, school grounds, apartment landscapes, construction, and industrial sites with over 5.25 million gallons per day of reclaimed water. Reclaimed water is also used for the operation of treatment plants (in-plant use) and to recharge the Hueco Bolson through injection wells and infiltration basins. The goal for reuse water – as outlined in the EPWU-PSB Strategic Plan is to increase water reuse from 10% of total wastewater to 15% during the next ten year planning period (CY 2020).

E. A MASTER METER TO MEASURE AND ACCOUNT FOR THE AMOUNT OF WATER DIVERTED FROM THE SOURCE OF SUPPLY.

Metering Devices: All metering devices used in the El Paso Water Utilities system meet AWWA C702 standards for cold water meters, NSF/ANSI 61 Standard Annex G & F, and accurate within 5% of designated flow range of the device. For FY 12-13, meter reading accuracy was 99.93% with goal of 99.97%, which is less than one inaccurate reading for every 1,500 meter read.

F. A PROGRAM OF UNIVERSAL METERING

Universal Metering: All customers and public uses of water are metered in the El Paso Water Utilities system. Meter accuracy is maintained by ongoing testing, repairing and by a replacement program of aged meters. EPWU has a complete meter shop with full testing facilities. We have over 50 customer classifications to insure that our entire customer base is in a billing and metered category. Additionally, EPWU maintains an ongoing meter exchange program to minimize revenue loss due to aged meters not recording consumption properly.

Table 5. Meter Exchange, Meter Accuracy, Meters Repaired and Tested.

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Meter exchange program	4,912	1,252	7,325	12,211	11,347	12,800
Meter Reading Accuracy	99.91%	99.91%	99.93%	99.92%	99.92%	99.93%
Meters repaired	1,428	1,470	1,424	1,426	1,911	1,888
Meters tested*	1,610	1,650	1,606	1,528	1,877	1,927

Note: * Number of 1 ½” to 12” meter tested

G. MEASURES TO DETERMINE AND CONTROL WATER LOSS AND CONTINUOUS PROGRAM OF LEAK DETECTION.

The El Paso Water Utilities – Public Service Board is dedicated to reducing the loss of water, improving the efficiency in the use of water and increasing the use of reuse water. Unaccounted for water and gallons per capita day (gpcd) figures are sourced in the Water Conservation Utility Profile (TWDB form WRD-264).

Table 6. Unaccounted for Water

Year	Water Produced (MG)	Total Water Billed (MG)	Unaccounted for Water (MG)	Unaccounted for Water (%)
2009	37,067	34,147	2,920	7.9%
2010	37,348	34,407	2,941	7.9%
2011	38,833	37,022	1,811	4.7%*
2012	38,820	36,322	2,498	6.4%
2013	37,345	35,083	2,262	6.1%

Note* - Meters on some wells were not properly calibrated. Steps have been taken to properly calibrate such meters and/or verify and/or replace faulty flow meter since then.

Unaccounted-for Water Use: Since 2004, El Paso Water Utilities has utilized leak detection loggers on its distribution mains to detect leaks (see Table 3 above). This program has saved more than 1.80 BG between 2004 and 2013. This program involved the installation of over 10,000 Permalog leak detection throughout the water distribution system over a 6 month period. These units are installed on the water main vales of the distribution mains and monitor the system for leaks using acoustic-based monitoring techniques.

Any leaks found with these units are typically repaired within 3 days. Once a leak is exposed for repair, an estimate of the leak flow rate is made and the estimated water savings is computed based on the assumption that the leak would remain undetected for 2 year. In accordance with AWWA guidelines. These 10,000 loggers have now reached the end of their service life and are currently being replaced with 12,000 leak detection loggers from Metrotech. El Paso Water Utilities has maintained a water loss rate of less than 10% for the last 7 years, which is considered “exceptional” by AWWA standards. The El Paso Water Utilities intends to maintain a water loss level below 10%, and a gpcd level of consumption below 135 gpcd, consistently through the next ten year planning period (CY 2020).

Additionally, the EPWU provides preventive and emergency maintenance of all water distribution system, including over 2,500 miles of water mains, over 190,000 water service connections, fire hydrants, and valves. The following table shows the percentage of large main breaks (>12 inches) isolated in less than 2 hours (calendar year).

Table 7. System Distribution Lines Data

Year	Main Brakes Per Mile Per Year	Miles Per Employee	Percentage of large main breaks (>12 inches) isolated in less than 2 hours (Calendar Year)	Number of Main Breaks (Calendar Year)
FY2008-09	0.06	11.7	10.1%	168
FY2009-10	0.06	11.6	7.8%	166
FY2010-11	0.06	11.7	14.8%	155
FY2011-12	0.06	11.7	20%	217
FY2012-13	0.08	12.3	19%	193

H. A PROGRAM OF CONTINUING EDUCATION AND INFORMATION REGARDING WATER CONSERVATION.

Continuing Public Education and Information: The El Paso Water Utilities has been promoting conservation for more than 20 years. In 2007, the EPWU open up a state-of-the-art education facility in 2007. The Carlos M. Ramirez TecH₂O Water Resources Learning Center. The 30,450 square-foot center provides educational and training opportunities to foster the understanding an appreciation of total water management in the Chihuahuan Desert. On average, the center host 300+ events such as school field trips, public and teacher workshops and conferences, Science Café’s, and the annual water festival. More than 8,000 attendees visit the center on a yearly basis. The center has 16-themed exhibits including information about the wildlife and flora of the desert, Xeriscape principles, water management challenges, meeting water demands, reclaimed water, and utility water sustainability efforts.

Additionally, EPWU public awareness efforts include monthly conservation messages on the back of the bills, periodic bill stuffers, billboards, TV, radio, newspaper, social media messages, and displays at citywide shows, fairs, and music festivals as well as presentations to civic groups and other organizations. The Conservation Department makes presentations to schools; presentations include a visit by or “Willie the Water Drop” mascot or are customized to the specific target audience. The outreach educational efforts surpass 180 presentation per year reaching more than 20,000 people.

Number of television, radio, social media and bill messages during the high-use season to expand the public information measure. The following table summarizes EPWU public information efforts.

Table 8: EPWU Public Information Efforts for 2013

Brochures distributed	20,000 +
Messages provided on utility bills	10
Press releases	12
TV public service announcements	352
Radio public service announcements	358
Social media campaigns	weekly

I. A WATER RATE STRUCTURE.

The current water rate structure is an increasing block rate structure. Charges for water service are based on the customer's average winter consumption (AWC), which is the average of the amount of water used during the previous December, January, and February billings. (Customers who have not established an AWC are assigned an AWC based on meter size for their classification.) Up to 4 hundred cubic feet (CCF) are included in the minimum charge for residential customers. Copy of rate structure as Appendix (2).

Table 9. EPWU Rate Structure for FY 2014-15

Block	Charge per CCF	Volume Charge
1	\$1.56 per CCF	Over 4 CCF's to 150% of AWC**
2	\$3.68 per CCF	Over 150% to 250% of AWC
3	\$5.27 per CCF	Over 250% of AWC

**Non-residential customer rates do not include 400 cubic feet allotment in minimum monthly charges. Rates are current as of March 1, 2008.

Under the increasing block rate structure, irrigation accounts tend to have an extremely low Average Winter Consumption (AWC), which is used to calculate block thresholds. Accordingly, the vast majority of the water use in the summer by these accounts was billed at the higher block 2 and 3 rates. Some irrigation accounts were increasing their Average Winter Consumption (AWC) in order to avoid the summer excess rate.

The Utilities established a “Local Government Turf Irrigation Accounts” rate that bills water use based on monthly allotment levels. These levels are based on evapotranspiration measurements and allows for enough watering to replenish evaporation loss. Water use within the allotment is charged at \$1.85 per CCF, usage above such allotments is charged at block 3 rates. Agencies such as public schools, universities and colleges are included in this rate.

Table 10. Monthly Allotment for Local Government Yard meter Accounts (Per Acre)

Month	Maximum CCF Per Acre	Month	Maximum CCF Per Acre
January	40	July	280
February	40	August	200
March	50	September	180
April	180	October	120
May	200	November	50
June	280	December	40

J. A MEANS OF IMPLEMENTATION AND ENFORCEMENT.

Copy of city ordinance is included as Appendix 3.

The following is a summary of the City Water Conservation Ordinance - Residential Watering is not allowed on Mondays, even numbered addresses are allowed to water on Tuesdays, Thursdays and Saturdays while odd numbered addresses, as well as schools, parks, cemeteries and industrial sites are allowed to water on Wednesdays, Fridays and Sundays. From April 1 through September 30, outdoor watering is allowed only before 10:00 a.m. or after 6:00 p.m. **Generally, municipalities will adopt restrictions on outdoor watering as a stage one restriction under a drought management plan. Lawn and Landscape watering restrictions are defined under the Mandatory Compliance section of the El Paso Conservation Ordinance, which means that this policy must be adhered to at all times, regardless of drought conditions.**

Any water activity that causes water to spray or flow into the street or public right-of-way is prohibited and considered a violation. Violations are a class C misdemeanor in nature. Although the El Paso Water Conservation Ordinance does not require written warnings before a citation is given, the Conservation Department introduced the ordinance via warnings as part of their public education campaign. Washing of sidewalks, driveways, patios and other non-porous surfaces with a hose are prohibited except to eliminate

dangerous conditions. These provisions are stated in the El Paso City Code, section 15.13. The enforcement of the conservation ordinance has been the responsibility of the El Paso Water Utilities since June of 1992 and allows for fines from \$50 to \$500 for each violation. Table 6 below illustrates the Water Conservation Department efforts in implementing and enforcing the water conservation plan and all plan elements.

Table 11. Water Conservation Enforcement 5 Year History (2009-2013)

Year	Direct Calls to Customers	D-hangers	Verbal, Phone and Written Warnings	Citations
FY 2008-09	599	365	401	40
FY 2009-10	642	477	1,053	34
FY 2010-11	592	429	920	20
FY 2011-12	726	380	1,023	14
FY 2012-13	880	568	1,065	25
FY 2013-14	772	569	820	34

K. IF THE APPLICANT WILL UTILIZE THE PROJECT FINANCED BY THE TWDB TO FURNISH WATER OR WASTEWATER SERVICES TO ANOTHER SUPPLYING ENTITY THAT IN TURN WILL FURNISH THE WATER OR WASTEWATER SERVICES TO THE ULTIMATE CONSUMER, THE REQUIREMENTS FOR THE WATER CONSERVATION PLAN ALSO PERTAIN TO THESE SUPPLIER ENTITIES.

Periodic Reviews and Implementation: The El Paso Water Utilities is obligated to the TWDB (under 31 TAC §363.71) to submit an annual report describing the implementation, status, and quantitative effectiveness of the water conservation program. This annual report is due within 60 days after the anniversary date of the loan closing for each year that the El Paso Water Utilities – Public Service Board is under financial obligation to the TWDB.

Wholesale customers have specific instructions in their contract with regards to water conservation: El Paso Water Utilities obligation to provide water under Contract may be limited in the same manner and to the same extent that water service is limited to other customers of the Utility, and such obligation to supply is subject to curtailment, in accordance with all applicable local, state, and federal laws, including, without limitation, El Paso's Water Conservation Ordinance (9 15.1 3, El Paso Municipal Code), as amended, the PSB's Rules and Regulations, the PSB's Drought and Water Emergency Management Response Plan, and any other drought management plan, or moratorium, which may be imposed by the Texas Commission on Environmental Quality ("TCEQ"), the Utility, or the City of El Paso.

Seven (7) days written notice shall be provided by the Utility to wholesale customer, or in the event of an emergency, as soon as is practicable, when in the operation and maintenance of its water service facilities it is determined that a cut-off or curtailment in water deliveries to the wholesale customer will be occasioned. The Utility will undertake its best efforts to restore water deliveries, as soon as is practicable, under the specific circumstances occasioning the cut-off. The wholesale customer understands and agrees that its water supply hereunder is subject to cut-off or curtailment in the event of a water emergency being declared under El Paso's Water Conservation Ordinance or Drought and Water Emergency Management Response Plan.

L. DOCUMENTATION THAT THE REGIONAL WATER PLANNING GROUP FOR THE SERVICE AREA OF THE APPLICANT HAS BEEN NOTIFIED OF THE APPLICANT’S WATER CONSERVATION PLAN.

The service area of the County of El Paso is located within the Region E Water Planning Area and the El Paso Water Utilities has provided a copy of the Plan to the Region E Water Planning Group. The 2009 conservation plan presented to the Region E Planning Group was approved and is included on the State Water Plan.

The planning group is in process of completing the 2016 Region E Water Plan. The 50 year plan is updated every five years to include analysis of population, demand, supplies and costs. In the event, existing supplies are not enough to meet demands of the future, water management strategies are included in the plan. The 2016

will include current supplies of surface water and groundwater, reclaimed water, and conservation. New supplies to be included in the 2016 plan include: importation of water from the Dell City area, expansion of the Jonathan Rogers Surface Water plant, additional local ground water, and advanced purification of waste water effluent to meet potable supply requirements.

Exhibit A is a map showing the water and wastewater system for the El Paso Water Utilities, Water and Wastewater System descriptions can be found in the Utility Profile.

EXHIBIT A

**El Paso
Water & Wastewater System**



M. THE DROUGHT CONTINGENCY PLAN

Please see Appendix (4) - RULES AND REGULATIONS NO.17 - DROUGHT AND WATER EMERGENCY MANAGEMENT RESPONSE RULE

Trigger conditions.

The Drought and Water Emergency Management Response Rule is triggered as the result of reductions in surface water allotment from the Rio Grande Federal Reclamation Project or as a result of the inability to satisfy system water demands for any other reason. The Rule sets out response Stages based on allotment of surface water or when demand for water is projected by the Public Service Board to exceed supply. Each Stage is associated with a menu of possible response measures. Each successive Stage being from Stage I to Stage III represents a response to an increasingly severe condition and includes an increasingly stringent list of response measures. **Please refer to Appendix (4) for complete information regarding Drought and Water Emergency Management Response Rule.**

WHOLESALE WATER CUSTOMERS

In accordance with Texas Water Code Section 11.039, when necessary as determined by the EPWU, water deliveries to wholesale water customers shall be curtailed on a pro-rata basis. Every wholesale water contract entered into or renewed after adoption of this Rule, including contract extensions, shall include a provision that in the case of a drought or water emergency declaration, water to be distributed shall be divided in accordance with Texas Water Code Section 11.039.

Measures to inform and educate the public.

Involving the public in the preparation of the drought contingency plan provides an important means for education the public about the need for the plan and its content. EPWU is prepared to launch a comprehensive public campaign to notify the public regarding the different states of the drought and/or emergency situation included but not limited to television and radio spots, newspaper articles, messages on the water bill and all social media platforms as well as “message on hold” on our telephone system. z

N. ADOPTION.

There are no changes to the Drought and Water Emergency Management Response Plan (November 2002), therefore, approval by the Public Service Board is not necessary for this update.

O. REPORTING REQUIREMENTS.

Identify who will be responsible for preparing the annual report on the utility profile from TWDB-1965. Loan/Grant Recipients must maintain an approved water conservation program in effect until all financial obligations to the state have been discharge and shall **report annually** to the executive administrator of the TWDB on the progress in implementing each of the minimum requirements in its water conservation plan and the status of any of its customer’s water conservation plan required by contract. The content and format for the annual reporting is included in the forms: ***Water Conservation Plan Annual Report, TWDB-1966 for retail water suppliers, TWDB-1967 for non-water suppliers and TWDB-1969 for wholesale water suppliers.*** The final requirement is to report annually on the effectiveness of your Plan by submitting a Water Conservation Plan Annual report every year. The Annual Report (AR) is due May 1st of every year. There are three different AS form; one for retail water suppliers, one for wholesale water suppliers, and one for non-water suppliers. The AR should be submitted using the **online forms**. AR tutorials are provided to assist with submitting these forms.

Once your plan is submitted, TWDB staff will review your Plan for completeness. Additional comments or questions should be directed to wcpteam@twdb.texas.gov

For information and assistance for utilities requesting TWDB financial assistance contact:

Water Conservation Plans
Texas Water Development Board
P.O. Box 13231
Austin, Texas 78711-3231
wcpteam@twdb.texas.gov
(512) 463-7955

APPENDIX LIST

- I. 2014 Utility Profile form that was submitted to the TCEQ for El Paso Water Utilities**
- II. Current Rate Structure**
- III. City of El Paso Water Conservation Ordinance**
- IV. Rules and Regulation NO.17 – Drought and Water Emergency Management Response Rule**



Texas Commission on Environmental Quality

UTILITY PROFILE AND WATER CONSERVATION PLAN REQUIREMENTS FOR MUNICIPAL WATER USE BY RETAIL PUBLIC WATER SUPPLIERS

This form is provided to assist retail public water suppliers in water conservation plan development. If you need assistance in completing this form or in developing your plan, please contact the conservation staff of the Resource Protection Team in the Water Availability Division at (512) 239-4691.

Name: El Paso Water Utilities

Address: 1154 Hawkins El Paso, TX 79925

Telephone Number: (915) -5945407 Fax: (915) -5442539

Water Right No.(s): Texas Permit No. 1535, EPCWID #1 Permit No. 14-06-500-762

Regional Water Planning Group: Far West Texas Regional Planning Group, Region E

Form Completed by: Ruben Rodriguez

Title: Water Supply Manager

Person responsible for implementing conservation program: John E. Balliew Phone: (915) 594-5501

Signature: _____

Date: 5/1/14

NOTE: If the plan does not provide information for each requirement, include an explanation of why the requirement is not applicable.

UTILITY PROFILE

I. POPULATION AND CUSTOMER DATA

A. Population and Service Area Data

1. Attach a copy of your service-area map and, if applicable, a copy of your Certificate of Convenience and Necessity (CCN).
2. Service area size (in square miles): 250 square miles
(Please attach a copy of service-area map)
3. Current population of service area: 787,208
4. Current population served for:
 - a. Water 217,406 accounts including wholesale customers
 - b. Wastewater 202,068 accounts including wholesale customers

5. Population served for previous five years:
6. Projected population for service area in the following decades:

<u>Year</u>	<u>Population</u>	<u>Year</u>	<u>Population</u>
2009	760,249	2020	1,000,651
2010	767,091	2030	1,141,414
2011	773,995	2040	1,262,817
2012	780,961	2050	1,384,220
2013	787,208	2060	1,505,622

7. List source or method for the calculation of current and projected population size.
Years 2009 – 2013 were obtained from the Border Region Modeling Project at the University of Texas at El Paso. Figures for 2020, 2030, 2040, 2050 and 2060 were obtained from the Far West Texas Regional Growth Plan for Region E, January 2011.

B. Customers Data

Senate Bill 181 requires that uniform consistent methodologies for calculating water use and conservation be developed and available to retail water providers and certain other water use sectors as a guide for preparation of water use reports, water conservation plans, and reports on water conservation efforts. A water system must provide the most detailed level of customer and water use data available to it, however, any new billing system purchased must be capable of

reporting data for each of the sectors listed below. http://www.tceq.texas.gov/assets/public/permitting/watersupply/water_rights/sb181_guidance.pdf

1. Current number of active connections. Check whether multi-family service is counted as Residential or Commercial?

<i>Treated Water Users</i>	<i>Metered</i>	<i>Non-Metered</i>	Totals
Residential	180,297	0	180,297
Single-Family	178,209	0	178,209
Multi-Family	2,088	0	2,088
Commercial	11,367	0	11,367
Industrial/Mining	161	0	161
Institutional	2,941	0	2,941
Agriculture	0	0	0
Other/Wholesale	22,782	0	22,782

2. List the number of new connections per year for most recent three years.

<i>Year</i>	<i>Mar '11 -Feb '12</i>	<i>Mar '12 -Feb '13</i>	<i>Mar '13 -Feb '14</i>
<i>Treated Water Users</i>			
Residential	2,902	2,056	1,944
Single-Family	2,884	2,055	1,955
Multi-Family	18	0	(11)
Commercial	(155)	(952)	1,199
Industrial/Mining	2	0	(9)
Institutional	(239)	30	64
Agriculture	0	0	0
Other/Wholesale	1,970	1,180	931

3. List of annual water use for the five highest volume customers.

	<i>Customer</i>	<i>Use (1,000 gal/year)</i>	<i>Treated or Raw Water</i>
1.	Lower Valley Water District	1,828,944	Treated
2.	City of El Paso	1,725,323	Treated
3.	Federal Government	1,328,798	Treated
4.	El Paso Electric Company	1,132,746	Treated
5.	County of El Paso	517,989	Treated

II. WATER USE DATA FOR SERVICE AREA

A. Water Accounting Data

1. List the amount of water use for the previous five years (in 1,000 gallons). Indicate whether this is diverted or treated water.

<i>Year</i>	2009	2010	2011	2012	2013
<i>Month</i>					
January	2,228,324	2,191,028	2,270,331	2,264,969	2,215,928
February	2,179,825	2,021,574	2,147,359	2,199,686	2,097,126
March	3,000,943	2,756,349	3,105,746	2,824,763	2,756,935
April	3,254,007	3,170,445	3,459,099	3,441,501	3,197,430
May	3,951,803	3,788,192	3,886,246	3,790,094	3,858,167
June	4,016,543	4,405,780	4,489,931	4,365,101	4,350,764
July	4,154,573	4,000,489	4,383,575	4,026,590	3,912,802
August	4,316,389	4,177,344	4,285,448	4,309,907	3,963,299
September	3,466,885	3,623,243	3,542,979	3,542,403	3,283,506
October	3,000,330	3,062,252	3,202,663	3,181,823	3,068,964
November	2,484,740	2,455,295	2,460,665	2,545,428	2,403,431
December	2,176,546	2,283,145	2,161,274	2,325,757	2,237,316
Totals	38,230,908	37,935,134	39,395,314	38,818,020	37,345,667

Describe how the above figures were determined (e.g, from a master meter located at the point of a diversion from the source, or located at a point where raw water enters the treatment plant, or from water sales).

2. Amount of water (in 1,000 gallons) delivered/sold as recorded by the following account types for the past five years.

<i>Year</i>	Mar '09 - Feb '10	Mar '10 - Feb '11	Mar '11 - Feb '12	Mar '12 - Feb '13	Mar 13 - Feb '14
<i>Account Types</i>					
Residential	21,689,206	22,168,543	23,225,177	22,568,244	21,663,841
Single-Family	19,072,000	19,464,655	20,505,492	19,898,330	19,100,887
Multi-Family	2,617,206	2,703,888	2,719,685	2,669,914	2,562,954
Commercial	4,282,076	4,508,676	4,712,315	4,565,117	4,498,996
Industrial/Mining	1,083,637	1,223,695	1,387,122	1,810,834	1,805,988
Institutional	4,033,567	4,045,340	3,892,169	4,305,154	3,875,349

Agriculture	0	0	0	0	0
Other/Wholesale	2,425,340	2,551,375	3,371,783	3,318,601	3,305,090

3. List the previous records for water loss for the past five years (the difference between water diverted or treated and water delivered or sold).

<i>Year</i>	<i>Amount (gallons)</i>	<i>Percent %</i>
2009	2,920,000,000	7.9
2010	2,941,000,000	7.9
2011	1,811,000,000	4.7
2012	2,498,000,000	6.4
2013	2,262,000,000	6.1

B. Projected Water Demands

If applicable, attach or cite projected water supply demands from the applicable Regional Water Planning Group for the next ten years using information such as population trends, historical water use, and economic growth in the service area over the next ten years and any additional water supply requirements from such growth.

III. WATER SUPPLY SYSTEM DATA

A. Water Supply Sources

List all current water supply sources and the amounts authorized (in acre feet) with each.

<i>Water Type</i>	<i>Source</i>	<i>Amount Authorized</i>
Surface Water	Rio Grande River	15,000 acreft
Groundwater	Hueco Bolson and Mesilla Bolson	105,000 acreft
Contracts	El Paso County Water Improvement District #1 and U.S Bureau of Reclamation	Additional purchased surface water as needed.
Other	N/A	

B. Treatment and Distribution System

1. Design daily capacity of system (MGD): 214 MGD
2. Storage capacity (MGD):
 - a. Elevated 17.5 MGD
 - b. Ground 210.7 MGD

3. If surface water, do you recycle filter backwash to the head of the plant?
 Yes No If yes, approximate amount (MGD): 3 MGD

IV. WASTEWATER SYSTEM DATA

A. Wastewater System Data (if applicable)

1. Design capacity of wastewater treatment plant(s) (MGD): 96.2 MGD
2. Treated effluent is used for on-site irrigation, off-site irrigation, for plant wash-down, and/or for chlorination/dechlorination.

If yes, approximate amount (in gallons per month): 98 million gallon/month

3. Briefly describe the wastewater system(s) of the area serviced by the water utility. Describe how treated wastewater is disposed. Where applicable, identify treatment plant(s) with the TCEQ name and number, the operator, owner, and the receiving stream if wastewater is discharged.

Please see attachment C.

B. Wastewater Data for Service Area (if applicable)

1. Percent of water service area served by wastewater system: 99.0 %
2. Monthly volume treated for previous five years (in 1,000 gallons):

<i>Year</i>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<i>Month</i>					
January	<u>1,568,168</u>	<u>1,584,133</u>	<u>1,665,100</u>	<u>1,836,754</u>	<u>1,645,271</u>
February	<u>1,431,385</u>	<u>1,462,840</u>	<u>1,485,332</u>	<u>1,668,383</u>	<u>1,514,902</u>
March	<u>1,526,145</u>	<u>1,551,585</u>	<u>1,693,081</u>	<u>1,789,373</u>	<u>1,636,898</u>
April	<u>1,495,619</u>	<u>1,556,454</u>	<u>1,668,270</u>	<u>1,692,296</u>	<u>1,568,311</u>
May	<u>1,607,050</u>	<u>1,619,083</u>	<u>1,679,498</u>	<u>1,726,680</u>	<u>1,645,881</u>
June	<u>1,597,778</u>	<u>1,654,387</u>	<u>1,647,272</u>	<u>1,670,489</u>	<u>1,622,099</u>
July	<u>1,723,611</u>	<u>1,722,916</u>	<u>1,766,226</u>	<u>1,774,635</u>	<u>1,742,928</u>
August	<u>1,740,810</u>	<u>1,750,719</u>	<u>1,830,731</u>	<u>1,795,368</u>	<u>1,778,235</u>
September	<u>1,654,647</u>	<u>1,705,605</u>	<u>1,722,777</u>	<u>1,733,104</u>	<u>1,830,435</u>
October	<u>1,679,366</u>	<u>1,738,451</u>	<u>1,675,295</u>	<u>1,679,657</u>	<u>1,677,210</u>
November	<u>1,582,293</u>	<u>1,617,771</u>	<u>1,611,749</u>	<u>1,612,300</u>	<u>1,604,152</u>
December	<u>1,612,764</u>	<u>1,595,213</u>	<u>1,821,227</u>	<u>1,618,431</u>	<u>1,634,130</u>
Totals	<u>19,219,636</u>	<u>19,559,157</u>	<u>20,266,558</u>	<u>20,597,470</u>	<u>19,900,452</u>

V. ADDITIONAL REQUIRED INFORMATION

see attachments

In addition to the utility profile, please attach the following as required by Title 30, Texas Administrative Code, §288.2. Note: If the water conservation plan does not provide information for each requirement, an explanation must be included as to why the requirement is not applicable.

A. *Specific, Quantified 5 & 10-Year Targets*

The water conservation plan must include specific, quantified five-year and ten-year targets for water savings to include goals for water loss programs and goals for municipal use in gallons per capita per day. Note that the goals established by a public water supplier under this subparagraph are not enforceable

B. *Metering Devices*

The water conservation plan must include a statement about the water suppliers metering device(s), within an accuracy of plus or minus 5.0% in order to measure and account for the amount of water diverted from the source of supply.

C. *Universal Metering*

The water conservation plan must include and a program for universal metering of both customer and public uses of water, for meter testing and repair, and for periodic meter replacement.

D. *Unaccounted- For Water Use*

The water conservation plan must include measures to determine and control unaccounted-for uses of water (for example, periodic visual inspections along distribution lines; annual or monthly audit of the water system to determine illegal connections; abandoned services; etc.).

E. *Continuing Public Education & Information*

The water conservation plan must include a description of the program of continuing public education and information regarding water conservation by the water supplier.

F. *Non-Promotional Water Rate Structure*

The water supplier must have a water rate structure which is not "promotional," i.e., a rate structure which is cost-based and which does not encourage the excessive use of water. This rate structure must be listed in the water conservation plan.

G. *Reservoir Systems Operations Plan*

The water conservation plan must include a reservoir systems operations plan, if applicable, providing for the coordinated operation of reservoirs owned by the applicant within a common watershed or river basin. The reservoir systems operations plan shall include optimization of water supplies as one of the significant goals of the plan.

H. *Enforcement Procedure and Plan Adoption*

The water conservation plan must include a means for implementation and enforcement, which shall be evidenced by a copy of the ordinance, rule, resolution, or tariff, indicating official adoption of the water conservation plan by the water supplier; and a description of the authority by which the water supplier will implement and enforce the conservation plan.

I. Coordination with the Regional Water Planning Group(s)

The water conservation plan must include documentation of coordination with the regional water planning groups for the service area of the wholesale water supplier in order to ensure consistency with the appropriate approved regional water plans.

J. Plan Review and Update

A public water supplier for municipal use shall review and update its water conservation plan, as appropriate, based on an assessment of previous five-year and ten-year targets and any other new or updated information. The public water supplier for municipal use shall review and update the next revision of its water conservation plan not later than May 1, 2009, and every five years after that date to coincide with the regional water planning group. The revised plan must also include an implementation report.

VI. ADDITIONAL REQUIREMENTS FOR LARGE SUPPLIERS

Required of suppliers serving population of 5,000 or more or a projected population of 5,000 or more within ten years

A. Leak Detection and Repair

The plan must include a description of the program of leak detection, repair, and water loss accounting for the water transmission, delivery, and distribution system in order to control unaccounted for uses of water.

B. Contract Requirements

A requirement in every wholesale water supply contract entered into or renewed after official adoption of the plan (by either ordinance, resolution, or tariff), and including any contract extension, that each successive wholesale customer develop and implement a water conservation plan or water conservation measures using the applicable elements in this chapter. If the customer intends to resell the water, the contract between the initial supplier and customer must provide that the contract for the resale of the water must have water conservation requirements so that each successive customer in the resale of the water will be required to implement water conservation measures in accordance with the provisions of this chapter.

VII. ADDITIONAL CONSERVATION STRATEGIES

A. Conservation Strategies

Any combination of the following strategies shall be selected by the water supplier, in addition to the minimum requirements of this chapter, if they are necessary in order to achieve the stated water conservation goals of the plan. The commission may require by commission order that any of the following strategies be implemented by the water supplier if the commission determines that the strategies are necessary in order for the conservation plan to be achieved:

1. Conservation-oriented water rates and water rate structures such as uniform or increasing block rate schedules, and/or seasonal rates, but not flat rate or decreasing block rates;

2. Adoption of ordinances, plumbing codes, and/or rules requiring water conserving plumbing fixtures to be installed in new structures and existing structures undergoing substantial modification or addition;
3. A program for the replacement or retrofit of water-conserving plumbing fixtures in existing structures;
4. A program for reuse and/or recycling of wastewater and/or graywater;
5. A program for pressure control and/or reduction in the distribution system and/or for customer connections;
6. A program and/or ordinance(s) for landscape water management;
7. A method for monitoring the effectiveness and efficiency of the water conservation plan; and
8. Any other water conservation practice, method, or technique which the water supplier shows to be appropriate for achieving the stated goal or goals of the water conservation plan.

Best Management Practices

The Texas Water Developmental Board's (TWDB) Report 362 is the Water Conservation Best Management Practices (BMP) guide. The BMP Guide is a voluntary list of management practices that water users may implement in addition to the required components of Title 30, Texas Administrative Code, Chapter 288. The Best Management Practices Guide broken out by sector, including Agriculture, Commercial, and Institutional, Industrial, Municipal and Wholesale along with any new or revised BMP's can be found at the following link on the Texas Water Developments Board's website: <http://www.twdb.state.tx.us/conservation/bmps/index.asp>

Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, contact 512-239-3282.

V. ADDITIONAL REQUIRED INFORMATION

A. Specific, Quantified 5 & 10-Year Targets

El Paso Water Utilities current per capita use is 132 gcpd. In the 2011 Region E Plan the target goal of water conservation is to lower the per capita use to 118 gcpd by the year 2060. This is decrease in per capita use of 3 gcpd per decade. El Paso will track the per capita use. In the event, the daily use doesn't decline according to our planning goals, EPWU will consider the implementation of various water conservation incentives to lower the per capita use. Incentives used in the past include turf rebate, air conditioner conversions, low flow toilets and shower heads.

B. Metering Devices

All metering devices used in the El Paso Water Utilities system meet AWWA C702 and C702 Standards for cold water meters, NSF/ANSI 61 Standard Annex G & F, and accurate to within 5% within the designated flow range of the device. FY 13-14 meter reading accuracy was 99.96% with a goal of 99.97%, which is less than one inaccurate reading for every 1,500 meters read.

C. Universal Metering

All customers and public uses of water are metered in the El Paso Water Utilities system. Meter accuracy is maintained by ongoing testing, repairing and an aged meter replacement program. EPWU has a complete meter shop with full testing facilities.

D. Unaccounted-For Water Use

Since 2004, El Paso Water Utilities has utilized leak detection loggers on its distribution mains to detect leaks (see response in Section VI.A.) Main breaks are repaired immediately and main leaks are typically repaired within 3 days.

E. Continuing Public Education & Information

The El Paso Water Utilities open up a state-of-the-art educational facility in 2007. The Carlos M. Ramirez Tech₂O Water Resources Learning Center. The 30,450 square-foot center provides education and training opportunities to foster the understanding and appreciation of total water management in the Chihuahuan Desert. On average, the center hosts 300+ events such as school field trips, public and teacher workshops and conferences, Science Café's, and the annual water festival. More than 8,000 attendees visit the center on a yearly basis. The 16-themed exhibits include information about the wildlife and flora of the desert, Xeriscape principles, water management challenges, meeting water demands, reclaimed water, and utility water sustainability efforts.

Additionally, the El Paso Water Utilities public awareness efforts include monthly conservation messages on the back of bills, periodic bill stuffers, billboards, TV, radio, newspaper, social media messages, and displays at citywide shows, fairs, and music festivals as well as presentations to civic groups and other organizations. The Conservation Department makes presentations to those schools that can't come to the center. The presentations often include a visit by our "Willie the Water Drop" mascot. The outreach educational efforts surpass 180 presentations per year reaching more than 20,000 people.

F. Non-Promotional Water Rate Structure

Please see **Attachment D: Monthly Minimum Water Rates.**

G. Reservoir Systems Operations Plan

El Paso Water Utilities and El Paso County Water Improvement District #1 work together to effectively manage levels at Elephant Butte Reservoir.

Please see **Attachment E**: El Paso, TX Rules and Regulations No. 17: Drought and Water Emergency Management Response Rule, Section V

H. Enforcement Procedure and Plan Adoption

Please see **Attachments F** and **Attachment G**: El Paso, TX Code of Ordinances, Title 15 – Public Services; Chapter 15.13 - Water Conservation and Chapter 15.12 - Water and Sewer System

I. Coordination with the Regional Water Planning Group(s)

El Paso Water Utilities is represented in Region E (Far West Texas Regional Water Planning Group). The planning group is in process of completing the 2016 Region E Water Plan. The 50 year plan is updated every five years to include analysis of population, demand, supplies and costs. In the event, existing supplies are not enough to meet demands of the future, water management strategies are included in the plan. The 2016 will include current supplies of surface water and groundwater, reclaimed water, and conservation. New supplies to be included in the 2016 plan include: importation of water from the Dell City area, expansion of the Jonathan Rogers Surface Water plant, additional local ground water, and advanced purification of waste water effluent to meet potable supply requirements.

J. Plan Review and Update

El Paso Water Utilities reviews and updates its Water Conservation Plan to coincide with the Far West Texas Regional Planning Group, Region E and to include an Implementation Report.

VI. ADDITIONAL REQUIREMENTS FOR LARGE SUPPLIERS

A. Leak Detection and Repair

Beginning in 2004, the El Paso Water Utilities implemented a comprehensive leak detection program which has saved more than 1.80 billion gallons of water between 2004 and 2013. This program involved the installation of over 10,000 Permalog leak detection throughout the water distribution system loggers over a 6 month time period. These units are installed on the water main valves of the distribution mains and monitor the system for leaks using acoustic-based monitoring techniques. Any leaks found with these units are typically repaired within 3 days. Once a leak is exposed for repair, an estimate of the leak flow rate is made and the estimated water savings is computed based on the assumption that the leak would remain undetected for 2 years, in accordance with AWWA guidelines. These 10,000 loggers have now reached the end of their service life and are currently being replaced with 12,000 leak detection loggers from Metrotech. El Paso Water Utilities has maintained a water loss rate of less than 10% for the last 7 years, which is considered “exceptional” by AWWA standards.

B. Contract Requirements

Wholesale customers have specific instructions in their contract with regards to water conservation:

El Paso Water Utilities obligation to provide water under Contract may be limited in the same manner and to the same extent that water service is limited to other customers of the Utility, and such obligation to

supply is subject to curtailment, in accordance with all applicable local, state, and federal laws, including, without limitation, El Paso's Water Conservation Ordinance (9 15.1 3, El Paso Municipal Code), as amended, the PSB's Rules and Regulations, the PSB's Drought and Water Emergency Management Response Plan, and any other drought inangement plan, or moratorium, which may be imposed by the Texas Commission on Environmental Quality ("TCEQ"), the Utility, or the City of El Paso.

Seven (7) days written notice shall be provided by the Utility to wholesale customer, or in the event of an emergency, as soon as is practicable, when in the operation and maintenance of its water service facilities it is determined that a cut-off or curtailment in water deliveries to the wholesale customer will be occasioned. The Utility will undertake its best efforts to restore water deliveries, as soon as is practicable, under the specific circumstances occasioning the cut-off. The wholesale customer understands and agrees that its water supply hereunder is subject to cut-off or curtailment in the event of a water emergency being declared under El Paso's Water Conservation Ordinance or Drought and Water Emergency Management Response Plan.

VII. ADDITIONAL CONSERVATION STRATEGIES

A. Conservation Strategies

1. See **Attachment D: Monthly Minimum Water Rates**.
2. The city of El Paso follows the International Plumbing Code which requires water conserving plumbing fixtures to be installed in new structures and existing structures undergoing substantial modifications or addition; please see **Attachment H: El Paso, TX Code of Ordinances, Title 18 – Building and Construction; Chapter 18.20 – Plumbing Code**
3. Currently, the El Paso Water Utilities does not offer a replacement or retrofit of water-conserving plumbing fixtures in existing structures. The only incentive that EPWU has is the distribution of free low-flow shower heads.
4. The city of El Paso, under the International Plumbing Code allows for the installation of gray water systems.
5. The EPWU has a program for pressure control and reduction in the distribution system and for customer connections.
6. Currently, the city of El Paso is reviewing the city's landscape requirements that only apply to commercial sites; Please see **Attachment I: El Paso, TX Code of Ordinances, Title 18 – Building and Construction; Chapter 18.46 - Landscape**
7. EPWU measures effectiveness and efficiency of the water conservation plan by the annual per capita consumption figures and system-wide water loss report. Currently per capita use is 130 gpd.
8. El Paso Water Utilities current per capita use is 132 gcpd. In the 2011 Region E Plan the target goal of water conservation is to lower the per capita use to 118 gcpd by the year 2060. This is decrease in per capita use of 3 gcpd per decade. El Paso will track the per capita use. In the event, the daily use doesn't decline according to our planning goals, EPWU will consider the implementation of various water conservation incentives to lower the per capita use. Incentives used in the past include turf rebate, air conditioner conversions, low flow toilets and shower heads.



Texas Commission On Environmental Quality

By These Presents Be It Known To All That

El Paso Water Utilities Public Service Board

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

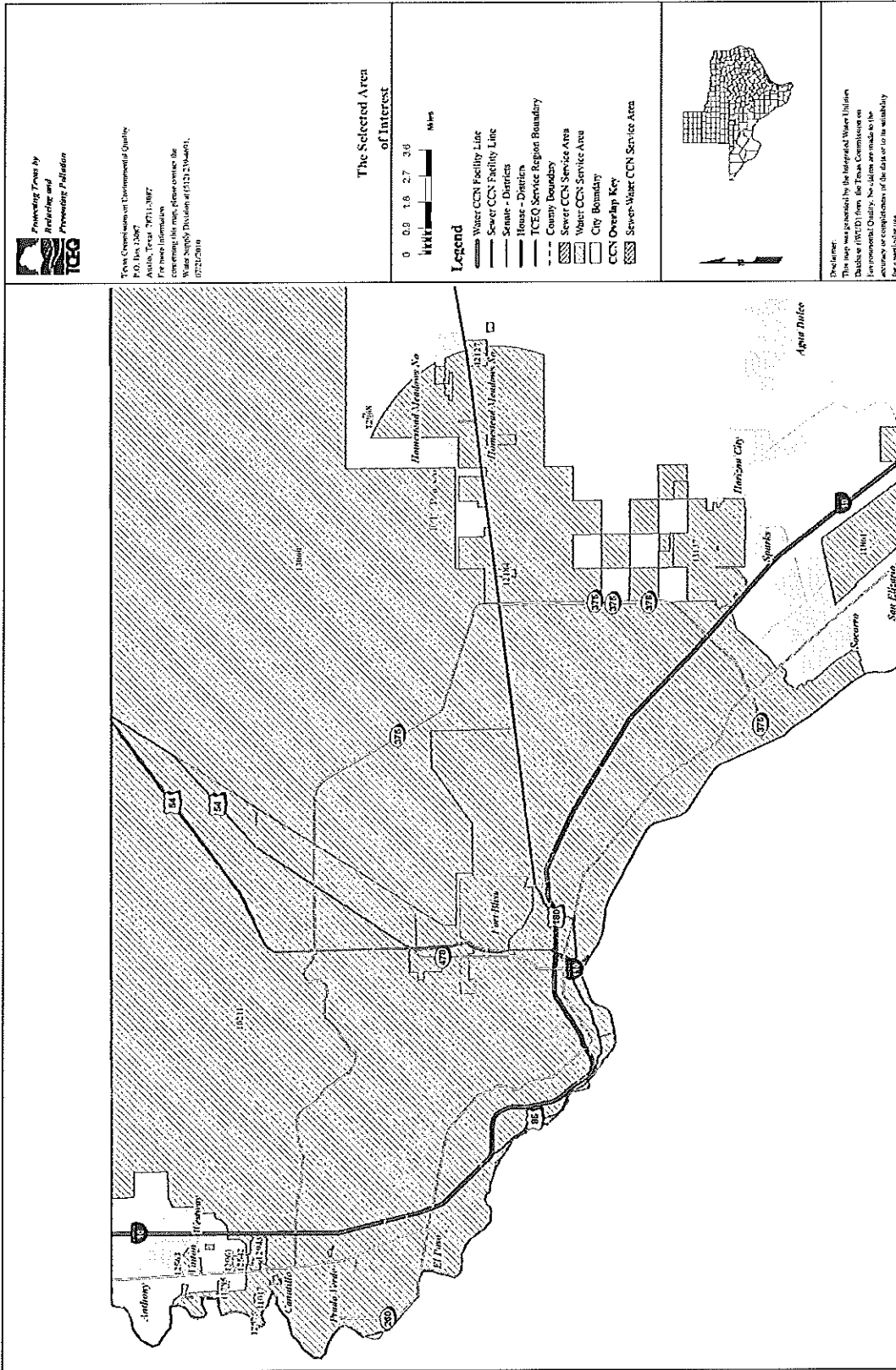
Certificate of Convenience and Necessity No. 10211

to provide continuous and adequate water utility service to that service area or those service areas in El Paso County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 35471-C is on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of El Paso Water Utilities Public Service Board to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this JUL 30 2008


For the Commission

Attachment B: EPWU Service Area Map



Attachment C

Wastewater System

Haskell R. Street Wastewater Treatment Plant

The Haskell R. Street plant was built in 1923 and is the oldest wastewater facility in El Paso. It has since undergone several expansions and upgrades, including a \$22,000,000 upgrade in 1999 to improve effluent quality and operational efficiency. This plant has won and continues to win awards for perfect compliance with regulatory permit requirements from the **National Association of Clean Water Agencies (NACWA)**. The plant has received NACWA Peak Performance Gold and Platinum Awards for perfect permit compliance. In 2004, the plant received the NACWA Platinum Award for five consecutive years of perfect permit compliance, and in 2007, the plant received the Platinum Eight award for eight consecutive years of perfect compliance. In 1994, it was selected as the Texas State and USEPA Region VI winner of the Operations and Maintenance Excellence Award, Large Advanced Plant Category.

Construction of the first phase of the Central El Paso Reclaimed Water Project was completed in 2003 and included building a 1 million gallon elevated storage tank, a pumping station, treatment filters, and about four miles of purple pipe. This project provides reclaimed water services to Modesto Gomez Park, Orchard Park, Washington Park, Lincoln Park, Bowie High School, Jefferson High School, Burleson Elementary, El Paso Zoo, and Evergreen Cemetery. In addition, Ascarate Golf Course continues to use reclaimed water. The project saves 325 million gallons of drinking-quality water annually.

The project is valued at \$9 million, which is being funded with grants from the U.S. Bureau of Reclamation, Texas Water Development Board low-interest loans, and City of El Paso Water and Sewer revenue bonds from El Paso Water Utilities.

Phase IA was constructed in 2005, adding over 6 miles of pipeline to the system. Several sites were added to the customer list and include Concordia Cemetery, 3 parks, a storm drain station, city medians and parkways. Phase IA also included the installation of a dispensing station to provide a permanent reclaimed water standpipe location. The dispensing station provides reclaimed water for construction activities, street sweeping, car washing and other nonpotable uses.

The reclaimed water project was the recipient of an Award of Merit from the WaterReuse Association in 2006.

Northwest Wastewater Treatment Plant

Serving the West side of the Franklin Mountains into the Upper Valley, this plant began operations in 1987 and has since been expanded to its current 17.5 MGD of treatment capacity. Highly treated effluent is either safely discharged into the Rio Grande or transmitted through the Northwest Reclaimed Water Distribution System. This plant has been nominated for six EPA Operations and Maintenance Excellence Awards, and in 2008 received 1st Place in the National Clean Water Act Recognition Awards for Operations and Maintenance Excellence in the Large Advanced Plant Category. It has received NACWA Peak Performance Gold and Platinum Awards for perfect compliance. In 2003, the plant received the NACWA Platinum Award for having received five consecutive Gold Awards. In 2013, the plant received the NACWA Platinum 14 Award for 14 consecutive years of perfect compliance. In 1992, the plant and its personnel were also recognized for their commitment to safety by being awarded the Water

Environment Federation's George W. Burke Award for Safety. In 2008, the plant also received the Texas State, Regional and National winner of the Clean Water Act O&M Awards Program in the Large Advanced Category.

The Northwest plant provides reclaimed water to west side customers thru a multi-phase project serving more than 300 million gallons of reclaimed water per year to a golf course, seven schools, ten parks, several condominium associations, townhomes, apartments, and residential customers for irrigation of landscapes. The system currently consists of 26 miles of "purple pipelines" in Northwest El Paso. The project is valued at \$23 million and is paid for by grants from the U.S. Bureau of Reclamation, the Texas Water Development Board and through City of El Paso Water and Sewer revenue bonds from EPWU.

Subsequent phases of the project are serving additional school grounds in Canutillo, new parks, schools and recreational areas with reclaimed water for irrigation of landscapes. The system also includes a fully automated Dispensing Station that operates continuously to provide on-demand service to water haulers for construction and other non-potable water users.

Roberto R. Bustamante Wastewater Treatment Plant

The Roberto R. Bustamante plant is the newest plant in the system and began operating in 1991 with 39 MGD capacity. Using traditional technology for treatment, it along with its neighboring water plant, the Jonathan Rogers WTP, serves east El Paso. This plant has been honored by NACWA for its perfect compliance as well. Since the plant's inception and through 2007, it has received NACWA Gold and Platinum Awards for perfect compliance. In 2002, the plant was one of 17 Platinum Award recipients in the nation for five consecutive years of perfect permit compliance. In 1994, the plant received second place in the National USEPA Operations and Maintenance Excellence Awards. In 2005, the plant won the Water Environment Association of Texas Plant of the Year Award. Effluent is discharged into either the Riverside Canal or Riverside Drain for use downstream.

The Roberto Bustamante Wastewater Plant in the Mission Valley supplies reclaimed water through 8,000 linear feet of pipe and an elevated tank to irrigation customers. The project currently provides approximately 40 million gallons of reclaimed water per year for irrigation of Mt. Carmel Cemetery, a 10-acre city-owned tree farm and street medians. Reclaimed water for construction and other non-potable uses is also available through a stand pipe located outside the plant.

Fred Hervey Water Reclamation Plant

This 10 MGD plant has won not only awards, but also worldwide attention. The plant is essentially a combined water and wastewater treatment plant, which treats wastewater to drinking water quality standards. The treated effluent from this plant is sold to El Paso Electric Company for cooling water, to the nationally renowned Painted Dunes Desert Golf Course for irrigation, Bowen Ranch, a regional city park, and the remainder replenishes the Hueco Bolson through a series of injection wells and several groundwater recharge infiltration basins. Tours are regularly provided to industry, utility, and academic representatives as one of the model plants of the system. The plant became operational in 1985 and was significantly financed with EPA assistance. The plant is also a crucial part of the EPWU plan to reduce dependence on groundwater and was featured on the internationally acclaimed PBS series "Water: The Drop of Life". The plant has received numerous awards including: the 1994 AMSA Public Information and Education Award; second place in the 1994 national USEPA Operations and Maintenance Excellence Award, No Discharge category; and the 1998 American Water Works Association's

Conservation and Reuse Award. In 1999, the plant received special recognition by El Paso Del Norte Region Mission Possible-Survival Strategies in the category "Protection and Preservation of the Environment". The plant has also been recognized by NACWA Peak Performance Gold and Platinum Awards for perfect permit compliance.

Wastewater Collection System

The Utility operates and maintains 76 lift stations and maintains over 2,230 miles of wastewater collection lines to keep the sewer system running at peak reliability and provides excellent customer service. The wastewater collection system maintenance section won the Medal of Honor for Heroism from the Water Environment Association of Texas (WEAT) in 2007 for their response to major flooding in 2006. In 2007, the wastewater lift station group was awarded the George W. Burke, Jr. award for their active and effective safety programs.

Attachment D

Monthly Minimum Water Rates

The following rates are effective with meter readings taken after February 28, 2013.

Monthly minimum charges for water service, based on size of meter with a 400 cubic feet (4CCF's) volume allowance:

Meter Size Minimum Monthly Bill

Less than 1" \$5.18

1" \$8.06

1.5" \$13.82

2" \$16.63

3" \$33.21

4" \$49.58

6" \$75.18

8" \$128.77

Charges for water service are based on the customer's average winter consumption (AWC), which is the average of the amount of water used during the previous December, January, and February billings. (Customers who have not established an AWC are assigned an AWC based on meter size for their classification.) Up to 4 hundred cubic feet (CCF) are included in the minimum charge for residential customers.

Block Charge per CCF Volume Charge

1 \$1.56 per CCF Over 4 CCF's to 150% of AWC**

2 \$3.68 per CCF Over 150% to 250% of AWC

3 \$5.27 per CCF Over 250% of AWC

Non residential customer rates to not include 400 cubic feet allotment in minimum monthly charges.

**Average Winter Consumption (AWC) is the average amount of water used during the most recent, December, January and February billing periods. Any Customer that at the time of service has not established an AWC will be assigned the class average AWC by meter size for their customer classification.

All single family residential accounts with ¾" to 2" meters who have an AWC lower than the average AWC for ¾" single family residential class will be assigned the ¾" single family residential class AWC.

Properties located outside the El Paso city limits are charged 1.15 times the rate for the same service to customers whose property is inside the city limits.

Attachment E

El Paso, TX Rules and Regulations No. 17: Drought and Water Emergency Management Response Rule

RULES AND REGULATIONS NO.17
DROUGHT AND WATER EMERGENCY MANAGEMENT RESPONSE RULE

PURSUANT TO THE AUTHORITY VESTED IN THE EL PASO WATER UTILITIES PUBLIC SERVICE BOARD, TRUSTEES, UNDER TEXAS GOVERNMENT CODE SECTION 1502.070, CITY ORDINANCE 752, PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF EL PASO, TEXAS MAY 22, 1952, 30 TEXAS ADMINISTRATIVE CODE SECTION 288.20, DROUGHT CONTINGENCY AND CHAPTER 15.13 WATER CONSERVATION OF THE EL PASO MUNICIPAL CODE; BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE CITY OF EL PASO, THAT THE FOLLOWING RULE AND REGULATION NO. 17 CONCERNING A DROUGHT AND WATER EMERGENCY MANAGEMENT RESPONSE RULE IS ESTABLISHED AND EFFECTIVE.

SECTION I GENERAL

The Drought and Water Emergency Management Response Rule for the City of El Paso and the El Paso area served by the El Paso Water Utilities Public Service Board (Public Service Board) is an integral part of the overall Water Resources Management Plan for the El Paso area in compliance with State and Local law. The City of El Paso, El Paso Municipal Code Section 15.12.010, sets out that the Public Service Board is authorized to promulgate Rules and Regulations on all subjects relevant to the operation of the City's water and sewer systems, which Rules and Regulations shall have like effect as if adopted by ordinance.

Drought is a naturally occurring climate condition in the West and has occurred in varying severity numerous times and will occur again. The purpose of Rules and Regulations No. 17 is to provide a management framework for dealing with severe drought. In addition, these Rules and Regulations will be used to manage temporary or sudden water emergencies which result in temporary loss or reduction in water or wastewater service due to other non-climate-related factors or conditions.

As El Paso becomes more dependent on the Rio Grande River as a renewable water source, it becomes more vulnerable to long-term, drought-induced water shortages. In the event surface water deliveries to water treatment plants are curtailed, water deliveries to customers may be required to be curtailed. Rules and Regulations No. 17 have as one of its major purposes to provide an equitable management framework to deal with curtailed water deliveries.

The Drought and Water Emergency Management Response Rule is triggered as the result of reductions in surface water allotment from the Rio Grande Federal Reclamation Project or as a result of the inability to satisfy system water demands for any other reason. The Rule sets out response Stages based on allotment of surface water or when demand for water is projected by the Public Service Board to exceed supply. Each Stage is associated with a menu of possible response measures. Each successive Stage being from Stage I to Stage III represents a response to an increasingly severe condition and includes an increasingly stringent list of response measures.

Although the President/CEO of El Paso Water Utilities (EPWU) may ask at any time he or she deems necessary for a voluntary reduction in water consumption by customers, the Drought and Water Emergency Response Rule is intended to provide a structured framework of responses in Stages that is available and noticed to the public in advance of the need to implement such emergency measures.

SECTION II PURPOSE

The purpose of this Drought and Water Emergency Response Rule is:

1. To provide for measured, contingency plans to manage a drought or water emergency.

2. To continue to deliver to the maximum extent possible during a drought or water emergency a cost-effective, adequate, safe and reliable supply of high quality water to the customers.
3. To identify successful public information strategies which will inform and motivate the community to reduce normal water consumption to drought allowances.
4. To evaluate water emergency and drought management practices in various similar sized cities around the United States and recommend the best practices use in El Paso.
5. To identify critical points of change which would result in an acute or long-term water outage in the service area and to establish preemptive measures to address such conditions.
6. To recommend a programmed response for each Stage which would most effectively reduce water consumption to the available supply level with the least adverse impact to El Paso Water Utilities customers.
7. To comply with local, state and federal laws for drought or water emergency contingencies.

SECTION III PUBLIC SERVICE BOARD WATER RESOURCES MANAGEMENT

Since the beginning of the 20th Century, El Paso County has relied on both surface water and groundwater wells for its municipal water supply. Currently, El Paso Water Utilities supplies approximately 90% of all water used for municipal purposes in El Paso County. Surface water is supplied from the Rio Grande Federal Reclamation Project. The Rio Grande River flows that are diverted to El Paso are primarily derived from snowmelt runoff in southern Colorado and northern New Mexico. Historically, there are also occasional flood surges associated with major storms during the summer monsoon season. Spring runoff is stored in the Elephant Butte Reservoir in southern New Mexico before releases by the Federal Bureau of Reclamation are made for irrigation and municipal uses in southern New Mexico and the El Paso area.

EPWU is a customer of the local irrigation district (El Paso County Water Improvement District No. 1) and obtains water based on its ownership of water rights land in the Rio Grande Federal Reclamation Project area and the leasing of water rights from agricultural irrigation water rights holders in El Paso County.

EPWU surface water treatment plants have a combined capacity of 100 million gallons per day. Under normal river flow conditions, the plants operate seven months during the year, i.e., during the programmed irrigation season. Currently, El Paso has water rights of about 70,000 acre feet per year from the Rio Grande Federal Reclamation Water Project.

Groundwater supplies are pumped by wells from the Mesilla Bolson and the Hueco Bolson. The Mesilla Bolson is an underground water aquifer located in the Canutillo area and is used to provide water for the western part of El Paso. The Hueco Bolson is an underground water aquifer located on the eastern side of the Franklin Mountains and is used as a primary water supply for northeast and east El Paso. Both aquifers are regional in their extent and underlie portions of New Mexico, Texas and Chihuahua, Mexico.

El Paso Water Utilities conjunctively uses surface water and groundwater to meet water demands. Based on a full Rio Grande River allotment, use of surface water will be maximized and pumping from the Hueco Bolson is minimized. Conversely, during times of protracted drought with resulting low Rio Grande River allotment, pumping from the Hueco Bolson must be maximized. This includes maximizing the use of the Kay Bailey Hutchison Desalination Plant. During a severe drought, pumping from the Mesilla Bolson will also increase.

Conjunctive use management of surface water and groundwater resources recognizes that there are limits to surface water supplies and limits to groundwater supplies. The management of local groundwater use requires

the recognition of limits with respect to the ability of local groundwater basins to supply water readily over the long term, measured in decades.

As the Regional Water Supply Planner, El Paso Water Utilities is a member of the Far West Texas Regional Water Planning Group. As a member of this group and as required by State law, EPWU prepares and updates a 50-year water plan. The plans from the various regions of the State provide an evaluation and projection of current and future populations, water demands, water supply sources, water management strategies and costs. Planning and implementation of future water supply projects will allow the City to meet future water demands. However, such projects will not negate the need for the City to reduce its water usage over time and, in some instances, mandate certain drought contingencies during times of severe drought or water emergencies.

In addition to water supply projects, it may be necessary from time-to-time for EPWU to seek variances from the Texas Commission on Environmental Quality (TCEQ) to utilize groundwater supplies that, while still potable, may not meet maximum contaminant levels for sulfate, chloride, iron, manganese or other total dissolved solids. Such measures will utilize groundwater of secondary drinking water standards, which, although the water will be safe to drink, it may not be as palatable as customers are used to.

SECTION IV NOTIFICATION, INITIATION AND TERMINATION OF DROUGHT AND WATER EMERGENCY ACTION OR STAGES

At the request of the President/CEO of El Paso Water Utilities and based on his or her assessment of the situation, the Mayor may declare a drought or water emergency in the event of any condition that significantly interrupts the ability of the Public Service Board to supply water to its customers. Initially, actions based on this declaration may include any measure the President/CEO deems necessary to respond to the drought or water emergency, to include any part of the drought and water emergency stages listed herein.

The President/CEO will be responsible for notifying the Director of the Texas Commission on Environmental Quality within five (5) days following the implementation of any mandatory water use restriction. In the event that the drought or water emergency is expected to continue for more than five (5) days, the President/CEO shall make a report to the Chair of the Public Service Board and the Mayor setting out the nature and expected severity of the drought or water emergency. The Mayor shall call a City Council meeting to have the City Council adopt the continuing use of the Rule.

During the period of time covered by the drought or water emergency, the President/CEO will implement and direct such measures as he or she may deem necessary to be taken as set forth herein to include, but not by way of limitation, the implementation of the set out Stages. Such other measures may be implemented as the President/CEO may deem necessary or appropriate to respond to the drought or water emergency to bring the emergency to a close with the minimum loss of property and due consideration for the public health and safety. The Public Service Board shall be responsible to see that all public notification and outreach education measures and activities related to the drought or water emergency and such restrictions and Stages as have been implemented shall be taken.

In a declared drought or water emergency, any combination of management response options may be used system-wide or in any section of the region as circumstances may require in the judgment of the President/CEO. Any of the measures provided for in this Rule shall be implemented conditioned that they will not adversely affect public safety, hospitals or sanitary uses.

The Public Service Board through the President/CEO will monitor the drought or water emergency and promptly recommend that the President/CEO request the Mayor declare the drought or water emergency to be concluded.

The termination of the declaration of a drought or water emergency lasting more than five (5) days shall be by the City Council resolution after receiving and reviewing a report from the President/CEO of El Paso Water Utilities.

SECTION V DROUGHT AND WATER EMERGENCY RESPONSE MANAGEMENT RULE STAGES

A. STAGE I

When El Paso County Water Improvement District No. 1 declares a surface water allotment that is less than 0.5 acre foot per acre on or before April 1 of any year, or water demand is projected to exceed available capacity as determined by El Paso Water Utilities, Stage I. will be implemented as follows:

EPWU will ask customers for a voluntary reduction in water usage and do the following:

1. Request customers to reach a voluntary reduced water use goal of 25% in indoor and outdoor use.
2. Increase public education and outreach regarding water use reduction.
3. Request all restaurants to voluntarily discontinue serving water except upon customer request.
4. Urge hotels and motels to implement water conservation measures, including the reduction of laundry water usage.
5. Request manufacturing industries using water provided by EPWU to reduce their consumption by 25%.
6. Request all other water purveyors to comply voluntarily with all drought management response measures as set forth by EPWU. However, if such have contracts, wholesale or retail, with EPWU and if such contracts have drought and water emergency provisions, they are exempt from this Stage.
7. The President/CEO shall authorize additional personnel to issue citations for violations of the Water Conservation Ordinance and the Drought and Water Emergency Response Rule, consistent with local, state and federal law.

B. STAGE II

When El Paso County Water Improvement District No. 1 declares a surface water allotment of less than 1.0 acre foot per acre after April 1 but before May 1 of any year, or there is not enough continuous release of surface water, or water demand is projected by EPWU to exceed available capacity Stage II will be implemented as follows:

All Stage I options remain in effect. Additionally:

1. Outdoor watering by commercial or residential customers will be limited to once per week in accordance with the following schedule: Watering will be permitted before 9:00 a.m. and after 7:00 p.m. for no more than two hours each day. The last number of the street address will determine the watering days for each customer based on the following schedule:

Day of the Week	Mon	Tue	Wed	Thurs	Fri	Sat	Sun
Last # of Address	No Watering	0	1,3	2,4	5	6,8	7,9

(Outdoor watering performed with a reclaimed water system is exempt. Using a bucket to water trees, shrubs and flowers is permitted. Use of household grey water is encouraged.)

2. Parks and schools served by EPWU shall water in accordance with a special permit issued by EPWU and shall reduce water consumption by a specific amount per month based on reduction targets as set by EPWU to meet basic demands. (Parks and schools irrigating with reclaimed

water are exempt.)

3. Private and municipal golf courses irrigating with potable water supplied by EPWU shall water in accordance with a special permit issued by EPWU and will reduce consumption by a specific amount per month based on reduction targets set by EPWU to meet basic demands. (Golf courses irrigating with reclaimed water are exempt.)
4. Plant, grass or tree nurseries shall water plant stock in accordance with the special permit issued by EPWU.
5. No new landscaping shall be installed or planted in the City and no new landscape watering permits will be issued except for Xeriscapes that are irrigated with reclaimed water or brackish groundwater. New landscaping watering permits shall be granted for a 7-day period for landscaping that incorporates compost in the area at the rate of 5 cubic yards per 1,000 square feet of turf.
6. All evaporative coolers that require a bleed-off system must have a restricted bleed-off line or an automatic drainage system.
7. All Water Conservation Ordinance variances are automatically suspended and no new variances will be issued.
8. Routine fire hydrant flushing and testing shall cease.
9. Existing swimming pools cannot be drained and filled with potable water supplied by EPWU after May 1. Single-family residential swimming pools must be covered when not in use.
10. Upon the second violation of any part of the Drought and Water Emergency Management Response Rule, the President/CEO may order the installation of a restriction device or downsizing of the water line or water meter at the customer's cost.
11. Restaurants shall only serve water upon request.
12. Water misters shall not be operated except by special permit for health and safety reasons.
13. Water can be used for aesthetic purposes, such as ornamental fountains, in accordance with a special permit issued by EPWU.
14. Impervious surface cleaning with potable water shall be prohibited, except where conducted by order of the City Department of Public Health, Police or Fire Department.
15. Hotels and motels must implement water conservation measures, including the reduction of laundry water usage.
16. Apartment complexes and large turf water users shall water in accordance with a special permit issued by EPWU and will reduce water consumption based on reduction targets as set by EPWU.

C. STAGE III

When El Paso County Water Improvement District No. 1 declares a surface water allotment of less than 1.5 acre foot per acre after May 1 but before May 15 of any year, or there is not a continuous release of surface water, or water demand is projected by EPWU to exceed available capacity, Stage III will be implemented as follows:

All Stage I and Stage II drought management response options shall remain in effect. Additionally:

1. All outdoor watering is prohibited, except when performed with a bucket or where reclaimed water or brackish groundwater is used.
2. The irrigation of golf courses with potable water supplied by EPWU is prohibited.

3. All car, trailer, truck or boat washing is prohibited, except in facilities certified by EPWU and displaying approved signage.
4. No swimming pools shall be filled.
5. All water use for construction, dust control and/or compaction is prohibited, except with reclaimed or brackish groundwater.
6. New water meters shall be approved for connection to the water system only as required for military expansion or use and/or high priority economic development projects, as determined by President/CEO and the Public Service Board in consultation with the Mayor and City Manager.
7. All street sweeping shall be discontinued, except that performed with reclaimed or brackish groundwater.

SECTION VI VARIANCES

Customer-specific variances may be granted in cases of hardship or special conditions. After recommendation by the Water Conservation Manager, an EPWU review board will consider a hardship or special conditions case to determine whether a particular circumstance warrants a variance. A variance shall be granted only for reasons of severe economic hardship, medical hardship or for a legitimate public health concern. A fee of \$50.00 shall be assessed per application to defray administrative costs. The fee may be waived by the review board upon the execution of an affidavit that the applicant for the variance is unable to pay any fee or is indigent.

SECTION VII WHOLESALE WATER CUSTOMERS

In accordance with Texas Water Code Section 11.039, when necessary as determined by the EPWU, water deliveries to wholesale water customers shall be curtailed on a pro-rata basis. Every wholesale water contract entered into or renewed after adoption of this Rule, including contract extensions, shall include a provision that in the case of a drought or water emergency declaration, water to be distributed shall be divided in accordance with Texas Water Code Section 11.039.

SECTION VIII ENFORCEMENT

Any person violating any provision of this Rule and Regulation No. 17 shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine as prescribed in Section 15.13.080 of the El Paso City Code.

SECTION IX DEFINITIONS

All words shall have their usual meaning unless otherwise provided for herein.

Acre-Feet or Acre-Foot:

The amount of water required to cover an acre of land to a depth of one foot and equivalent to 325,850 gallons of water.

Aesthetic Use:

The use of water for fountains, waterfalls, golf course water hazards, and landscape lakes or ponds where such use is predominately ornamental and serves no other purpose.

Automatic Drainage System:

An electric water pump driven system that periodically (every 6, 8 or 12 hours) pumps all water from an air-conditioner tank, thereby allowing the tank to be replenished with fresh water.

Available Capacity:

The projected firm capacity of the EPWU system to deliver water based on the number of wells in service,

water treatment plant production capacity and available river supplies and/or allotments, in-service booster pumping capacity impacted by equipment outages and/or other factors. The capacity is usually expressed in available million gallons per day and shall be as stated or expressed by the EPWU Water Systems Division Manager.

Bucket:

A container which holds no more than five gallons to be used singly by one person.

Existing Landscaping Plant:

A landscaping plant existing in an area after such period of time as to accomplish an establishment and maintenance of plant growth.

Greywater:

Wastewater that has not been contaminated by fecal material; examples of such include wastewater from lavatories, bathtubs, showers and other plumbing fixtures.

Impervious Surface Area:

Any structure, street, driveway, sidewalk, patio or other surface area covered with brick, asphalt paving, tile or other impervious or nonporous material.

Landscaping Plant:

Any member of the horticultural kingdom Plantae, including any tree, shrub, vine, herb, flower, succulent, ground cover or grass species that grows or has been planted outdoors for such purpose.

Landscape Watering:

The application of water to landscape trees, shrubs, plants or grass to promote the health and/or growth of existing landscape plants.

New Landscape Plant:

Any landscaping plant, shrub or tree which has been planted in or transplanted to an area after a Drought or Water Emergency has been declared.

Restriction Device:

A pipe or valve which has an orifice designed to restrict the flow of water from a water supply line through a water meter serving a customer.

Swimming Pool:

Any structure, basin, chamber, tank or large tub, including hot tubs, containing water for swimming purposes, diving or recreational bathing and having a depth of two feet or more at any point.

Water Emergency:

A water system failure due to weather, electrical or mechanical failure, contamination of source, extremely low river water allotment, or act of God or force majeure.

Xeriscape:

A landscape design concept that uses the implementation of drought-tolerant plant material or trees, efficient irrigation utilizing drip or subsurface irrigation, limited turf area with adequate soil depth, mulching of all plant beds and proper maintenance.

SECTION X APPEALS

The Property Owner or applicant for a new development has the right of appeal Pursuant to the El Paso Water Utilities Public Service Board Rules and Regulations No. 8 of any adverse determination.

SECTION XI SEVERABILITY

If any provision, paragraph, word or section of this Rules and Regulations No. 17 is invalidated by a court of competent jurisdiction, the remaining provisions, paragraphs, words or sections shall remain in full force and effect and shall be read or interpreted so as to give effect to the purpose of this Rules and Regulations as set forth in Section II.

SECTION XII SAVINGS

This Rules and Regulations No. 17 is a part of the other Rules and Regulations adopted by the El Paso Water Utilities Public Service Board, and, save and except as amended hereby, the remaining provisions of the El Paso Water Utilities Public Service Board's Rules and Regulations shall remain in full force and effect.

SECTION XIII EFFECTIVE DATE

This Rules and Regulations No. 17 shall be and become effective from and after its adoption hereby and shall remain in effect until otherwise amended by the El Paso Water Utilities Public Service Board or operation of law.

PASSED, APPROVED and ADOPTED RULES AND REGULATIONS NUMBER 17 CONCERNING DROUGHT AND WATER EMERGENCY RESPONSE RULE at a regularly scheduled meeting of the El Paso Water Utilities Public Service Board, this 14th day of March, 2012, at which meeting a quorum was present, said meeting being held in accordance with the provisions of V.T.C.A., Government Code, Sections 551.001 et. seq.

EL PASO WATER UTILITIES
PUBLIC SERVICE BOARD

Edward Escudero, Chair

ATTEST:

APPROVED AS TO FORM:

Richard T. Schoephoerster, P.E., PhD.
Secretary-Treasurer

Robert D. Andron
General Counsel

Attachment F

El Paso, TX Code of Ordinances, Title 15 – Public Services; Chapter 15.13 - Water Conservation

El Paso, Texas, Code of Ordinances >> Title 15 - PUBLIC SERVICES >> Chapter 15.13 - WATER CONSERVATION >>

Chapter 15.13 - WATER CONSERVATION

Sections:

- 15.13.005 - Definitions.
- 15.13.010 - Water conservation compliance.
- 15.13.020 - Mandatory compliance—Lawn and landscape watering.
- 15.13.030 - Nonessential water use restrictions.
- 15.13.040 - Declaring of nuisance of exist.
- 15.13.050 - Large and very large users.
- 15.13.060 - Variances and permits.
- 15.13.070 - Appeal to public service board and city council.
- 15.13.080 - Penalty.
- 15.13.090 - Other enforcement action.
- 15.13.100 - Exceptions to enforcement.
- 15.13.110 - Issuance of citations.
- 15.13.120 - Water emergency—Restriction of water use.
- 15.13.130 - Turf grass prohibited.
- 15.13.140 - Drought and water emergency management response plan.

15.13.005 - Definitions.

All definitions contained in Section 15.12.005, Definitions, of Chapter 15.12 "Water and Sewer System" are incorporated into this chapter by reference.

(Ord. 14805 (part), 2001)

15.13.010 - Water conservation compliance.

No person who uses water from the city water supply system, the management and control of which the city council delegated to the El Paso water utilities public service board (public service board) by Ordinance No. 752, shall make, cause, use or permit the use of water received from the public service board for residential, commercial, industrial, agricultural, governmental or any other purposes in a manner contrary to any provisions of this chapter. Provided further, that no person shall make, cause, use or permit the use of water in a manner contrary to Section 15.12.075 of the city code or Section 15.13.040 of this chapter, regardless of whether that water is received from the El Paso water utilities public service board. When used in this chapter, the terms "commercial," "industrial," and "residential" shall have the meaning and usage consistent with the usage of those terms under Title 20, Zoning, of the city code.

(Ord. 14805 (part), 2001; Ord. 10503 § 2 (part), 1991)

15.13.020 - Mandatory compliance—Lawn and landscape watering.

The following mandatory restrictions shall apply to all customers of, or persons who use or receive water from the public service board:

- A. All outdoor irrigation of grass, trees, plants or other vegetation on residential and commercial property on the side of the street on which building addresses are even numbered, may be done only Tuesdays, Thursdays and Saturdays; and on the side of the street on which buildings are odd numbered, such vegetation may be irrigated only on Wednesdays, Fridays and Sundays. In case of corner buildings having both odd and even numbers, the number carried on the books of the public service board shall control.
- B. All outdoor irrigation of grass, trees, plants or other vegetation on industrial properties, parks, golf

courses, schools and cemeteries may be permitted only on Mondays, Wednesdays and Fridays. All other properties, not falling within the industrial classifications described in this subsection, shall be considered residential and shall be watered in accordance with the requirements of subsection A of this section.

- C. From April 1st to September 30th, all outdoor irrigation of vegetation is prohibited between the hours of ten a.m. and six p.m.
- D. The review board of the public service board shall have the authority to review special situations and hardship cases upon application of any person in accordance with the procedures set forth in Section 15.13.060 of this chapter.

(Ord. 14805 (part), 2001; Ord. 10942 § 2, 1992; Ord. 10503 § 2 (part), 1991)

15.13.030 - Nonessential water use restrictions.

The following restrictions shall apply to all customers of or persons who use or receive water from the public service board:

- A.
 - 1. The washing of automobiles, trucks, trailers, boats, airplanes and other types of mobile equipment shall be done only with a hand-held bucket or a hand-held hose equipped with a shut-off nozzle that completely shuts off the flow of water, even if left unattended. This restriction does not apply to the washing of the above-listed vehicles or mobile equipment when conducted on the premises of a commercial car wash or a commercial service station. When used in this chapter, "bucket" means a bucket or other container holding five gallons or less;
 - 2. The washing of automobiles, trucks, trailers, boats, and other types of mobile equipment for fund-raising purposes must be conducted at a commercial car wash.
 - 3. Prior to connection of water service to any commercial car wash issued building permits for construction after June 1, 2002, a certification shall be provided to the El Paso Water Utilities that the car wash uses no more than fifty gallons of water per vehicle washed. Absent such certification, no water service will be provided.
- B. The following uses of water are defined as "wasting water" and are absolutely prohibited:
 - 1. Irrigating any turf grass, tree, plant, or other vegetation, or otherwise utilizing the city water supply system to permit or cause water to pond, or to flow, spray or otherwise move or be discharged from the premises of any person responsible for any property within the corporate limits of the city, or which receives water from the public service board to or upon any street, alley, gutter or ditch, or other public right-of-way, or into a storm water drainage system or facility;
 - 2. Failing to repair a leak within five working days of the discovery of same;
 - 3. Washing sidewalks, driveways, parking areas, tennis courts, patios or other impervious surface areas with a hose, except in emergencies to remove spills of hazardous materials or to eliminate dangerous conditions which threaten the public health, safety, or welfare. "Impervious surface area" means any structure, street, driveway, sidewalk, patio or other surface area covered with brick, paving, tile or other impervious or nonporous material.
- C. When referred to in this subsection, "swimming pool" shall mean any portable or permanent structure containing a body of water twenty-four inches or more in depth and containing one thousand one hundred twenty-two gallons or more of water and intended for recreational purposes, including a wading pool and as more fully defined under Sections 20.02.1064 and 20.02.1066 of the City Code. All swimming pools, which are constructed after the effective date of the ordinance codified in this chapter, must be equipped with filtration, pumping and recirculation systems. All existing swimming pools not equipped with such shall, within five years of April 1, 1991, be converted to filtration, pumping and recirculation systems, unless the review board, upon application of the pool owner or operator for a variance under Section 15.13.060 of this chapter, grants such a variance or extension of time. It is unlawful to drain swimming pools into the street, alley, gutter or other public right-of-way, ditch, or storm water drainage system or facility. Swimming pools may be drained into the sanitary sewer system only in coordination with El Paso Water Utilities' Wastewater System Division Manager.
- D. New or replacement bleeder lines from evaporative coolers shall not be larger than one eighth-inch

inside diameter. Bleeder lines shall be conducted outside and discharged so that the effluent can be used for water landscaping and other outdoor vegetation, except where this would be impractical or unfeasible.

- E. No person shall use water for non-residential single pass cooling or heating purposes unless the water is reused for other purposes. "Single pass cooling or heating" means the use of water without recirculation to increase or decrease the temperature of equipment, a stored liquid or a confined airspace.

(Ord. 15106 § 1, 2002; Ord. 14805 (part), 2001; Ord. 10505 § 2 (part), 1991)

(Ord. No. 17393, § 9, 8-24-2010, eff. 9-1-2010)

15.13.040 - Declaring of nuisance of exist.

The flow of produced water from property into streets, alleys, gutters, and other public rights-of-way, ditches, or into a stormwater drainage system or facility is contrary to the public health, safety and welfare of the citizens of El Paso and is therefore declared to be a nuisance. "Produced water" shall have the same meaning as set forth in Section 15.12.005 (A) of the City Code. Both the city attorney's office and the attorney for the public service board are authorized to take legal action to abate such a nuisance, including but not limited to seeking injunctive relief. This authorization to seek injunctive relief, or other legal action to abate such a nuisance shall not preclude prosecution for a violation of this chapter.

(Ord. 14805 (part), 2001; Ord. 10503 § 2 (part), 1991)

(Ord. No. 17393, § 10, 8-24-2010, eff. 9-1-2010)

15.13.050 - Large and very large users.

- A. For the purpose of this section, a large water user is defined as "any person who uses an average of ten thousand gallons per day or more from the water supply system under the management and control of the public service board." A very large water user is defined as "any person who uses an average of one hundred thousand gallons per day or more from the water supply system under the management and control of the public service board."
- B. All new very large water users, or existing very large water users, who apply for new service or an expansion of an existing service shall obtain approval from the public service board before being permitted to connect to the system or to expand within the system. Such large water users shall submit a water conservation plan to the Water Conservation Manager which contains a water use justification report that relates the water consumption to recycling potential and meets the requirements of subsection C of this section. The water conservation manager shall submit a recommendation, based upon this submittal to the public service board which shall render its decision within thirty days of the receipt of the recommendation from the water conservation manager. The water conservation manager shall review all water conservation plans submitted to determine whether the plan meets the requirements of this section. The public service board may approve the application for service with or without conditions, deny the application, or take any other action consistent with the policies expressed in this chapter.
- C. All large water users who use more than an average of twenty-five thousand gallons per day shall prepare and submit to the water conservation manager, within six months of April 1, 1991, a water conservation plan, in accordance with this section as a condition for continued use or new service. All large water users, who use more than an average of ten thousand gallons per day but less than twenty-five thousand gallons per day, shall prepare and submit to the water conservation manager, within one year of April 1, 1991, a water conservation plan, in accordance with this section as a condition for continued use or new service. The water conservation plan must demonstrate that reasonable diligence will be used to avoid waste and achieve water conservation. The water conservation plan shall include techniques and technologies that will reduce the consumption of water, reduce the loss or waste of water, improve the efficiency in the use of water, or increase the recycling and reuse of water. All conversion to recycling and reuse of water, if required, shall be accomplished within five years from the date of submittal of the water conservation plan. The water conservation manager may require additional information to be submitted which he/she deems necessary. If the water conservation plan demonstrates that the large water user will use reasonable diligence to avoid

waste and achieve water conservation, the water conservation manager shall approve the plan. All approved water conservation plans shall be revised every five years. A fee of twenty-five dollars per plan submittal shall be assessed to defray administrative costs.

- D. In considering approval of a water conservation plan, the water conservation manager and the public service board shall consider the climatic conditions, best management practices, best available techniques and technologies, the financial capacity of the applicant, and any other such factors which affect the policy of the city as expressed in the water resource management plan or the conservation policy of the State of Texas, as expressed in Section 1.003 of the Texas Water Code or applicable water conservation regulations providing for the conservation and development of the state's water resources adopted by the Texas Commission on Environmental Quality.
- E. Any person whose water conservation plan is disapproved by the water conservation manager may appeal the decision to the review board, the public service board and the city council in accordance with the procedure set forth in Sections 15.13.060 and 15.13.070 of this chapter.

(Ord. 16822 § 1 (part), 2008; Ord. 14805 (part), 2001; Ord. 10503 § 2 (part), 1991)

15.13.060 - Variances and permits.

- A. Owners of newly seeded or sodded turf grass and landscaping and new residential and commercial developments may receive a landscape watering permit upon application and approval by the water conservation manager allowing for daily watering of the same until the turf grass and landscaping are established, which shall not exceed thirty days.
- B. The planning and development manager, water supply manager and general manager of the public service board, or his designee, shall be immediately established as a review board to review hardship and special cases which cannot fully comply with the provisions of this chapter after recommendation by the water conservation manager. The review board will review hardship or special cases to determine whether a particular case warrants a variance or permit and shall hear appeals from any person whose water conservation plan is rejected by the water conservation manager. The review board shall consider the facts of each case separately and decide whether to grant a variance or permit within ten working days of the receipt of a properly completed "Application for Variance/Permit" form which shall be developed by the water conservation manager. A variance shall be granted only for reasons of economic hardship, medical hardship, or if there is a legitimate public health or safety concern that will be promoted or fulfilled as a result of granting the permit or variance. An "economic hardship" is defined as a threat to an individual's or business' primary source of income, and where not granting the variance would result in material structural damage to the person's property. A "medical hardship" is defined as a situation where it is determined that a person's ill health or medical condition requires a dependency upon others to water or irrigate. Under no circumstances shall inconvenience or the potential for damages of landscaping be considered an economic hardship or significant damage to property which justifies a variance. The review board shall authorize only the implementation of equitable water use restrictions which further the intent of the public service board's water conservation plan. Any special water use restrictions authorized by the review board in each hardship or special case shall be set forth on the face of the variance or the permit. A fee of twenty-five dollars shall be assessed per application to defray administrative costs. The fee may be waived upon the execution of an affidavit stating that applicant for the variance is unable to pay the fee and such affidavit shall be sworn before a notary public. Final determination of an applicant's inability to pay shall be made by the water conservation manager.
- C. A variance or permit issued under this section expires under its own terms and conditions, but in no event shall a variance or permit be issued for a period of more than five years from the date of issuance. Any person issued a variance or permit must fully comply with all the provisions of this chapter as an express condition of that person's variance or permit.
- D. Any person who is issued a variance or permit and uses water supplied or delivered by the public service board shall provide proof of such variance or permit upon demand by any person authorized to enforce this chapter. Upon conviction of violating any provision of this chapter, the review board may revoke or suspend any permit or variance previously granted. Provided, however, the review board shall notify the permittee of the proposed revocation five working days before taking such action, and if within that time the permittee

requests a hearing in writing, the permittee shall be given an opportunity to be heard by the review board prior to taking such action.

- E. No prosecution for a violation of any provision of this chapter may be suspended for the sole purpose of allowing a person to obtain a variance or permit.

(Ord. 14805 (part), 2001; Ord. 10942 § 3, 1992; Ord. 10503 § 2 (part), 1991)

15.13.070 - Appeal to public service board and city council.

- A. Any person who applies for a permit or variance under Section 15.13.060 and is denied such permit or variance by the review board, or whose permit or variance is revoked or suspended by the review board, or whose water conservation plan is disapproved by the review board, may appeal the decision of the review board by filing an intention to appeal in writing with the general manager of the public service board within five working days of the review board's decision. If a proper appeal is timely filed, the public service board will hear the appeal within thirty days of the time the appeal is filed with the general manager. The public service board may take any action it deems necessary with regard to the appeal including denying same, granting same, or granting the requested permit or variance with conditions, or approving the water conservation plan. The decision of the review board shall be final and binding if there is no timely filing of an appeal in accordance with this section.
- B. Any person, whose appeal to the public service board is denied, may appeal the decision of the public service board by filing an intention to appeal in writing with the city clerk within five working days of the public service board's decision. If a proper appeal is timely filed, the city council will hear the appeal within thirty days of the time the appeal is filed with the city clerk. The city council may take any action it deems necessary with regard to the appeal including denying same, granting same or granting the requested permit or variance with conditions, or approving the water conservation plan. The decision of the city council shall be final and binding. The decision of the public service board shall be final and binding if there is no timely filing of an appeal in accordance with this section.

(Ord. 14805 (part), 2001; Ord. 10503 § 2 (part), 1991)

15.13.080 - Penalty.

Any person who violates any of the provisions of this chapter shall be deemed guilty of a misdemeanor and upon conviction, shall be punished by a fine not less than fifty dollars and not to exceed five hundred dollars. The violation of each provision of this chapter, and each separate violation thereof, shall be deemed a separate offense and shall be punished accordingly.

(Ord. 14805 (part), 2001; Ord. 10503 § 2 (part), 1991)

15.13.090 - Other enforcement action.

Nothing contained in Section 15.13.080, or any other provision of this chapter, shall prevent either the public service board or the city from seeking compliance with or enforcement of this chapter, from seeking injunctive relief in a court of competent jurisdiction, or from utilizing any other civil or equitable remedy to enforce the provisions of this chapter. Both the city attorney's office and the public service board's attorney are authorized to institute injunctive relief or any other civil action deemed necessary to enforce compliance with the provisions of this chapter. The public service board's attorney has no authority for criminal enforcement under this chapter.

(Ord. 14805 (part), 2001; Ord. 10503 § 2 (part), 1991)

15.13.100 - Exceptions to enforcement.

The following shall constitute exceptions from compliance with the provisions of this chapter:

- A. The water is a result of natural events such as rain or snow;
- B. The flow is a result of temporary failures or malfunctions of the water supply system;
- C. The flow is a result of water used for firefighting purposes including the inspection and pressure testing

- of fire hydrants or the use of water for firefighting training activities;
- D. The use of water is required for the control of dust or the compaction of soil as may be required by this code;
 - E. The water is used to wash down areas where flammable or otherwise hazardous material has been spilled and creates a dangerous condition;
 - F. The water is used to prevent or abate public health, safety or accident hazards when alternate methods are not available;
 - G. The water is used for routine inspection or maintenance of the water supply system;
 - H. The water is used to facilitate construction within public right-of-way in accordance with the requirements of the city and good construction practices;
 - I. The use of water is permitted under the terms of a variance, permit or compliance agreement granted by the review board or the public service board;
 - J. The water that is used for street sweeping, sewer maintenance or other established utility and public works practices;
 - K. Watering contrary to the even/odd watering requirements, under Sections 15.13.020(A) and 15.13.020(B), and from the time of day watering requirements under Section 15.13.020(C), may be permissible for one day only where application of chemicals requires immediate watering to preserve an existing lawn. In cases of commercial application, a receipt from a commercial lawn treatment company indicating the date of treatment, the address of the property treated, the name and address of the commercial contractor, and the chemical treatment required shall constitute evidence that the owner or person responsible for the property is entitled to this exception. Where treatment with a noncommercial application of chemicals requires immediate watering to preserve an existing lawn, the owner or person responsible for the property must contact the water conservation department prior to the application of chemicals and provide evidence satisfactory to the water conservation manager for approval of this exception;
 - L. Outdoor irrigation necessary for the establishment of newly seeded or sodded turf grass and landscaping in new residential and commercial developments;
 - M. Plants which cannot be kept alive without daily watering may be permitted to be watered from a bucket but not from the use of a hose on the days when watering is prohibited.

(Ord. 14085 (part), 2001: Ord. 10942 § 4, 1992; Ord. 10503 § 2 (part), 1991)

15.13.110 - Issuance of citations.

The water conservation manager or designee, or any other personnel authorized to issue class C misdemeanor citations are authorized to issue citations for violations of this chapter.

(Ord. 14805 (part), 2001: Ord. 13152 § 129, 1997: Ord. 10503 § 2 (part), 1991)

15.13.120 - Water emergency—Restriction of water use.

The general manager may implement the following additional restrictions and regulations curtailing water use upon the declaration of a water emergency by the mayor upon recommendation of the public service board:

- A. Prohibit all restaurants from serving water to their customers except when specifically requested by the customer;
- B. Prohibit the operation of any ornamental fountain or similar structure;
- C. Suspend the issuance of all variances or permits hereunder;
- D. Prohibit the filling, refilling or adding of water to all swimming pools;
- E. Prohibit the washing of all vehicles and equipment except upon the premises of a commercial car wash;
- F. Require that the washing of motor vehicles, airplanes, boats or other types of mobile equipment, upon the immediate premises of a commercial car wash or a commercial service station, shall occur only

between the hours of twelve noon and five p.m.

The mayor may declare a water emergency in case of a severe drought, in the event of any condition which interrupts the ability of the public service board to supply water, where curtailment of the use of water is necessary due to war, a natural disaster, to protect the public health, safety or welfare, or to preserve the water supply. In the event such water emergency is to continue for more than five days, such measures must be passed by resolution by majority of city council in order for the declaration of emergency to continue beyond the initial five day period. During such a water emergency, the general manager may impose any additional restrictions on the use of water from the city's water supply system in all or in any part of the city as the city council may authorize.

(Ord. 15106 § 3, 2002: Ord. 14805 (part), 2001: Ord. 10503 § 2 (part), 1991)

15.13.130 - Turf grass prohibited.

- A. Turf grass is prohibited in all parkways, narrow strips of land and sloped areas within new residential or commercial sites for which a building permit is issued after June 1, 2002, unless irrigated with sub-surface irrigation. For purposes of this section, "sloped areas" means an area with a slope ratio of one to three or greater from the horizontal. "Sub-surface irrigation" means a low pressure irrigation system installed below the surface of the ground or mulch, consisting of a water distribution system equipped with pre-installed water emitters that are rated by gallons per hour, and that is suitable for turf grass irrigation.
- B. Turf grass for residential sites after June 1, 2002, shall not be used for more than fifty percent of the total area to be landscaped (front and back yard).
- C. Turf grass for commercial sites after June 1, 2002, shall not be used for more than thirty-three and one-third of the total area to be landscaped (front and back yard).

(Ord. 15106 § 2, 2002: Ord. 14805 (part), 2001)

15.13.140 - Drought and water emergency management response plan.

It shall be unlawful to violate the imposed provisions of the drought and water emergency management response plan, dated November, 2002, after the declaration of a drought or water emergency and imposition of restrictions in accordance with the plan.

(Ord. 15375, 2003: Ord. 14805 (part), 2001)

Attachment G

El Paso, TX Code of Ordinances, Title 15 – Public Services; Chapter 15.12 - Water and Sewer System

Chapter 15.12 - WATER AND SEWER SYSTEM

Sections:

- 15.12.005 - Definitions.
- 15.12.010 - Rules and regulations.
- 15.12.020 - Unauthorized interference with mains.
- 15.12.030 - Storm drain work—Permit required.
- 15.12.040 - Storm drain construction—Permit required.
- 15.12.050 - Storm drain work or construction permit—Application—Contents—Fee—Issuance.
- 15.12.055 - Discharge to storm sewer system from treatment of petroleum fuel contaminated waters.
- 15.12.060 - Ordering removal or alteration of unauthorized work.
- 15.12.070 - Water contamination in vicinity of water treatment plant.
- 15.12.075 - Permitting flow of water onto public rights-of-way unlawful.
- 15.12.120 - Penalty.
- 15.12.120-1 - Civil penalty.
- 15.12.120-2 - Enforcement by public service board.
- 15.12.130 - Issuance of citations.

15.12.005 - Definitions.

For the purpose of this chapter, and Chapter 15.13, the following definitions apply:

- A. "Produced water" means any water that is supplied by a public or private water system or that is pumped from the ground or diverted from the flows of the Rio Grande.
- B. "Public right-of-way" means a paved or unpaved street, alley or other public easement, including the sidewalk, parkway, curb, gutter or ditch of any street, alley or other public easement.
- C. "Responsible party" means the owner, manager, supervisor, person whose name is on the water bill, person whose signature is on the water service contract, person who receives the water bill, or person in charge of the property, facility or operation during the period of time the violation is observed.
- D. "Water flowing" from a property means and includes:
 - 1. Water applied for irrigation of landscaping when the application of the water or the device used for applying the water is such that allows a portion of the water to leave the property and enter a public right-of-way;
 - 2. When water used for washing of hard surfaces, vehicles or other objects is used in such a manner that all or a portion of the water so used flows from the property into such public right-of-way; and
 - 3. When water is used on a property for any other purpose in such a manner that a portion or all of the water leaves the property and enters a public right-of-way.
- E. "Public service board rules and regulations" means rules and regulations promulgated by the public service board pursuant to Section 15.12.010, a certified copy of which shall be authenticated by the signature of the mayor and the city clerk and made a public record by resolution of city council and on file in the city clerk's office as provided for in Section 3.13 of the city charter.

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F. "Shut-off nozzle" means a device attached to the end of a hose that completely shuts off the flow of water, even if left unattended.

G. "Fugitive water" means the pumping, flow, release, escape or leakage of any water from any pipe, valve, faucet, connection, diversion, well or any facility for the purposes of water supply, transport, storage, disposal or delivery onto adjacent property or the public right-of-way.

H. "Turf grass" means a surface of earth containing mowed grass with its roots. Examples are: Annual bluegrass, Kentucky bluegrass, Perennial rye grass, Red fescue, and Tall fescue are cool-season grasses. Common Bermuda grass, Bermuda Hybrids, St. Augustine grass, Zoysia grass and Buffalo grass warm-season grasses.

(Ord. 14805 (part), 2001: Ord. 10240 § 1, 1990; Ord. 8391 (part), 1985: prior code § 23-32)

15.12.010 - Rules and regulations.

The public service board is authorized to promulgate rules and regulations on all subjects relevant to the operation of the city's water and sewer systems, which rules and regulations shall have like effect as if adopted by ordinance.

(Ord. 14805 (part), 2001: prior code § 23-1)

15.12.020 - Unauthorized interference with mains.

Any person, except an employee or agent of the department of water and sewerage of the city, who shall cut, damage or make any connection with any city water main or sewer main shall be deemed guilty of a misdemeanor and punished as provided in Sections 1.08.010 through 1.08.030.

(Ord. 14805 (part), 2001: prior code § 23-2)

15.12.030 - Storm drain work—Permit required.

No person shall fill, improve or create any obstruction to, or interference with, any ditch or natural drainage channel that will in any manner obstruct the flow of water or change the direction, volume or force of water discharged through such ditch or drainage channel carrying stormwater, except upon the issuance of a permit from the city engineer.

(Ord. 14805 (part), 2001: Ord. 13152 § 125, 1997: prior code § 23-3)

(Ord. No. 17393, § 7, 8-24-2010, eff. 9-1-2010)

15.12.040 - Storm drain construction—Permit required.

No person shall construct, reconstruct, alter, repair or install any drainage structure in any ditch or natural drainage channel carrying stormwaters except on the issuance of a permit by the city engineer.

(Ord. 14805 (part), 2001: prior code § 23-4)

(Ord. No. 17393, § 7, 8-24-2010, eff. 9-1-2010)

15.12.050 - Storm drain work or construction permit—Application—Contents—Fee—Issuance.

A. Any person desiring to obtain a permit required under Sections 15.12.030 or 15.12.040 shall file

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with the city engineer a written application containing the following information:

1. The name and address of the applicant;
2. The place where such construction, reconstruction, repair, alteration or installation of a structure is to take place; or where a drainage course is to be obstructed, filled, improved or changed;
3. The type of construction and materials to be used in such construction, reconstruction, repair, alteration or installation of the proposed drainage structure, or the manner in which the drainage channel or ditch is to be filled, obstructed or improved;
4. A plan of the proposed work prepared by a professional engineer registered in the state;
5. A verification number confirming that the applicant has contacted a "one call" notification system servicing the area as required by this chapter. Applicant shall pay a filing fee of twenty dollars, which is assessed to pay part of the cost of enforcing Sections 15.12.030 through 15.12.060

B. If the city engineer finds that the proposed structure, fill, obstruction, alteration or improvement will not interfere with the natural flow of stormwaters so as to damage other property, and will not create or increase any hazard thereto, he shall issue a permit to do the proposed work in the manner specified in the application and plan, or amendments thereto which he may require in the interest of safety; otherwise he shall refuse the permit. A permit may be denied for the failure of the applicant to contact a "one call" notification system servicing the area and to provide a verification number confirming that such a "one call" notification system has been contacted by the applicant. This requirement however, shall create no duty, express or implied, on the part of the city to verify that such a "one call" has been made by the applicant.

(Ord. 15654 § 1, 2004; Ord. 14805 (part), 2001; Ord. 13152 § 126, 1997; Ord. 11708 § 1, 1993: prior code § 23-5)

(Ord. No. 17393, § 7, 8-24-2010, eff. 9-1-2010)

15.12.055 - Discharge to storm sewer system from treatment of petroleum fuel contaminated waters.

A. Permit Required. Where discharge of petroleum-contaminated water to the city storm sewer system is proposed, a petroleum-contaminated water discharge permit (discharge permit) shall be required. A petroleum-contaminated water discharge permit shall be required for each discharge location. If additional discharges are requested for the same location subsequent to a permit having been issued, a new discharge permit application shall be required.

B. Period of Validity of Permit. A discharge permit issued under the provisions of this section shall expire within twelve months of the date of issuance of the permit. Two twelve-month extensions for completion of the work may be granted by the city engineer, provided that a written request for extension is submitted no later than thirty days before the expiration of the permit. The permit shall become void and a new permit application shall be required after expiration of the permit or permit extension.

C. Permit Fee.

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1. A petroleum-contaminated water discharge permit application shall be accompanied by a one hundred twenty-five dollar application fee. Such fee shall be to defray the costs of processing such applications and shall be nonrefundable. The application fee shall be paid to the city cashier through the city engineering department.

2. If any person discharges petroleum-fuel contaminated waters into the city storm sewer system without first having obtained a discharge permit, a discharge permit shall be required subject to a late application fee of two thousand seventy-five dollars. In cases where an emergency is declared by a competent authority, and where the city is properly notified through the emergency 911 system or through a facsimile to the city engineer, a late application fee shall not be assessed for work commenced prior to issuance of a discharge permit.

D. Permit Contents. The discharge permit application shall be submitted to the city engineer and shall include the following information:

1. A copy of the discharge approval by the Texas Commission on Environmental Quality;

2. A site map of the proposed discharge location;

3. A narrative to include the following:

a. Description of the need for the discharge,

b. Rate of discharge in cubic feet per second, and

c. Duration of discharge;

4. A detailed construction plan to include splash pads;

5. Effluence limitations and water analysis, to include the minimum monitoring requirements as specified in Title 31 Texas Administrative Code Section 321.135. The applicant shall be required to provide copies of the discharge permit application and accompanying information to the director of the department of environmental services.

E. Permit Issuance.

1. Upon verification by the applicant that the above-described information has been provided to the director of the department of environmental services, the application shall be accepted for processing.

2. When the discharge requires construction, it shall be the responsibility of the applicant to obtain clearance from all affected utility agencies prior to start of construction. When construction is to be within public right-of-way, the applicant shall meet the insurance requirements of Section 13.16.010 and the bond requirements of Section 13.08.030 of this code.

F. Exception to Permit Requirement. A petroleum-contaminated water discharge permit shall not be required where discharges of petroleum-contaminated water into the city storm sewer system is associated with a city public works project under the direction of the director of public works. Provided, however, that all other requirements of this section and of other city, state and federal regulations shall be observed, expressly including the notification procedures to the Texas Commission on Environmental Quality and the city-county health district.

(Ord. 16822 §§ 1 (part), 2, 2008; Ord. 15657, 2004; Ord. 14805 (part), 2001; Ord. 13152 § 127, 1997; Ord. 11144 § 1, 1992)

(Ord. No. 17393, § 8, 8-24-2010, eff. 9-1-2010)

15.12.060 - Ordering removal or alteration of unauthorized work.

If any work for which a permit is required under Sections 15.12.030, 15.12.040 and 15.12.050 is done without such permit, and is of such design or nature that a permit would have been refused under Section 15.12.050, the city council may, after five days' notice to the owner and opportunity to be heard, order such work removed, or so altered as to avoid damage or hazard to other property. The city council shall fix a reasonable time for compliance with such order and give the owner written notice thereof.

(Ord. 14805 (part), 2001: prior code § 23-6)

15.12.070 - Water contamination in vicinity of water treatment plant.

Within the area between a line directly across the irrigation canal and the Rio Grande at the downstream end of the intakes into the city water treatment plant and a line directly across the canal and the river one-half mile upstream therefrom, no person shall:

- A. Bathe, swim or wade in the river or canal; or
- B. Throw or place in the river or the canal any waste or refuse, or any substance or thing which may contaminate the water; or
- C. Throw or place such waste, refuse, substance or thing within one hundred fifty feet of the banks of the canal or within one hundred fifty feet of the normal high water mark of the river; or
- D. Keep or bring any animal within such distance from the banks of the canal or the normal high water mark of the river (except animals passing over a public road or in transit on any railroad), or wash or clean within such distance thereof any vehicle which has been used for the transportation of any animal.

(Ord. 14805 (part), 2001: prior code § 23-7)

15.12.075 - Permitting flow of water onto public rights-of-way unlawful.

It is unlawful for any party responsible for any property within the corporate limits of the city to permit or cause water to flow, spray or otherwise move or be discharged from the premises of such responsible party to or upon any street, alley, gutter or ditch, or other public right-of-way, or into a stormwater drainage system or facility.

(Ord. 14805 (part), 2001: Ord. 8391 (part), 1985: prior code § 23-31)

15.12.120 - Penalty.

Any person violating any provisions of this chapter or any provision of the public service board rules and regulations shall be deemed guilty of a misdemeanor and upon conviction thereof shall be punished by a fine not to exceed two thousand dollars per violation, and if such violation is a continuous one, each day's violation shall constitute a separate offense. In addition to any penalty provided for in

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this section, this chapter and the public service board rules and regulations are enforceable by injunction or any other legally available means.

(Ord. 14805 (part), 2001: Ord. 10240 § 2, 1990: Ord. 9975 § 1, 1990: Ord. 8391 (part), 1985: prior code § 23-34)

15.12.120-1 - Civil penalty.

Any person who violates any provision of the public service board rules and regulations shall be subject to a civil penalty up to a maximum of two thousand dollars per violation. Provided, however, if a different penalty is specifically provided for, such penalty shall apply. Any person who violates a provision of public service board rules and regulations the relating to point source effluent limitations or the discharge of a pollutant, other than from a nonpoint source, into a sewer system, including a sanitary or stormwater sewer system, owned or controlled by the city, shall be subject to a civil penalty up to a maximum of five thousand dollars per violation. If the violation is a continuous one, each day's violation shall constitute a separate offense.

(Ord. 14805 (part), 2001: Ord. 11531 § 1, 1993: Ord. 10240 § 3, 1990)

15.12.120-2 - Enforcement by public service board.

Whenever it appears there is a violation of any of the public service board rules and regulations, the public service board may institute suit, through its own attorney, for the recovery of civil penalties, as provided for in this chapter, or injunctive relief, or the public service board may pursue any other legally available remedy or any combination of the foregoing.

(Ord. 14805 (part), 2001: Ord. 10240 § 4, 1990)

15.12.130 - Issuance of citations.

Any water and sewerage inspector or any other personnel authorized to issue class C misdemeanor citations is authorized to issue citations for violations of this chapter.

(Ord. 14805 (part), 2001: Ord. 13152 § 128, 1997: Ord. 9975 § 2, 1990: Ord. 8429, 1985: prior code § 23-35)

Attachment H

El Paso, TX Code of Ordinances, Title 18 – Building and Construction; Chapter 18.20 – Plumbing Code

Title 18 - BUILDING AND CONSTRUCTION

Chapter 18.20 PLUMBING CODE

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Sections:

18.20.010 Short title.

18.20.020 Adoption.

18.20.030 Section 312.10.3 Backflow Inspection Records, added.

18.20.040 Section 403.3 Required public toilet facilities, exception added.

18.20.050 Section 412.5 Floor drains in mechanical rooms and boiler rooms, added.

18.20.060 Section 417.5.3 Shower receptor, added.

18.20.070 Section 604.8.3 Accessibility, added.

18.20.080 Table 605.3 Water Service Pipe, amended.

18.20.090 Table 605.4 Water Distribution Pipe, amended.

18.20.100 Section 605.4 Water Distribution Pipe, amended.

18.20.110 Section 608.16.5 Connections to lawn irrigation systems, amended.

18.20.120 Section 701.2 Sewer required, amended.

18.20.130 Table 702.2 Underground building drainage and vent pipe, amended.

18.20.140 Table 702.3 Building Sewer Pipe, amended.

18.20.150 Section 705.3, Asbestos cement, deleted.

18.20.160 Section 708.3.5 Building drain and building sewer junction, amended.

18.20.170 Section 802.1.9 Condensate and Evaporative Cooler Waste, added.

18.20.180 Section 1003.2.1 No water-jacketed grease trap, added.

18.20.190 Table 1003.3.4.1 Capacity of Grease Interceptors, amended.

18.20.200 Section 1003.5 Sand interceptors in commercial establishments, amended.

18.20.210 Appendix C, Gray Water Recycling Systems, adopted.

18.20.220 Appendices.

18.20.230 Conflicting ordinances.

18.20.240 Section 603.1.1 Protection of Water Service Entrance, added.

18.20.250 Section 603.1.2 Plumbing within exterior walls, added.

18.20.010 Short title.

This chapter may be cited as the "Plumbing Code."

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

Title 18 - BUILDING AND CONSTRUCTION

Chapter 18.20 PLUMBING CODE

18.20.020 Adoption.

The book entitled "International Plumbing Code," 2009 Edition, a copy of which authenticated by the city clerk is on file in the city clerk's office, is adopted as the Plumbing Code of the city, as fully as if copied at length in this chapter, but with the changes set forth in this chapter and Chapter 18.02, the Building and Administrative Code of the City of El Paso.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.030 Section 312.10.3 Backflow Inspection Records, added.

International Plumbing Code, 2009 Edition, Section 312.10.3 Backflow Inspection Records, is hereby added to read as follows:

312.10.3 Backflow Inspection Records. Records of inspections, tests and maintenance of the backflow assemblies shall be kept and made available to the building official upon request and to the El Paso Water Utilities in accordance with the rules and regulations of the public service board. Records shall indicate the procedure performed (inspection, test or maintenance), the organization that performed the work, the results and the date. Records shall be maintained by the owner, tenant or responsible person.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.040 Section 403.3 Required public toilet facilities, exception added.

International Plumbing Code, 2009 Edition, Section 403.3 Required public toilet facilities, is hereby amended to add the following exception at the end of the section:

Exception: Small tenancies and areas located in stand-alone buildings or tenancies. Customers, patrons, visitors and employees need not be provided with public toilet facilities in small tenancies located in stand-alone buildings, structures or facilities when all of the following conditions are met:

1. The gross floor area of the tenancy does not exceed 200 square feet; and
2. The building, or structure is not used for the preparation, storage handling and sale of potentially hazardous food as defined in the Texas Food Establishment Rules of the Texas Department of State Health Services; and
3. Toilet facilities are provided elsewhere on the same site within 200 lineal feet of travel distance from the exempted tenancy; and
4. The site is provided with the minimum number of facilities required by International Plumbing Code, 2009 Edition, Section 403 and Table 403.1, and the owner or tenant in control of the toilet facilities required in condition 3, shall furnish to the building official a written and notarized statement that customers, visitors, patrons and employees of the exempted tenancy will have access to and use of these facilities; and
5. Except for "outdoor markets" as defined in Title 9.12 of the City Code, building and structures used for the preparation, storage, handling and sale of food shall be connected to a water supply and provided with utensil and hand washing facilities as required by Title 9.12 of the City Code.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.050 Section 412.5 Floor drains in mechanical rooms and boiler rooms, added.

International Plumbing Code, 2009 Edition, Section 412.5 Floor drains in mechanical rooms and boiler rooms is hereby added to read as follows:

412.5 Floor drains in mechanical rooms and boiler rooms. Mechanical equipment rooms, boiler rooms and all similar equipment rooms shall have an approved floor drain for disposing of accumulation of liquid wastes incident to cleaning or recharging such equipment. Such floor drains shall be equipped with an approved automatic priming device as required in Section 1002.4.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.060 Section 417.5.3 Shower receptor, added.

International Plumbing Code, 2009 Edition, Section 417.5.3 Shower Receptor, is hereby added to read as follows:

417.5.3 Shower Receptor. Shower receptors shall have a finished curb, dam or threshold not less than one (1) inch below the sides and back of the receptor. The curb shall be not less than two (2) inches nor more than nine (9) inches in depth when measured from the top of the curb to the top of the drain. The finished floor shall slope uniformly toward the drain not less than one-fourth (1/4) inch per foot nor more than one-half (1/2) inch, and floor drains shall be flanged to provide a watertight joint in the floor.

417.5.3.1 Receptor Linings. All shower receptors shall be provided with an approved lining, except as noted herein. The adjoining walls and floors, enclosing field-constructed shower receptors shall be lined with copper or other approved materials listed in this Code, extending not less than three (3) inches beyond or around the rough jambs and not less than three (3) inches above finished thresholds. Recessed shower compartments need not be lined, provided the compartment is formed of concrete, is recessed a minimum of four (4) inches below the adjacent floor level, and the concrete is not less than three and one-half (3 1/2) inches thick with an ultimate compressive strength of not less than two thousand (2000) pounds per square inch.

417.5.3.2 Liner Materials. Plasticized polyvinyl chloride (PVC) sheets shall be a minimum of 0.040 inch (1.02 mm) thick and shall meet the requirements of ASTM D4551. Non-plasticized chlorinated polyethylene sheets shall be a minimum 0.040 inch (1.02 mm) thick, and shall meet the requirements of ASTM D 4068. Sheet copper shall conform to ASTM B 152 and shall not weigh less than 12 ounces per square foot. Copper linings shall be isolated from conducting substances other than the connecting drain by fifteen (15) pound asphalt felt or its equivalent. Joints in copper pans or liners shall be silver brazed. Joints in PVC and CPE liner materials shall be jointed per the manufacturer's recommendations.

417.5.3.3 Receptor Drains. An approved flanged drain shall be installed with shower subpans or linings. The flange shall be flush with the sub-base and be equipped with a clamping ring or other device to make a water-tight connection between the lining and the drain. The flange shall have weep holes to insure constant drainage of water to sanitary drainage system. Shower receptacle waste outlets shall be not less than two (2) inches in diameter and shall have a removable strainer.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.070 Section 604.8.3 Accessibility, added.

International Plumbing Code, 2009 Edition, Section 604.8.3 Accessibility, is hereby added to read as follows:

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604.8.3 Accessibility. Installation shall be such as to make the regulator accessible without excavating or removing permanent structural or finished portions of the structure.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.080 Table 605.3 Water Service Pipe, amended.

International Plumbing Code, 2009 Edition, Table 605.3, Water Service Pipe, is hereby amended to delete all references to asbestos-cement pipe and polybutylene (PB) plastic pipe and tubing.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.090 Table 605.4 Water Distribution Pipe, amended.

International Plumbing Code, 2009 Edition, Table 605.4, Water Distribution Pipe, is hereby amended to delete all references to polybutylene (PB) plastic pipe and tubing.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.100 Section 605.4 Water Distribution Pipe, amended.

International Plumbing Code, 2009 Edition, Section 605.4 Water distribution pipe, is hereby amended to read as follows:

605.4 Water distribution pipe. Water distribution pipe shall conform to NSF 61 and shall conform to one of the standards listed in Table 605.5. Copper or copper alloy tubing used in inaccessible water distribution piping under slabs shall be minimum Type L. Any material subject to corrosion shall be protected when used in corrosive soils. All hot water distribution pipe and tubing shall have a minimum pressure rating of 100 psi at 180°F.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.110 Section 608.16.5 Connections to lawn irrigation systems, amended.

International Plumbing Code, 2009 Edition, Section 608.16.5, Connections to lawn irrigation systems, is hereby amended to read as follows:

608.16.5 Connections to lawn irrigation systems. The potable water supply to lawn irrigation systems shall be protected against backflow by a pressure-type vacuum breaker or a reduced pressure principle backflow-preventer. Where chemicals are introduced into the system, the potable water supply shall be protected against backflow by a reduced pressure principle backflow-preventer.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.120 Section 701.2 Sewer required, amended.

International Plumbing Code, 2009 Edition, Section 701.2, Sewer required, is hereby amended to read as follows:

701.2 Sewer required. Every building in which plumbing fixtures are installed and all premises having drainage piping shall be connected to a public sewer.

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Exception: When a public sewer is not available within 300 feet of the building for use, an individual or private sewage disposal system may be utilized provided that such system is designed, installed and maintained in accordance with the requirements of Chapter 18.21 of the City Code.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.130 Table 702.2 Underground building drainage and vent pipe, amended.

International Plumbing Code, 2009 Edition, Table 702.2, Underground building drainage and vent pipe, is hereby amended to delete all references to asbestos-cement pipe, cellular core pipe and composite wall pipe.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.140 Table 702.3 Building Sewer Pipe, amended.

International Plumbing Code, 2009 Edition, Table 702.3, Building Sewer Pipe, is hereby amended to delete all references to asbestos-cement pipe, cellular core pipe and composite wall pipe.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.150 Section 705.3, Asbestos cement, deleted.

International Plumbing Code, 2009 Edition, Section 705.3, Asbestos cement, is hereby deleted in its entirety.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.160 Section 708.3.5 Building drain and building sewer junction, amended.

International Plumbing Code, 2009 Edition, Section 708.3.5, Building drain and building sewer junction, is hereby amended to read as follows:

708.3.5 Building drain and building sewer junction. There shall be a cleanout near the junction of the building drain and the building sewer. The cleanout shall be outside the building and shall be brought up to the finished ground level within ten (10) feet of the structure. An approved two-way cleanout is allowed as an alternative at this location to serve as a required cleanout for both the building drain and building sewer.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.170 Section 802.1.9 Condensate and Evaporative Cooler Waste, added.

International Plumbing Code, 2009 Edition, Section 802.1.9 Condensate and Evaporative Cooler Waste, is hereby added to read as follows:

802.1.9 Condensate and Evaporative Cooler Waste. Waste from evaporative cooler's automatic water draining systems and condensate from air conditioner units, when approved by the building official, shall discharge into the building drainage system through an indirect waste line, except such waste may be directly connected to a lavatory tailpiece or to an approved accessible inlet on a bath tub overflow when the connection is located in an area controlled by the same person or entity controlling the space served by the evaporative cooler or discharged so that the effluent is used for watering landscaping or other vegetation.

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(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.180 Section 1003.2.1 No water-jacketed grease trap, added.

International Plumbing Code, 2009 Edition, Section 1003.2.1 No water-jacketed grease trap, is hereby added to read as follows:

1003.2.1 No water-jacketed grease trap. No water-jacketed grease trap or grease interceptor shall be approved or installed.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.190 Table 1003.3.4.1 Capacity of Grease Interceptors, amended.

International Plumbing Code, 2009 Edition, Table 1003.3.4.1 Capacity of Grease Interceptors, is hereby amended to read as follows:

**Table 1003.3.4.1
Capacity of Grease Traps**

Total Flow-Through Rating (gpm)	Grease-Retention Capacity (pounds)
20 or less	40
25	50
35	70
50	100

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.200 Section 1003.5 Sand interceptors in commercial establishments, amended.

International Plumbing Code, 2009 Edition, Section 1003.5 Sand interceptors in commercial establishments, is hereby amended to read as follows:

1003.5 Sand Interceptors in Commercial Establishments. Sand and similar Interceptors or traps for heavy solids shall have a water seal of not less than six (6) inches. Traps shall have a minimum of two compartments. Each compartment shall be a minimum of 30 inches by 30 inches with a minimum depth of three (3) feet, covered with a removable grating that will allow the free entrance of waste. Trap walls and bottom shall be of concrete made watertight.

Exception: Sand traps are not required in commercial facilities containing less than 4 washing machines.

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1003.5.1. Waste Line shall be a minimum of four (4) inches for uses other than residential swimming pools in which case the waste line may be three (3) inches. Outlet pipe shall leave the trap at a point not less than six (6) inches nor more than twelve (12) inches above the bottom and must rise vertically outside to the top of the trap where a properly sized cleanout shall be provided and formed by an inverted wye (y) so installed that the point of intersection of the wye (y) branches shall form the seal. Such seal shall be no less than twelve (12) inches in depth.

1003.5.2. Sand Traps installed within thirty (30) feet from a 3 or 4 inch stack shall have a two (2) inch vent; sand traps installed over thirty (30) feet from a 3 or 4 inch stack shall have a three (3) inch vent.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.210 Appendix C, Gray Water Recycling Systems, adopted.

International Plumbing Code, 2009 Edition, Appendix C, Gray Water Recycling Systems, is hereby adopted in its entirety.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.220 Appendices.

International Plumbing Code, 2009 Edition, Appendices, unless specifically adopted or referenced, are retained as administrative guidance aids.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.230 Conflicting ordinances.

All ordinances and parts of ordinances in conflict with the provisions of this chapter are hereby repealed as follows: Ordinance No. 014730 dated 12-12-2000 and Ordinance No. 15966 dated 12-14-2004.

(Ord. No. 17418, § B, 9-21-2010, eff. 1-1-2011)

18.20.240 Section 603.1.1 Protection of Water Service Entrance, added.

International Plumbing Code, 2009 Edition, Section 603.1.1 Protection of Water Service Entrance is hereby added to read as follows:

603.1.1 Protection of Water Service Entrance. Water service entrance and risers to all structures shall be on the heated side of a conditioned space.

(Ord. No. 17660, § 1, 10-18-2011)

Editor's note—

Section 3 of Ord. No. 17660 states that this ordinance shall be applicable to all permit applications received on and after October 18, 2011.

18.20.250 Section 603.1.2 Plumbing within exterior walls, added.

International Plumbing Code, 2009 Edition, Section 603.1.2 Plumbing within exterior walls is hereby added to read as follows:

603.1.2 Plumbing within exterior walls. Placement of plumbing within exterior walls is prohibited unless the walls are at minimum, 2 by 6 walls and adequate provision is made to protect such pipes from freezing in accordance with Section 305.6 of the International Plumbing Code. Placement of water lines in ceiling areas is prohibited unless the water lines are placed on the warm side with a minimum of 10 inch insulation on the exterior/roof side of the structure.

Exceptions:

- a. A service entrance may enter a non-conditioned space provided that the riser/service entrance is within an approved, heated valve protective enclosure also known as a "hot box", or
- b. Cross linked polyethylene, also known as PEX, or approved equal, is used as the service entrance material, and
- c. Any hose bibs installed shall be freeze proof.

(Ord. No. 17660, § 1, 10-18-2011)

Editor's note—

Section 3 of Ord. No. 17660 states that this ordinance shall be applicable to all permit applications received on and after October 18, 2011.

FOOTNOTE(S):

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Editor's note— Ord. No. 17418, § B, adopted September 21, 2010, effective January 1, 2011, amended chapter 18.20 in its entirety to read as herein set out. Former chapter 18.20, §§ 18.20.010—18.20.300, pertained to similar subject matter. See Ordinance List, Code Comparative Table and Disposition List for history. ([Back](#))

Note— Section C of Ord. No. 17418 states all references to the NEC, National Electrical Code, shall be construed to mean the Electrical Code of the City of El Paso. ([Back](#))

Attachment I

El Paso, TX Code of Ordinances, Title 18 – Building and Construction; Chapter 18.46 – Landscape

Title 18 - BUILDING AND CONSTRUCTION
Chapter 18.46 - LANDSCAPE*
Article V. - Administration

Chapter 18.46 - LANDSCAPE*

Sections:

- Article I. - General Provisions
- Article II. - Design Requirements
- Article III. - Standards
- Article IV. - Street Trees
- Article V. - Administration

Article I. - General Provisions

- 18.46.010 - Title.
- 18.46.020 - Purpose.
- 18.46.030 - Rules of construction.
- 18.46.040 - Interpretation.
- 18.46.050 - Definitions.
- 18.46.060 - Application.

18.46.010 - Title.

This chapter shall be known as the landscape ordinance for the City of El Paso, Texas.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

18.46.020 - Purpose.

A. The purpose of this chapter is to set forth the minimum requirements for irrigation and landscape for both residential and commercial property development within the corporate limits of the city. The regulations herein are designed to enhance the quality of life, increase property values and aesthetics of the city; while helping to improve air purification, reduce stormwater run-off, noise reduction and heat abatement while conserving energy, water and other natural resources.

B. In addition, landscape designers and property owners are encouraged to design and place landscaping materials in a good, economically viable, and environmentally sensitive manner as to improve the aesthetics of development, construction, and the quality of life for all citizens. This chapter encourages the use of quantifiable, generally recognized, scientific standards and methods as well as local and state regulations and manufacturer's recommendations in evaluating all designs. This chapter shall be used to stimulate creativity and innovation in such designs.

C. This chapter is also designed to prevent soil erosion, reduce the hazards of flooding, enhance the absorption of carbon dioxide and supply of oxygen; reduce the effects of noise, glare, dust and other

Comment [AJP1]: The new landscape ordinance it does include residential. For residential sites, the summarized requirement is as follows:
Residential landscape is required on all new homes that are built after Jan. 1, 2012 unless vested. For every new home one tree for every 30 feet of frontage is required with the minimum on one tree and an automatic irrigation system. The system can be battery, solar or electric powered but not manual. The minimum irrigation system consist of one drip emitter, backflow and a valve.
Turf is not required under this ordinance only trees, shrubs and ground covers. However it can be used as a substitute.

Title 18 - BUILDING AND CONSTRUCTION
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Article V. - Administration

objectionable activities generated by some land uses; promote the pleasant appearance and character of neighborhoods and high intensity commercial and industrial corridors; provide shade; to cool superheated urban areas, and thus reduce water consumption in cooling units, as well as other energy consumption related to environmental cooling; and facilitate the safe movement of traffic in vehicular use areas.

D. This chapter is also designed to promote water conservation and water efficiency by requiring the planting of water-thrifty plants and other landscape materials. To assist in ensuring adequate supplies of water exist for El Paso's future, it is important that water conservation be promoted in landscape watering policies. Water conservation should be promoted through techniques such as the proper design of landscaped areas and plant selection, education of the public, and the proper use of irrigation of systems.

Comment [AJP2]: The ordinance promotes the use of water efficient plants and techniques. Only plants found on approved list can be used.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

18.46.030 - Rules of construction.

The following rules of construction shall apply:

- A. The singular number includes the plural and the plural the singular, unless the context clearly indicates the contrary;
- B. Words used in the present tense include the past and future tenses, and the future the present;
- C. The word "shall" is always mandatory. The word "may" is permissive.
- D. Words and terms not defined herein shall be interpreted in accord with Webster's Third New International Dictionary, Copyright 1986.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

18.46.040 - Interpretation.

A. The provisions of this chapter shall be interpreted and applied, as the minimum requirements for landscaping and irrigation in the city and shall control over all other landscape requirements in any other ordinance in the El Paso City Code, except Chapter 15.13 (Water Conservation) of this Code.

Comment [AJP3]: The ordinance does not supersede the Water Conservation Ordinance which is the "control"

B. It is not intended that this chapter shall interfere with, abrogate or annul any restrictive covenants or other agreements between individual parties. When there is a conflict between the requirements of this chapter and any restrictive covenant, agreements or other requirements imposed on the property, the more stringent requirement shall apply.

C. The provisions of this chapter shall be subordinate to the provisions of the El Paso City Code pertaining to traffic and pedestrian traffic.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

18.46.050 - Definitions.

The following terms as used in this chapter shall be defined as follows:

"Approved irrigator" means a Texas licensed irrigator.

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"Approved plant list" means the list of plants and shrubs prepared by the tree board or its successor the board of parks and recreation, and the building official, and on file with the building official, and as may be amended from time to time.

"Automatic controller" means a mechanical, electrical or hybrid solid state timing device, capable of operating valve stations by set days of the week and the length of time of water application.

"Backflow prevention device" means a safety device used to prevent pollution or contamination of the potable water supply due to the reverse flow of water from the irrigation system.

"Berm, earthen" means an earthen mound designed to provide visual interest or screen undesirable views and decrease noise.

"Caliper" means the measurement of the thickness of a tree; the minimum diameter of a tree as measured six inches above the grade for trees under four inches in diameter and twelve inches above grade for trees four inches in diameter and larger. For multiple trunk trees, the diameter shall be based on the caliper of the largest trunk plus half the caliper of the next three largest trunks.

"Deciduous" means a plant that sheds its foliage annually.

"Development - Commercial" means all developments zoned or used for commercial uses as described under Title 20 (Zoning).

"Director" means the city manager or designee.

"Evergreen" means a plant with foliage that persists and remains green year round.

"Finish grade" means the ground elevation in its final and finished state before any landscape is installed.

"Frontage" means the property line where a parcel of land, lot, or site abuts a public right-of-way.

"Grass". See "turf or turf grass."

"Gross building area" means the total enclosed area of a building exterior dimensions, excluding covered walkways or exterior fire escapes.

"Ground covering" means organic or inorganic material such as mulches and/or gravel used as ground covering.

"Ground cover organic" means low growing plant material, other than turf grasses, installed in such a manner as to provide continuous cover of the ground surface.

"Hardscape" means the use of solid non-organic materials such as rock or stone, concrete, asphalt, brick, or other similar type material.

"Impervious soil" means soil which is extremely dense (cementitious sedimentary soil) through which water will not readily penetrate adding to potential stormwater runoff and consists of a rainfall coefficient of .95 pursuant to the Drainage Design Manual.

"Impervious surfaces" means any surface such as roofing, solid surface plastic materials, solid surface oil-impregnated materials, concrete, asphalt, etc. through which water will not readily penetrate adding to potential stormwater runoff and consists of a rainfall coefficient of 1.0 pursuant to the Drainage

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Design Manual.

"Landscapable area" means that area of the lot that is required by this chapter to be landscaped, to include the frontage landscape buffer used to meet the landscape requirements specified in this chapter. It does not include the parkway or the parking lot trees.

"Landscaping" means the improvement of a section of ground by contouring the land and planting any combination of living plants, such as trees, shrubs, vines, groundcover or grass, natural features such as rock, stone, bark chips or shavings.

"Median" means the area within the public right-of-way, which separates two opposite directions of traffic.

"Mulch" means organic and/or inorganic material, which is placed, to prevent erosion, lower soil temperature and maintain soil moisture levels.

"Official" means the building official or his designee.

"Palm" means a long-lived plant of the family Palmae having a minimum eight feet unbranched clear trunk crowned by large pinnate or palmate leaves.

"Parking lot" for the purposes of this chapter, "parking lot" means any paved or unpaved area, not including a street or alley right-of-way, containing one or more parking spaces for motor vehicles, designed in accordance with the requirements of Chapter 20.14, and intended as an accommodation for patrons, customers, and employees, either with or without a charge for such accommodation.

"Parking spaces" means those spaces for the parking of any vehicle excluding eighteen-wheel tractors and their trailers.

"Parkway" means that area of street right-of-way between the property line and the curb or, in the absence of a curb, between the property line and the nearest edge of the street paving.

"Permeable surfacing" means materials with a permeable base.

"Plant, native or adapted" means a commercially grown or legally harvested plant material hardy to the natural conditions of the region, which once established is capable of sustaining growth without supplemental watering.

"Plant material" means the required trees and other plants that are required to be installed.

"Pond" means a depression in the soil intended to retain and/or detain both stormwater and all excess irrigation water.

"Project" means a specific development which is subject the requirements as stated herein.

"Shrub" means a woody plant, deciduous or evergreen, generally multi-stemmed with small branches near the ground, and smaller growing than a tree.

"Street oriented building" means the placement of a building on a lot such that its principal orientation is toward the street and the principal entrance is from the sidewalk. Street oriented buildings prohibit parking in any space between the sidewalk and the building.

"Stormwater" means a build up of naturally occurring precipitation (water), which falls on any parcel of

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land (site or watershed) of any given size.

"Structure" for the purposes of this chapter, "structure" means that which is built or constructed, an edifice or building of any kind, with four walls and a roof that encloses the interior space from the outside elements, or other artificially built or constructed work.

"Swale" means a landscape design using raised or depressed earthen channel of any depth or width designed to direct or move water to or from ponds, other swales, channels, arroyos or other drainage conveyance.

"Texas Licensed Irrigator" means a person who sells, designs, offers consultations regarding, installs, maintains, alters, repairs, services or supervises the installation of an irrigation system, including the connection of such system to a private or public, raw or potable water supply system or any water supply, and who is required to be licensed under Title 30, Texas Administrative Code, Chapter 30.

"Tree, parking lot" means a deciduous tree having a minimum of two inches caliper and ten feet in height, which is capable of obtaining a minimum canopy, spread of twenty feet at maturity. Branching structure shall be maintained at a minimum height of seven feet above the sidewalk area ground, three feet from the trunk; which is installed and located in a parking lot.

"Tree, project" means a deciduous or evergreen tree having a minimum of two inches caliper and ten feet in height, which is capable of obtaining a minimum canopy spread of twenty feet at maturity that is required based on calculations determined by the provisions of this chapter. Branching structure shall be maintained at a minimum height of seven feet above the sidewalk area ground, three feet from the trunk. Such trees shall be healthy and vigorous at time of planting.

"Tree, frontage" means a deciduous or evergreen tree having a minimum of two inches caliper and ten feet in height which is planted within the front landscape buffer or within twenty feet of the property line along the street frontage.

"Tree grate" means a barrier with parallel or crossed bars blocking a passage but allows for tree trunk diameter growth.

"Tree, street" means a deciduous tree growing within the parkway of a street having a minimum of two inches caliper and ten feet in height, except that a street tree shall be three inches caliper and ten feet in height for development along any arterial.

"Tree well" means the basin where the root ball of the tree is planted.

"Turf or turf grass" means a surface layer of soil bound by grass and its roots into a thick mat that requires regular maintenance, mowing and watering.

"Unmanned facility" means a structure which does not require a certificate of occupancy and is not occupied by any persons.

"Vehicular loading area" means a paved area designed to accommodate the maneuvering, loading and unloading and parking of commercial vehicles having a length of less than twenty-seven feet.

"Vehicular use area" means any area, excluding public rights-of-way, used for the purpose of driving, maneuvering, parking, storing or display of motor vehicles, boats, trailers, mobile homes and recreational vehicles, including new and used automobile lots, and other parking lot uses.

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"Visibility triangle" means the area formed by the intersecting property lines and a diagonal line joining the property lines at the points twenty feet from their intersection on the corner lot at the intersecting corner.

"Water harvesting" means the process of intercepting irrigation or stormwater from a surface such as a roof, parking area or land surface and putting it to beneficial use thereby reducing runoff and making maximum use of irrigation and rain water.

"Weed barrier" means a porous overlay material used beneath mulch materials to reduce the germination and growth of unwanted plant material while allowing the percolation of water.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-2011; Ord. No. 17656, § 1, 10-18-2011, eff. 11-7-2011)

18.46.060 - Application.

A. Except as provided herein, this chapter shall apply to the incorporated area of the City of El Paso, Texas, and to all projects listed below. All projects listed below shall provide landscaping in accordance with the requirements of this chapter, and an underground automatic irrigation system, shall be provided for all required landscapable areas in compliance with the requirements of this chapter, and shall comply with the requirements of 30 Texas Administrative Code, Chapter 344, §§ 344.72—344.77, and as may be amended.

1. The construction or erection of any new development, building, or structure, for which a building permit is required and zoned for a commercial use as defined under Title 20 (Zoning) of this Code.

a. For all sites, except zero lot line street frontage sites, the landscaping shall be located in the area between the street frontage and the building wall furthest from the street. Landscaping behind the building wall furthest from the street shall count towards the landscapable area provided that the area is not screened from view or enclosed by a wall or fence, such as a private yard.

b. In addition to the required landscapable area, the parkway shall be landscaped per Section 18.46.060 and street trees must be provided as required by Section 18.46.200

c. On zero lot line street frontage lots the landscaping shall be located within and throughout the site.

d. In order to be considered as landscapable area there shall be at least a ten feet distance between the walls of buildings. Trees planted in areas less than twenty feet between structures will not be given credit in satisfaction of the landscape requirements.

2. The expansion of an existing building or parking lot, regardless of the amount of the increase in size.

a. Landscaping shall be calculated based on the square footage of the new development or structure at a rate of fifteen percent per square foot. A minimum of one unit of plant material and street trees within the parkway shall be required.

b. If the site satisfied the code requirements prior to the enactment of this chapter and is deemed legal nonconforming, and if expanded in use as permitted by Title 20 (Zoning), then,

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only the additional square footage of expansion of landscapable area shall be required to satisfy the requirements of this chapter at a rate of fifteen percent per square foot.

3. Off-street parking.
 - a. Any construction of off-street parking or a new parking lot is required to install one tree per ten parking spaces or portion thereof (within and throughout), whether they are required parking spaces or not. Tractor trailer parking lots require one tree for every ten parking spaces. (See Section 18.46.090). This is in addition to the required landscapable area.
 - b. Any expansion of an existing parking lot is required to install one tree per ten spaces. The number of trees required shall be based on the calculation of the total of all spaces both new and existing (within and throughout) the site, whether they are required parking spaces or not.
 - c. No parking space shall be more than one hundred feet from a tree.
4. Unmanned facilities.
 - a. Any unmanned facility with a calculated landscapable area requiring one unit of plant material or less may install the plant material and irrigation system, or pay fees in lieu of installation as provided herein.
 - b. All other unmanned facilities with a calculated landscapable area requiring more than one unit of plant material, may install the plant material and irrigation system, or pay fees in lieu of installation as provided herein.
5. Parkways.
 - a. Parkway area ground treatment shall include permeable surfacing, not to include raw soil. With the exception of street trees, plant material shall be maintained in the parkway so that it does not exceed three feet. Landscaping of the parkway, including any frontage landscape buffers, shall not count towards the required landscapable area.
 - b. Parkways shall contain street trees as required by Section 18.46.200
6. Frontage landscape buffers.
 - a. Frontage landscaping. The frontage along any street shall consist of a minimum ten foot landscape buffer, except as provided in paragraph c. below. The frontage landscape buffer may be crossed by driveways and pedestrian walkways connecting to adjacent land; however, no parking is permitted within a required frontage landscaping buffer. The frontage area buffer shall also include the entire area within the visibility triangle at the intersection of any roadways. Along freeways or any frontage roads, the frontage landscaping buffer shall be fifteen feet.
 - b. The frontage landscape buffer shall contain the required plant units based on Section 18.46.090 and the required frontage trees as required by Section 18.46.200. Ground treatment shall include decomposed granite, or other permeable surfacing, not to include raw soil.
 - c. A building may be located within the required ten foot frontage landscape buffer and any

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remaining portion within the ten-foot landscape buffer not occupied by [any] of the building shall be landscaped.

d. For shopping centers on properties with a lot depth of less than two hundred feet, the frontage buffer area may be reduced to seven feet on an arterial street. This provision does not apply to the following circumstances:

1. A shopping center where platted lots are further divided by metes and bounds.
2. A shopping center that is located on more than one lot, whether the lots are platted or divided by metes and bounds.
3. A shopping center that has detached buildings, whether those buildings are on the same building as the main shopping center building or whether the detached buildings are on separate lots that are platted or divided by metes and bounds.

7. Residential development shall comply with the street trees requirement under Article IV of this chapter.

B. Exemptions. The following projects are exempt from the requirements of this chapter:

1. Building restoration projects for historic structures as defined under Title 20 (Zoning);
2. Projects on land owned by the federal or State of Texas governments;
3. Any existing development, which changes its use from an approved use to any other, approved use within the same zoning category;
4. Expansion of an existing structure or parking lot if the existing landscaping within the development would satisfy the requirements of this chapter if the entire development were treated as a new project;
5. Projects which are zoned or used for residential use as defined under Title 20 (Zoning) of this Code; if such residential use single-family, duplex, triplex, quadraplex or condominium, except that street trees are required and cannot be exempted for new development based on Section 18.46.200
6. Existing buildings or parking lot areas that add a delivery or loading area, ramp or dock, or trailer storage area to an existing asphalt or concrete surface.
7. The addition of a building or buildings on a commercial lot when the additional building or buildings have a combined square footage of less than one thousand two hundred square feet of floor area.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11; Ord. No. 17656, § 1, 10-18-2011, eff. 11-7-2011)

Article II. - Design Requirements

18.46.070 - Plans required.

18.46.080 - Required landscapable areas.

18.46.090 - Required plants.

18.46.070 - Plans required.

Projects that are subject to the requirements of this chapter, shall require the submission of a separate landscape plan and an irrigation plan sealed by a landscape architect registered in the State of Texas, or a landscape contractor registered with the city. In order to register with the city, a landscape contractor shall comply with the following:

1. Contractor shall be licensed by the state as a landscape irrigator or shall employ at least one licensed landscape irrigator full time. The license number shall be submitted at the time of permit application;
2. Contractor shall have a valid d/b/a registered with the county;
3. Contractor shall have general liability insurance of fifty thousand dollars with the City of El Paso as a certificate holder;
4. Contractor shall also obtain a construction blanket bond of ten thousand dollars.

Each plan shall be at a minimum scale of one-inch equals forty feet, preferably one inch equals twenty feet. No architectural scaling shall be allowed. Plan size shall be on paper size twenty-four by thirty-six inches.

A. Landscape plan. The landscape plan shall include the following information:

1. Date, scale, north arrow, project title and project address; and landscape designer with their address, phone number;
2. Name, address and telephone number of the property owner(s) representative;
3. Botanical name and common name, plant tag showing plant type, legend reference, size, height, quantity and location of proposed landscape materials to be used;
4. Landscape calculations, minimum required square footage of the landscapable area, total square footage of the landscapable area, parking provided, vehicular loading area, minimum required quantity of landscape materials, provided quantity of landscape materials;
5. Landscape master plan (long-term) with phasing plan;
6. Location of existing and proposed structures, signs, project trees, plant material, swales, berms, frontage trees, parking lot trees, street trees, and fire hydrants existing at the time of plan submission;
7. Show all curb cuts ingress and egress and distances to plant material; and
8. Show a five-foot clearance at maturity for all landscape material adjacent to any utility box, hydrant, meter or access point.

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B. Irrigation plan. The irrigation plan shall be designed and sealed by an irrigator licensed by or recognized by the State of Texas, and shall include the following information:

1. Type, size and location of piping and sleeving;
2. Type, size, radius, gpm, precipitation rate, design pressure and location of irrigation heads;
3. Type, size, gph, details of installation, design pressure and the location of emitters or subsurface equipment;
4. Drip and/or subsurface installation detail;
5. Type, size and location of backflow prevention devices, valves, wiring and controllers;
6. Backflow installation detail; and
7. Arc spray pattern for all turf areas.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

18.46.080 - Required landscapable areas.

A. New commercial development. All new commercial development shall be required to comply with the landscapable area requirements, the parkway landscaping requirements, the frontage landscape buffer requirements and the parking lot tree requirements.

1. The required landscapable area shall be calculated as follows:
 - a. The square footage of the entire lot(s) in which the project is located on, multiplied by 15.0 percent equals the required landscapable area;
 - b. If required area is 0.5 of a unit of plant material or less, fees in lieu of installation may be paid as provided herein;
 - c. If required area is 0.51 to 0.99 it must comply by providing one unit of plant material or four trees;
 - d. Required area over 0.99 of a unit shall comply at a rate of one unit of plant material for each thousand square feet of required landscapable area or portion thereof;
 - e. The number of frontage trees required shall be one tree per every thirty linear feet of all street frontages, including any easements. The frontage trees are required to be located within the frontage landscape buffer or within twenty feet of the property line along the street frontage. A minimum of one frontage street tree shall be installed if the property has less than fifty feet of frontage. If street trees are being placed within property along the street frontage based on the requirements of Section 18.46.200, then the required frontage trees may be distributed within and throughout the property.
 - f. The parkway and frontage landscape buffer combined shall not count towards the required 15.0 percent landscapable area.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

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18.46.090 - Required plants.

- A. The following plant materials shall be installed within the required landscapable area as follows:
1. For every one thousand square feet, or portion thereof, of landscapable area, the following plant material shall be required:
 - a. Two project deciduous or evergreen trees having a minimum caliper size of two inches and a minimum height of ten feet to twelve feet;
 - b. A minimum of forty plant material of five-gallon size, which are a minimum of eighteen inches in height.
 - c. A minimum of ten plant material of one-gallon size;
 - d. For project trees, two one inch caliper trees at a height of eight feet to twelve feet may be substituted for a two inch caliper project tree.
 - e. Substitution of plant materials may be allowed for the preservation or relocation of existing healthy trees and shrubs based on equivalent size and type of plant material and shall be subject to review by the landscape plan reviewer on a one-to-one basis.
 - f. Palms may be installed on the property but will only count toward the fifty percent of the required five gallon plant material.
 - g. For every five five-gallon plant required, one project tree may be substituted for up to fifty percent of the required five gallon plant materials.
 2. Parking lots and vehicular use areas.
 - a. Shading shall be required for parking lots and vehicular use areas that are located within the project, with ten parking spaces or more shall be provided with at least one parking lot tree for every ten parking spaces.
 - b. Truck courts and truck-trailer parking lots shall be required to have parking lot trees placed within the parking lot.
 - c. Parking lot trees may be placed within the parking area or vehicular use area with due consideration for vehicle movement and maneuvering or directly adjacent to the vehicular use area.
 - d. Parking lot trees shall be located with respect to the location of parking lot light fixtures in such a manner as to not impede the distribution of light throughout the parking lot, unless the lighting is placed in the canopy of the trees.
 3. Street-oriented buildings.
 - a. In cases where a building is oriented toward the street, the required landscapable area shall be reduced by sixty percent if the building meets the following standards:
 1. The building spans is eighty percent of the width of the lot at the street.
 2. The principal entrance is from the sidewalk that is the recipient of eighty percent

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span coverage.

3. That no parking is located between the street and the building along any portion of the eighty percent span.

4. That at least thirty percent of the building facade is glass.

b. Any side off-street parking abutting the property line shall have the required frontage landscape buffer area and applicable frontage trees and plant units.

4. Designated landscape infill development area.

a. The designated landscape infill development area is shown as Appendix A attached to Ordinance Number 17656. [A copy of Ordinance 17656, Exh. A can be found in the city offices.]

b. For a property within the designated landscape infill development area, the required landscapable area may be reduced up to thirty percent.

c. The property shall comply with all other provisions of this chapter.

5. Plant coverage option. The following plant coverage option may be utilized in lieu of the requirements specified under Section 18.46.090 A.1.

a. Plant material shall be provided on all required landscapable area and will cover at least seventy-five percent of area.

b. Plant material used in the coverage calculation shall be shrubs or ground cover from the required the approved tree and plant list of the City of El Paso. The required coverage shall be achieved within two years of the date of planting. In no instance shall the number of plants provided fall below forty percent of the total required under Section 18.46.090 A.1.

c. In addition to the required plant material, two project deciduous or evergreen trees having a caliper size of two inches and a minimum height of ten feet to twelve feet shall be required for every one thousand square feet, or portion thereof. For project trees, two one inch caliper trees at a height of eight feet to twelve feet may be substituted for a two inch caliper project tree. Project trees shall not be used in the calculation of the coverage area.

d. ~~A~~ required weather-based smart controller shall be required in order to utilize the plant coverage option.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-2011; Ord. No. 17656, § 1, 10-18-2011, eff. 11-7-2011)

Comment [AJP4]: This is the section where a smart controller can be used as an alternative. There are some models that can be preprogrammed to follow our 3 watering day schedule but many others don't. Kania to send me a study done by A&M regarding the use of these controllers in drought prone areas (on our favor)

Article III. - Standards

18.46.100 - Landscape standards.
18.46.110 - Irrigation standards.

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18.46.120 - Installation standards.
18.46.130 - Maintenance standards.
18.46.140 - Fees in lieu of installation.

18.46.100 - Landscape standards.

A. Water harvesting. The landscapable area shall be designed to ensure the most beneficial design for surface collection of water to include swales, parking lot islands, bar ditches, detention or retention ponds and constructed wetlands.

B. Plants. Seventy-five percent of all plants to be used in the landscape design shall be selected from the approved plant list on file and maintained in the department. No artificial plant materials shall be used to satisfy the requirements of this chapter. All plants and trees shall be healthy and vigorous at the time of planting. At least fifty percent of the plants installed shall be plant material of low water, drought-tolerant variety.

C. Turf. Turf shall not be installed on slopes exceeding twenty percent, unless approved by the city engineer or designee to match existing conditions or surrounding development. Turf grass is specifically prohibited in parkways. Turf shall have an amended soil base of a minimum of six inches.

D. Trees. Trees in pedestrian areas shall be planted and maintained, with the mature branching structure having a minimum of seven feet clearance from ground level within three feet from the trunk. All trees shall be healthy and vigorous. Trees shall be planted in beds with a minimum area of thirty-six square feet of surface area with no interior dimension less than four feet measured at ninety degrees to the interior edges.

E. Shrubs. Shrubs shall be a minimum size of a five-gallon container and a minimum plant height of eighteen inches (except for dwarf species and low growing species). Existing shrubs should be preserved and incorporated into the site landscaping.

F. Organic/inorganic ground covering/permeable paving.

1. Inorganic coverings such as gravel, river rock, shell, recycled glass (polished with rounded edges) and similar materials may be used as a landscape groundcover.
2. Organic ground covering such as organic mulch, wood chips or bark may be used as a landscape ground covering.
3. Nonporous materials shall not be installed under organic or inorganic ground covering.
4. Any weed barrier materials used must allow the percolation of standing water within seventy-two hours.

G. Plant material shall be installed to ensure that at maturity there is a five-foot clearance adjacent to any utility box, fire hydrant, utility meter or access point.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

18.46.110 - Irrigation standards.

A. All irrigation plans shall be designed and sealed by an irrigator licensed in the State of Texas.

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- B. Irrigation systems shall be installed in accordance with the standards and requirements of the irrigation equipment manufacturer, the Texas Commission on Environmental Quality, and the International Plumbing Code, and as may be amended, and all applicable regulations and laws.
- C. The source of irrigation water, whether potable or reclaimed, as provided by the City of El Paso water utilities, shall be indicated on the irrigation plans.
- D. When using a potable irrigation water source, an approved backflow prevention device shall be installed in accordance with the City of El Paso Plumbing Code.
- E. Such device shall be a pressure vacuum breaker or a reduced pressure assembly as appropriate for the project location. No other type of backflow prevention device shall be permitted.
- F. All backflows shall be protected from freezing with an enclosure that is ASSE certified or equal and shall be screened or concealed from street view with plants or other landscaping.
- G. All irrigation systems shall include:
1. An automatic controller with multiple programs, multiple repeat cycle capabilities and a flexible calendar program. Power may be provided by either electricity or solar;
 2. Spray head type irrigation systems may be used in planting beds when:
 - i. Plant material spaced less than eighteen inches center to center.
 - ii. Spray head system has head to head coverage.
- H. Spray heads shall not be used in the following locations:
1. Parkways;
 2. Medians;
 3. In areas less than ten feet in any dimension; and
 4. On slopes exceeding twenty percent.
- I. Drip and spray systems shall:
1. Be placed on separate valves;
 2. All components on drip systems shall be measured in gallons per hour.
- J. Wiring and sleeving:
1. All wire shall be direct burial. Multi-strand shall not be allowed for direct burial;
 2. Hard wire installations shall have a cutoff switch installed within sight of the controller;
 3. Irrigation piping and wiring installed under any hardscaped areas shall be within sleeving.
- K. Storm retention pond areas that are irrigated shall incorporate, in the design, separate valves for the basin and slope areas. A moisture sensor shall be installed in the basin.

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L. Flood irrigation water from a water improvement district is not an approved method of irrigation, and shall not satisfy the requirements of this chapter.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

18.46.120 - Installation standards.

Landscape and irrigation systems shall be installed in accordance with the approved plan.

A. Minor modifications may be made to the landscape design (plant materials and irrigation system), by the landscape architect or designer, so long as the changes comply with the minimum standards applicable to this chapter.

B. Minor modifications shall be allowed within the landscape area as long as those changes do not affect the plant size, landscapable area, or required quantity and that the irrigation changes do not affect the hydraulic integrity of the system.

C. Installation shall be completed prior to the building final inspection.

D. Reserved.

E. An individual with a state irrigator, installer [only allowed through December 31, 2009], irrigation technician, master plumber, or journeyman plumber license shall be on the project site during all irrigation installation work to review and inspect all progress and aspects of the installation.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

18.46.130 - Maintenance standards.

A. Landscaping and irrigation shall be regularly and properly maintained to ensure healthy and vigorous plant material. The property owner is responsible for regular weeding, mowing of grass, irrigating, fertilizing, pest prevention, pruning, and other maintenance of all plantings as needed. Trees may not be trimmed beyond national nursery standards for any reason.

B. Landscaping which dies shall be replaced by the owner with another living plant that is comparable to the existing plant or plant materials specified in the approved landscape plan as expeditiously as possible, but in any event no later than sixty days after notification from the director. The director may extend this time period up to an additional thirty days due to weather or due to events outside of the control of the property owner.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

18.46.140 - Fees in lieu of installation.

A. When applicable. The following projects may pay fees in lieu of installation of the required landscaping material and irrigation system, and shall not be subject to the requirements of this chapter if such fees are paid in accordance with the following provisions.

1. Unmanned facilities.
2. Manned facilities, if the required landscapable area requires 0.5 of a unit of plant material or less.

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B. Fee calculation. Where the city accepts payment of cash in lieu of the installation of landscape material and irrigation system, such payment shall be equivalent to the following:

1. Unmanned facilities.

a. Any unmanned facility with a calculated landscapable area requiring one unit of plant material or less, shall pay fees in the amount of five thousand dollars per site.

b. All other unmanned facilities with a calculated landscapable area requiring more than one unit of plant material, may pay fees based on five thousand dollars per unit of plant material required.

2. Manned facilities. Any manned facility with a calculated landscapable area requiring 0.5 of a unit of plant material or less, may pay fees based on five thousand dollars per unit of plant material required.

C. Form tendered. A cash payment made pursuant to this section shall be tendered in the form of a cashier's check, payable to the City of El Paso. The cashier's check shall be submitted to the director and shall accompany the building permit application.

D. Special fund.

1. Special fund established. The city shall establish a special fund for the deposit of all sums paid in lieu of installation pursuant to this chapter. The city shall account for all sums paid with reference to the individual property involved, and all sums received shall be committed by the city to be dedicated to the installation and planting of landscaping and plant material. In no case shall the funds be used for routine park, landscaping maintenance or other recreational facility maintenance. The fees shall be spent in locations as reasonably close as possible to the project which elected to pay such fees; however, the city shall not be restricted to spending the funds throughout the city so long as visible by the general public and in conformance with the purposes set forth in this chapter.

2. Accountability. The city engineer or designee shall maintain a written record of all moneys received in lieu of installation, including, at a minimum, the total amount of fees received, the property address generating the fees and the date the fees were received. The city engineer or designee shall maintain a record of all expenditures incurred from these funds and shall also perform a periodic reconciliation to the general ledger system of the city to ensure accountability of these funds.

3. Return of monies paid. Any monies not used as stated above within one year of payment to the city may be returned to the original individual or group that made payment upon application by said individual or group for a refund. Monies shall be returned upon refund application after one year unless said monies have been encumbered for use prior to application.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

Article IV. - Street Trees

El Paso, Texas, Code of Ordinances

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18.46.200 - Required street trees.
18.46.210 - Street tree standards.

18.46.200 - Required street trees.

A. Street trees are required on all city streets and arterials based on the requirements of this section. Maintenance and trimming of street trees and replacement of dead trees are the responsibility of the owner of the lot adjacent to or on which the trees are located. Street trees shall be maintained alive and healthy by the property owner of the lot adjacent parkway or on which the tree is located.

B. Street trees shall be selected from the approved tree and plant list of the City of El Paso maintained by the parks and recreation department. The street trees to be installed must be designated as a preferred (x) or allowed (o) medium or large deciduous tree from the approved tree or plant list.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

18.46.210 - Street tree standards.

A. Street trees shall be installed for commercial development per this chapter when any landscape is required per Chapter 18.46. For new residential development, street trees shall be installed by the property owner prior to the issuance of a certificate of occupancy. The required street trees and irrigation system shall be shown on all building permit applications on the site plan. If the developer elects to install the street trees, then the street trees and irrigation system shall be shown on the subdivision improvement plans and must be installed and completed as part of the subdivision improvements for the subdivision. An underground automatic irrigation system shall be required for new residential development and must comply with the standard specified in this chapter.

B. The spacing for all street trees shall be at thirty feet or less for all streets. Every lot over twenty feet wide shall have at least one street tree.

C. Adequate vertical clearance below the branches must be maintained for pedestrians, cars, and bicyclists. The minimum height to the lowest branch overhanging a sidewalk shall be seven feet; the lowest height overhanging a street shall be fourteen feet.

D. Street trees shall be a minimum of two inches caliper and ten feet in height, except that a street tree shall be a minimum of three inches caliper and ten feet in height for development along any arterial.

E. Street trees shall be placed in the parkway of the street, unless the department of transportation director and the deputy director for planning, requires different locations of trees based on topography or a uniquely shaped lot.

F. The standard setback of trees located between the curb and the sidewalk shall be based on the following standards:

1. Where more than four feet of space of parkway exists between the back of curb and the sidewalk, street trees shall be planted with their centerline equal distance from the curb and sidewalk.

2. Where three to four feet of space of parkway exists between the back of curb and the sidewalk, street trees shall be planted two feet from tree centerline to back of curb.

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3. Where less than three feet of space exists between the back of curb and the sidewalk, street tree placement will vary depending on the space available. A solution shall be selected from the following criteria:

- a. The minimum distance between the back of curb and centerline of the tree shall be two feet;
- b. The minimum distance between the centerline of the tree and the property-side edge of the sidewalk shall be four feet;
- c. If items one and two cannot be met, then street trees shall be planted at least two feet beyond the property-side edge of the sidewalk.

4. Where the sidewalk is at the curb, a solution shall be selected from the following criteria:

- a. If the sidewalk is less than six feet wide, the tree shall be planted at least two feet beyond the property-side edge of the sidewalk; or
- b. If the sidewalk is six feet wide or wider, street trees shall be planted in cutouts in the sidewalk. The centerline of the tree shall be at least two feet from the back of curb, and at least four feet from the property-side edge of the sidewalk. If the remaining clear sidewalk space between the tree planter and the property-side edge of the sidewalk is less than four feet, a grate shall be used to cover the planting hole. The grate shall be of a size and design approved by the department of transportation. In all cases, the minimum effective clear sidewalk width shall be five feet.

G. On sites where evenly-spaced street trees are not possible due to topography or a uniquely shaped lot, random clustering of street trees may be acceptable, provided that the number of trees planted equals or exceeds the number that would be required if the trees were evenly-spaced. Such arrangement must be approved by the department of transportation director and the deputy director for planning.

H. A tree well shall be as deep as the root ball and at least twice as wide as the root ball. The bottom of the tree well should be convex and a minimum of four inches of mulch should be placed on the top of the well.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

Article V. - Administration

- 18.46.300 - Enforcement.
- 18.46.310 - Appeals.
- 18.46.320 - Violations—Penalty.
- 18.46.340 - Severability.

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18.46.300 - Enforcement.

A. Revocation of permit. Permits may be revoked in accordance with the provisions in Chapter 18.02 of this Code.

B. Citations. The city engineer and any person designated by the city engineer, to include but not be limited to the building official and the code enforcement division, are authorized to enforce the provisions of this chapter and shall have the power to issue misdemeanor citations to any persons violating the provisions of this chapter.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

18.46.310 - Appeals.

A. When the director does not approve a landscape or irrigation plan, or the installation of these improvements, the owner or duly authorized representative may appeal in writing that decision to the construction board of appeals.

Where topography or the unique characteristics of a particular lot are such that the landscape requirements cannot be met, the city engineer or designee may waive up ten percent of the parking requirement below the minimum so that the minimum landscape requirement can be met or alternatively the missing landscape percentage can be waived up to ten percent of the total square footage required. In cases where the property owner disagrees with the determination of the city engineer or designee, the decision may be appealed to the construction board of appeals.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

18.46.320 - Violations—Penalty.

A. Civil and criminal penalties. The city shall have the power to administer and enforce the provisions of this chapter as may be required by governing law. Any person, firm, corporation or agent who shall violate a provision of this Code, or fails to comply therewith, or with any of the requirements thereof, or who shall have erected, constructed, altered, installed, demolished or moved any landscaping or irrigation system, or has erected, constructed, altered, repaired, moved or demolished any landscaping or irrigation system, in violation of a detailed statement or drawing submitted and permitted under this chapter, is subject to suit for injunctive relief as well as prosecution for criminal violations. Any violation of the ordinance codified in this chapter is declared to be a nuisance.

B. Criminal prosecution. Any person violating any provision of chapter shall, upon conviction, be fined a sum not exceeding two thousand dollars. Each day that a provision of this chapter is violated shall constitute a separate offense.

C. Civil remedies. Nothing in this chapter shall be construed as a waiver of the city's right to bring a civil action to enforce the provisions of this chapter and to seek remedies as allowed by law, including, but not limited to the following:

1. Injunctive relief to prevent specific conduct that violates the ordinance or to require specific conduct that is necessary for compliance with the ordinance; and
2. A civil penalty up to five hundred dollars a day when it is shown that the defendant was actually notified of the provisions of the ordinance and after receiving notice committed acts in violation of the ordinance or failed to take action necessary for compliance with the ordinance; and

Comment [AJP5]: David Karla explained that it is the "combo" inspectors from building services that enforce the ordinance. The inspectors are the ones that sign the building permit before the certificate of occupancy is granted.

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3. Other available relief.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

18.46.340 - Severability.

If any section, subsection, sentence, clause or phrase of this Code is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this Code.

(Ord. No. 17575, § 1, 6-7-2011, eff. 11-7-2011; Ord. No. 17650, 9-27-11)

APPENDIX II

RULES AND REGULATIONS NO.5

RULES AND REGULATIONS ESTABLISHING A RATE FOR THE FURNISHING OF WATER SERVICE BY THE EL PASO WATER UTILITIES

BY THE AUTHORITY GRANTED TO THE PUBLIC SERVICE BOARD BY VIRTUE OF ARTICLES 1111-1118, REVISED CIVIL STATUTES OF TEXAS, AND ORDINANCE 752, PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF EL PASO, TEXAS ON MAY 22, 1952 NOW THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE CITY OF EL PASO, THAT THE FOLLOWING WATER RATES SUPERSEDE ALL RATES HERETOFORE FIXED AND ALL ORDINANCES HERETO PASSED WITH REFERENCE TO THE FIXING OF RATES FOR THE FURNISHING OF WATER SERVICE: (KNOWN AS RULES AND REGULATIONS NO.5).

SECTION I

There shall be collected from the users of each and every water service connected to the water system of the El Paso Water Utilities of the City of El Paso, Texas, for use thereof, a monthly charge consisting of a minimum charge plus a commodity charge for water used. For residential customers only, a volume of 4 hundred cubic feet (4 Ccf) will be included in the minimum charge. The following charges shall apply:

A. MONTHLY MINIMUM CHARGES FOR WATER SERVICE. BASED ON SIZE OF METER

<u>Meter Size</u>	<u>Minimum Monthly Bill</u>
Less than 1"	\$5.18
1"	\$8.06
1 1/2"	\$13.82
2"	\$16.63
3"	\$33.21
4"	\$49.58
6"	\$75.18
8"	\$128.77

B. Water used in excess of the volume allowance (4 Ccf) included in the minimum charge shall be billed at the following rates:

<u>Block</u>	<u>Volume</u>	<u>Charge per Ccf</u>
Block 1	Over 4 Ccf to 150% of AWC*	\$1.56
Block 2	Over 150% to 250% of AWC	\$3.68
Block 3	Over 250% of AWC	\$5.27

C. AVERAGE WINTER CONSUMPTION

*Average Winter Consumption (AWC) is the average amount of water used during the most recent December, January, and February billing periods. Any Customer that at the time of service has not established an AWC will be assigned the class average AWC by meter size for their customer classification. If the customer's calculated AWC is lower than the class average then the customer will be assigned the class average AWC by meter size of their customer classification. WATER SUPPLY

REPLACEMENT CHARGE

There shall be collected from the users of each and every service connected to the water system, including Local Government Turf Accounts and Very Large Water Users, a monthly Replacement Charge as follows:

<u>Meter Size</u>	<u>Monthly Charge</u>
Less than 1"	\$6.39
1"	\$15.97
1 1/2"	\$31.94
2"	\$51.10
3"	\$102.18
4"	\$159.67
6"	\$319.34
8"	\$593.95

E. Charges for services less than the normal 30-day reading cycle shall be calculated in the same manner as a full reading cycle.

F. LOCAL GOVERNMENT TURF IRRIGATION ACCOUNTS

A uniform rate of \$2.01 per Ccf is hereby established for local government turf irrigation accounts serving only an associated turf area of local governments for all usage per acre that does not exceed a per month Ccf usage based on the evapotranspiration information set forth in the following table:

<u>Month</u>	<u>Maximum Ccf Per Acre</u>	<u>Month</u>	<u>Maximum Ccf Per Acre</u>
Jan.	40	July	280
Feb.	40	Aug.	200
March	50	Sep.	180
April	180	Oct.	120
May	200	Nov.	50
June	280	Dec.	40

"Turf irrigation accounts" shall mean an account established for applying water for irrigation and landscaping only, as determined by the PSB's General Manager or his designee.

"Local government" shall mean any county, municipality, village, town, a common or independent school district, hospital district or political subdivision of the State of Texas; excluding from this definition, however, any department, board, or agency of the State of Texas; including, without limitation, any of the following local governmental entities: the City of El Paso, Texas; the County of El Paso, Texas; the El Paso Independent School District; and the El Paso Community College District.

Any usage by the local government turf irrigation accounts in excess of the above monthly allotments shall be billed at the Block 3 rates shown in subsection B above.

Those local government turf irrigation accounts participating in this rate shall be billed at this special rate commencing with meter readings taken after March 31, 1995. Those local

governments that wish to continue participating in this rate shall provide the Water Conservation Department the total acres served by each irrigation only meter, excluding the total areas for parking lots, building, hard surface courts, streets, and any other impervious areas. This information shall be provided to the Water Conservation Department office no later than September 1, 1995. If such information is not provided by this date by those local governments participating on this date, water use for those local governments will be billed in accordance with the procedures and rates shown in subsection B above. Provided, however, any local government participating in the parks and recreation rate on the effective date of this Resolution shall not be required to comply with this paragraph and will continue to be billed under their established allotment, as that allotment may be adjusted in the future. Provided further, this exception shall not exempt any new account for such local government participating in the parks and recreation rate from fully complying with this paragraph.

In the case of multiple yard meters serving one location, the total acreage served must be divided in such a manner as to represent the acreage served per/by each yard meter. If the General Manager, or his designee, after an investigation, determines that an equitable adjustment is required due to pressure variations and other factors, total consumption for meters looped at a single location must not exceed maximum Ccfs per acre allocated for the location.

No local government non-irrigation usage will be included in this special rate, including, without limitation, the use of water for swimming pools, fountains, and for human and animal consumption.

All local government turf irrigation accounts that modify the size of their landscape or turf area must provide the Water Conservation Department with written notice of the modification to allow the Water Conservation Department to recalculate new allotments.

Where reclaimed water is available, and an irrigation customer does not connect to the reclaimed water system, that customer shall pay the rate established in Section 1-K.

Reclaimed water is considered available if the property abuts on an easement or street with a reclaimed water line capable of providing service.

G. VERY LARGE WATER USERS

Section 15.13.05 of the El Paso Municipal Code, also known as The Water Conservation Ordinance, defines a "Very Large Water User" as a person who uses an average of 100,000 gallons per day or more. Monthly metered water consumption for any person or account having daily water use of 100,000 or more gallons shall be charged in accordance with the following table:

Block 1	0 Ccf to 5,000 Ccf	\$1.95
Block 2	5,001 Ccf to 15,000 Ccf	\$2.45
Block 3	15,001 Ccf to 30,000 Ccf	\$2.94
Block 4	Over 30,000 Ccf	\$3.69

The Monthly Minimum Charge based on the size of the meter and contained in Section I A shall also apply to all Very Large Water Users. No minimum volume will be included in the Monthly Minimum Charge; all metered use will be charged at the rates noted above.

For existing accounts served by the El Paso Water Utilities Public Service Board, daily water use shall be determined each year based on metered water consumption for the twelve month period ending December 31. Annual water use (in gallons) will be divided by 365 to determine daily water use. Any account determined to have used an average of 100,000 or more gallons per day shall be classified as a Very Large Water User, and the rates contained in Section I G of this Rule and Regulation shall apply for the twelve month period beginning March 1 and ending at the end of February of the following fiscal year. This classification shall apply for the full twelve month period regardless of actual water use. The procedure for determining a Very Large Water User shall be repeated each year based on annual metered water use per account for the twelve months ending

December 31.

New accounts with an anticipated water use in excess of 100,000 gallons per day will be charged the rates for Very Large Water Users until sufficient data is available for a consecutive twelve month period. This data shall then be used to calculate average daily water consumption and determine whether an account meets the definition of a Very Large Water User.

Local Government Turf Irrigation accounts will be charged in accordance with Section 1-F of this Rule and Regulation, regardless of average daily water use.

H. INCENTIVES FOR RECYCLING

1. All Customers

In order to encourage the use of recycled water by Very Large Water Users, the Utility will assist industries in evaluating alternatives to potable water use by providing water reuse technology seminars, providing water conservation audits, and assisting in providing water application techniques. Industries who recycle at least 25% of their potable water use or who connect to the Utility's reuse water system will be publicly acknowledged for their conservation efforts.

2. Existing Customers (served prior to July 1, 1995)

Very Large Water Users receiving service on July 1, 1995, who recycle a percentage of potable water, either purchased from the PSB and/or produced by the users from wells, as verified by Utility staff, will receive a recycling rebate as follows:

Percent of Potable Water Recycled	Amount of Recycling Rebate
25% to 29%	5% of water bill only
30% to 50%	10% of water bill only
>50%	15% of water bill only

Recycling rebates will be based on the percentage of recycled water used in comparison with the total potable water usage from January through December of each year. Recycling rebates for 1995 will be based on potable water usage and recycling from July through December, 1995. Rebates to qualifying customers will be paid in February for the prior year's recycled water usage. This program only applies to industries in existence as of July 1, 1995.

Very Large Water Users must complete a recycling rebate program application providing the company name, address, telephone and fax numbers, the names and telephone numbers of the plant manager and the person supervising the daily operation of the water recycling system, and a schematic diagram of the potable water and recycled water systems. The Utility will inspect the system and determine eligibility in accordance with these Rules and Regulations, and certify eligibility in writing. Participation will begin with the receipt of the first flow report submitted by the industry. Applications may be submitted to: Water Reclamation and Biosolids Manager-El Paso Water Utilities.

The following conditions must be met in order to be eligible for recycling rebates:

- a. The account must have been an active account as of July 1, 1995.
- b. Recycle rebates will not apply for new or additional accounts or metered service as a result of expansion or addition of new facilities.
- c. Industries must, at their own expense, purchase and install recycle flow meters and wastewater flow meters. Meters and installation must be Utility approved.

- d. Effluent water, recycle water, and wastewater flow meters must be read each production day and the information recorded in a bound log book and shall be entered into a spreadsheet format. The information in the form of the spreadsheet printouts must be faxed and hand-delivered to the Utility's Water Reclamation and Biosolids Manager every Friday by 5:00pm.
- e. The hydraulic capacity of all treatment equipment will be assessed by Utility staff. The maximum theoretical recycle percentage will be developed from this flow. No higher percentage will be considered unless the equipment capacity is increased.
- f. Recycled water is intended to be used for production of finished products. Wash water, landscape irrigation, and other similar uses will not count toward the recycle percentage unless they are a minor constituent of overall recycle water usage for production purposes.
- g. The type of recycle equipment will be assessed by Utility staff. Equipment designed only to remove solids will not be counted towards the recycle percentage unless such equipment is integral pretreatment for more advanced treatment. The final product of an approved recycle system must be suitable for actual process use.
- h. By participating in the program, customers agree to allow complete access during normal production hours to Utility employees for the purpose of inspecting equipment, water usage, and records. Water recycling records shall be verified at random by Utility staff.
- i. Participating in the recycling rebate program may be terminated under any of the following conditions: falsification of meter readings, tampering with or bypassing meters, violations of the Rules and Regulations of the Public Service Board, refusal of entry to authorized Utility personnel on official business, failure to keep adequate records, failure to properly operate and maintain equipment.

I. CITY OF EL PASO LANDSCAPE AND TURF IRRIGATION RATE

A uniform rate equal to the rate established for Block 1, found in Section I(B) is hereby established for the City of El Paso's landscape and turf irrigation accounts.

"Landscape and turf irrigation accounts" shall mean an account established for applying water for irrigation and landscaping only, as determined by the PSB's General Manager or his designee.

No non-irrigation usage will be included in this special rate, including, without limitation, the use of water for swimming pools, fountains, and for human and animal consumption.

Where reclaimed water is available, and an irrigation customer does not connect to the reclaimed water system, that customer shall pay the rate established in Section 1-K.

Reclaimed water is considered available if the property abuts on an easement or street with a reclaimed water line capable of providing service.

J. BRACKISH WATER RATE -Water containing 1000 mg/L or more of Total Dissolved Solids (TDS) and/or 300 mg/L or more of chlorides.

The Utility will supply brackish water at a rate of \$1.09 per ccf (advanced secondary treatment reclaimed water rate).

K. NON-GOVERNMENT LANDSCAPE AND TURF IRRIGATION RATE

A uniform rate of \$3.68 per hundred cubic feet (Ccf) is hereby established for all non-government landscape and turf irrigation accounts.

"Landscape and turf irrigation accounts" shall mean an account established for applying water for landscaping and turf irrigation only, as determined by the PSB's General Manager or his designee.

Non-irrigation usage will not be included in this special rate, including, without limitation, the use of water for swimming pools, fountains, and for human and animal consumption.

L. CONSTRUCTION METER RATES

A uniform rate equal to the rate established in Section 1-K is hereby established for all construction meter accounts. Reclaimed water used for construction purposes will be billed at the rates established in Rules and Regulations No. 6, Section X-A

M. ANNEXATION FEES -1999

For property subject to annexation fees pursuant to a contract, a water connection fee shall be paid at the time of application for meter installation, including fireline and irrigation/yard services, for each three-quarter inch (3/4") equivalent water meter that is connected to the City of El Paso's water system as follows:

<u>Meter Size</u>	<u>Eastside Annexation Fee</u>	<u>Westside Annexation Fee</u>
Less than 1"	\$ 621	\$ 897
1"	\$ 1,553	\$ 2,243
1 ½"	\$ 3,105	\$ 4,485
2"	\$ 4,968	\$ 7,176
3"	\$ 9,936	\$ 14,352
4"	\$15,525	\$ 22,425
6"	\$31,050	\$ 44,850
8"	\$57,753	\$ 83,421
10"	\$82,593	\$119,301

Based on gallons-per-minute (gpm) water flow, El Paso Water Utilities Public Service Board Rules and Regulations No. 1, Section VII-J.

The water connection fee for the Eastside shall be increased by three percent (3%) on December 1, 2000, and each year thereafter, compounded annually, rounded to the nearest dollar, in accordance with City of El Paso Ordinances 014262 and any amendments thereto. The water connection fee for the Westside shall be increased by three percent (3%) on September 1, 2000, and each year thereafter, in accordance with City of El Paso Ordinances 014200 and any amendments thereto. Payment of the water connection fee shall be due at the time of application for water connection to the system.

N. EASTSIDE ANNEXATION FEES- 2005

For property subject to annexation fees pursuant to a contract, a water connection fee shall be paid at the time of application for meter installation, including fireline and irrigation/yard services, for each three-quarter inch (3/4") equivalent water meter that is connected to the City of El Paso's water system as follows:

<u>Meter Size</u>	<u>EASTSIDE Annexation Fee Water(\$)</u>
Less than 1"	\$ 566
1"	\$ 1,396
1½"	\$ 2,830
2"	\$ 4,528
3"	\$ 9,056
4"	\$14,150
6"	\$28,300

<u>Meter Size</u>	<u>EASTSIDE Annexation Fee</u>
	Water(\$)
8"	\$52,827
10"	\$75,467

The Annexation Fee shall be increased by three (3) percent on March 1, 2006, and each year thereafter, compounded annually, rounded to the nearest dollar. Payment of the water connection fee shall be due at the time of application for water connection to the system.

SECTION II

There shall be collected from each and every user of a connection to the water system for the purpose of providing Standby Fire Protection a monthly standby charge based on the size of the service as follows:

<u>Size of Service</u>	<u>Monthly Charge</u>
1/2"	\$6.60
2"	\$9.22
3"	\$13.09
4"	\$17.01
6"	\$23.60
8"	\$39.32

When any water is used through a standby fire service, the charge shall be the Monthly Charge plus \$1.56 for each 100 cubic feet for the first 1000 cubic feet as measured by the detector meter. Registration of flow in excess of 1000 cubic feet in any billing cycle shall be used to indicate that large volumes of water are being used that are only partially indicated by the detector meter and the excess volume shall be determined by multiplying the volume measured by the detector meter less 1000 cubic feet, by two times the ratio of the area of the fire line to the area of the by-pass line, both in inches, and this volume billed at \$1.56 per estimated 100 cubic feet.

If consumption through the fire line is determined to have been caused by an underground leak which the customer could not have reasonably detected, then the Utility shall allow relief to the customer under PSB Rules and Regulations No. 5, Section VII, and the Utility will waive the two times ratio calculation charge. If consumption through the fire line is incurred due to an actual fire on the premises, then only the fixed meter charge will be assessed to the customer.

SECTION III

All of the aforementioned charges apply to water service to property within the City of El Paso. Where the water connection provides service to property outside the City Limits of El Paso, the charge for such service shall be 1.15 times the rates for similar service to customers, whose property is inside the city limits, including the monthly Water Supply Replacement Charge.

SECTION IV

There shall be collected from the City of El Paso for each fire hydrant installed on the lines and systems of the El Paso Water Utilities-Public Service Board of the City of El Paso, Texas, a monthly charge of \$5.92 for hydrants located on public right-of-way or at other locations approved by the City's Fire Chief.

SECTION V

Payment of the monthly service charges is due 14 days after the date of billing. A termination notice will be generated on the 15th day, allowing an additional 7 days from the billing due date. Services will be scheduled for disconnection the following work day unless the billed amount has been paid.

A charge of \$12.00 per \$100 of the delinquent amount or any part thereof will be assessed when the "past due" amount of a bill is not paid before a Field Service Worker is dispatched to disconnect the

service for non-payment. If payment is made at the service location prior to the service being disconnected, no other charge shall be made. If the service is turned off for non-payment, an additional charge of \$20.00 will be made to restore the service if the service is restored or the request to restore service is received between 7:00 A.M. and 4:00 P.M. on a normal working day. A charge of \$25.00 will be made for restoration of service under all other circumstances. In the event that service is not restored until after the customer's bill has been finalized, a new guarantee deposit and customer account fee must be paid.

A disconnection charge of \$3.00 per dwelling or business unit, in addition to the charges stated above, will be assessed when the service connection provides water to a building or buildings occupied by two or more individuals, families, or businesses who receive water service from one metered connection. Said special charge, in addition to any delinquent amount or other delinquency charges shall be paid prior to the restoration of service to the premises.

A separate charge of \$100.00 will be made when water service to a property is restored by someone other than an authorized representative of the EL PASO WATER UTILITIES.

A charge of \$25.00 will be added to each customer's account that is affected when the customer makes payment by check and said check has been returned for insufficient funds or other reasons by a financial institution.

SECTION VI

No customer or person shall use water from the City system except from a metered connection installed by the Utility. All meters are the property of the Utility and shall not be damaged, removed or altered by the customer or non-utility personnel. A charge of \$15.00 plus the cost of correcting any such damage and the estimated cost of the water used shall be paid before water is reconnected to any customer or property that has or has permitted the meter or service connection to be altered in such a way as to not accurately meter all of the water that flowed through the service connection.

SECTION VII

The Utility shall allow an adjustment on all leaks which the customer could not have reasonably detected. The adjustment will only be allowed on the highest billing (one month consumption) when the Utility, in its sole discretion, determines that the loss of water could not have been reasonably detected by the customer using the service, such as a leak beneath a cement floor and/or running commodes. All other water lost through other causes is the responsibility of the customer using the service. Nothing herein shall relieve the customer from repairing such leaks when the customer has an obligation to do so under the Water Conservation Ordinance, Chapter 15.13. of the City code. The Utility will bear 50% and the customer the other 50% of the water lost. The amount of water lost will be determined by comparing the usage when the leak occurred and the previous year's usage during the same billing cycle. If the customer does not have a previous usage, a monthly average usage before the leak occurred will be considered in determining the adjustment. If such an adjustment is granted, no such adjustment of this nature will be made on the same property for a period of 24 months from the month in which the adjustment was granted.

SECTION VIII

These regulations and charges shall become effective on meter readings after March 31, 1994 and shall remain in effect until amended or changed by the Public Service Board.

SECTION IX

This Rule and Regulation is a part of the other Rules and Regulations of the Public Service Board and persons accepting service agree to comply with the appropriate provisions and conditions of all of the Rules and Regulations. If any part of the Rules and Regulations be held void, such part shall be deemed severable and invalidity thereof shall not affect the remaining parts of these Rules and Regulations.

PASSED, APPROVED and ADOPTED the 27th day of March, 1991 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTION II REVISED, APPROVED and ADOPTED the 25th of September, 1991 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO. 5, SECTION 1-D REVISED, APPROVED and ADOPTED the 12th of February, 1992 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO. 5, SECTION 1-F PASSED, APPROVED and ADOPTED the 24th of February, 1993 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO. 5, SECTION 1-A, 1-B, 1-F AND SECTION III REVISED, APPROVED and ADOPTED the 23rd of February, 1994 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTION 1-F AND SECTION II REVISED, APPROVED and ADOPTED the 8th of March, 1995 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO. 5, SECTION G AND SECTION H PASSED, APPROVED and ADOPTED the 14th of June, 1995 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO. 5, SECTIONS I(A), I(B), I(C), I(D), and SECTION III REVISED, APPROVED, and ADOPTED the 28th of February, 1996, by the Public Service Board of the City of El Paso.

RULES & REGULATIONS NO.5, SECTION I PASSED, APPROVED and ADOPTED the 8th of May, 1996 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO. 5, SECTION J PASSED, APPROVED and ADOPTED the 11th of December, 1996 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTION I(D) and SECTION V, REVISED, APPROVED and ADOPTED the 18th of December, 1997 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO. 5, SECTIONS I(B), I(F), I(G), 1(1), I(J), and V REVISED, APPROVED and ADOPTED the 8th of December, 1999 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTIONS I(K) and I(L) PASSED, APPROVED and ADOPTED the 8th of December, 1999 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTIONS I(A), I(B), I(F), I(G), I(J), and II REVISED, APPROVED and ADOPTED the 24th of January, 2001 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTIONS I(A), I(B), I(D), I(F), I(G), I(J), and II REVISED, APPROVED and ADOPTED the 23rd of January, 2002 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO. 5, SECTIONS I(L) REVISED, APPROVED and ADOPTED the 13th of February, 2002 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTIONS I(A,B,D,F,G,I,J,& K), and Section II, REVISED, APPROVED and ADOPTED the 8th day of January, 2003 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTIONS I(A,B,D,F,G,I,J,& K), and Section II, REVISED, APPROVED and ADOPTED the 14th day of January, 2004 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTION VII, REVISED, APPROVED and ADOPTED the

12th day of January, 2005 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTIONS I(J,K,L,M,N), REVISED, APPROVED and ADOPTED the 12th day of January, 2005 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTIONS I(J,K,L,M,N), ADDED, REVISED, APPROVED and ADOPTED the 25th day of January, 2006 by the El Paso Water Utilities Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTIONS I(A,B,D,F,G,J,K), SECTION II, ADDED, REVISED, APPROVED and ADOPTED the 13th day of December, 2006, by the El Paso Water Utilities Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTIONS I(A,B,F,G,I,J,L) AND SECTION II, ADDED, REVISED, APPROVED and ADOPTED the 9th day of January, 2008, by the El Paso Water Utilities Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTIONS I(A,B,C,D,F,G,J,& K), Section II, Section V and Section VI REVISED, APPROVED and ADOPTED the 14th day of December, 2011 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTIONS I(A,B,D,F,G,J,K,M,N), Section II and Section V REVISED, APPROVED and ADOPTED the 12th day of December, 2012 by the Public Service Board of the City of El Paso, Texas.

RULES & REGULATIONS NO.5, SECTIONS I(C, J, M, N) REVISED, APPROVED and ADOPTED the 11th day of December, 2013 by the Public Service Board of the City of El Paso, Texas.

PUBLIC SERVICE BOARD:

Richard Schoephoerster, Chair

ATTEST:

APPROVED AS TO FORM:

David Nemir, Secretary-Treasurer

Robert D. Andron, General Counsel

Chapter 15.13 - WATER CONSERVATION

Appendix III.

Sections:

- [15.13.005 - Definitions.](#)
- [15.13.010 - Water conservation compliance.](#)
- [15.13.020 - Mandatory compliance—Lawn and landscape watering.](#)
- [15.13.030 - Nonessential water use restrictions.](#)
- [15.13.040 - Declaring of nuisance of exist.](#)
- [15.13.050 - Large and very large users.](#)
- [15.13.060 - Variances and permits.](#)
- [15.13.070 - Appeal to public service board and city council.](#)
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- [15.13.110 - Issuance of citations.](#)
- [15.13.120 - Water emergency—Restriction of water use.](#)
- [15.13.130 - Turf grass prohibited.](#)
- [15.13.140 - Drought and water emergency management response plan.](#)

15.13.005 - Definitions.

All definitions contained in Section [15.12.005](#), Definitions, of [Chapter 15.12](#) "Water and Sewer System" are incorporated into this chapter by reference.

(Ord. 14805 (part), 2001)

15.13.010 - Water conservation compliance.

No person who uses water from the city water supply system, the management and control of which the city council delegated to the El Paso water utilities public service board (public service board) by Ordinance No. 752, shall make, cause, use or permit the use of water received from the public service board for residential, commercial, industrial, agricultural, governmental or any other purposes in a manner contrary to any provisions of this chapter. Provided further, that no person shall make, cause, use or permit the use of water in a manner contrary to Section [15.12.075](#) of the city code or Section [15.13.040](#) of this chapter, regardless of whether that water is received from the El Paso water utilities public service board. When used in this chapter, the terms "commercial," "industrial," and "residential" shall have the meaning and usage consistent with the usage of those terms under [Title 20](#), Zoning, of the city code.

(Ord. 14805 (part), 2001; Ord. 10503 § 2 (part), 1991)

15.13.020 - Mandatory compliance—Lawn and landscape watering.

The following mandatory restrictions shall apply to all customers of, or persons who use or receive water from the public service board:

- A. All outdoor irrigation of grass, trees, plants or other vegetation on residential and commercial property on the side of the street on which building addresses are even numbered, may be done only Tuesdays, Thursdays and Saturdays; and on the side of the street on which buildings are odd numbered, such vegetation may be irrigated only on Wednesdays, Fridays and Sundays. In case of corner buildings having both odd and even numbers, the number carried on the books of the public service board shall control.
- B. All outdoor irrigation of grass, trees, plants or other vegetation on industrial properties, parks, golf

courses, schools and cemeteries may be permitted only on Mondays, Wednesdays and Fridays. All other properties, not falling within the industrial classifications described in this subsection, shall be considered residential and shall be watered in accordance with the requirements of subsection A of this section.

- C. From April 1st to September 30th, all outdoor irrigation of vegetation is prohibited between the hours of ten a.m. and six p.m.
- D. The review board of the public service board shall have the authority to review special situations and hardship cases upon application of any person in accordance with the procedures set forth in Section 15.13.060 of this chapter.

(Ord. 14805 (part), 2001; Ord. 10942 § 2, 1992; Ord. 10503 § 2 (part), 1991)

15.13.030 - Nonessential water use restrictions.

The following restrictions shall apply to all customers of or persons who use or receive water from the public service board:

- A.
 - 1. The washing of automobiles, trucks, trailers, boats, airplanes and other types of mobile equipment shall be done only with a hand-held bucket or a hand-held hose equipped with a shut-off nozzle that completely shuts off the flow of water, even if left unattended. This restriction does not apply to the washing of the above-listed vehicles or mobile equipment when conducted on the premises of a commercial car wash or a commercial service station. When used in this chapter, "bucket" means a bucket or other container holding five gallons or less;
 - 2. The washing of automobiles, trucks, trailers, boats, and other types of mobile equipment for fund-raising purposes must be conducted at a commercial car wash.
 - 3. Prior to connection of water service to any commercial car wash issued building permits for construction after June 1, 2002, a certification shall be provided to the El Paso Water Utilities that the car wash uses no more than fifty gallons of water per vehicle washed. Absent such certification, no water service will be provided.
- B. The following uses of water are defined as "wasting water" and are absolutely prohibited:
 - 1. Irrigating any turf grass, tree, plant, or other vegetation, or otherwise utilizing the city water supply system to permit or cause water to pond, or to flow, spray or otherwise move or be discharged from the premises of any person responsible for any property within the corporate limits of the city, or which receives water from the public service board to or upon any street, alley, gutter or ditch, or other public right-of-way, or into a storm water drainage system or facility;
 - 2. Failing to repair a leak within five working days of the discovery of same;
 - 3. Washing sidewalks, driveways, parking areas, tennis courts, patios or other impervious surface areas with a hose, except in emergencies to remove spills of hazardous materials or to eliminate dangerous conditions which threaten the public health, safety, or welfare. "Impervious surface area" means any structure, street, driveway, sidewalk, patio or other surface area covered with brick, paving, tile or other impervious or nonporous material.
- C. When referred to in this subsection, "swimming pool" shall mean any portable or permanent structure containing a body of water twenty-four inches or more in depth and containing one thousand one hundred twenty-two gallons or more of water and intended for recreational purposes, including a wading pool and as more fully defined under Sections 20.02.1064 and 20.02.1066 of the City Code. All swimming pools, which are constructed after the effective date of the ordinance codified in this chapter, must be equipped with filtration, pumping and recirculation systems. All existing swimming pools not equipped with such shall, within five years of April 1, 1991, be converted to filtration, pumping and recirculation systems, unless the review board, upon application of the pool owner or operator for a variance under Section 15.13.060 of this chapter, grants such a variance or extension of time. It is unlawful to drain swimming pools into the street, alley, gutter or other public right-of-way, ditch, or storm water drainage system or facility. Swimming pools may be drained into the sanitary sewer system only in coordination with El Paso Water Utilities' Wastewater System Division Manager.
- D. New or replacement bleeder lines from evaporative coolers shall not be larger than one eighth-inch

inside diameter. Bleeder lines shall be conducted outside and discharged so that the effluent can be used for water landscaping and other outdoor vegetation, except where this would be impractical or unfeasible.

- E. No person shall use water for non-residential single pass cooling or heating purposes unless the water is reused for other purposes. "Single pass cooling or heating" means the use of water without recirculation to increase or decrease the temperature of equipment, a stored liquid or a confined airspace.

(Ord. 15106 § 1, 2002; Ord. 14805 (part), 2001; Ord. 10505 § 2 (part), 1991)

(Ord. No. 17393, § 9, 8-24-2010, eff. 9-1-2010)

15.13.040 - Declaring of nuisance of exist.

The flow of produced water from property into streets, alleys, gutters, and other public rights-of-way, ditches, or into a stormwater drainage system or facility is contrary to the public health, safety and welfare of the citizens of El Paso and is therefore declared to be a nuisance. "Produced water" shall have the same meaning as set forth in Section 15.12.005 (A) of the City Code. Both the city attorney's office and the attorney for the public service board are authorized to take legal action to abate such a nuisance, including but not limited to seeking injunctive relief. This authorization to seek injunctive relief, or other legal action to abate such a nuisance shall not preclude prosecution for a violation of this chapter.

(Ord. 14805 (part), 2001; Ord. 10503 § 2 (part), 1991)

(Ord. No. 17393, § 10, 8-24-2010, eff. 9-1-2010)

15.13.050 - Large and very large users.

- A. For the purpose of this section, a large water user is defined as "any person who uses an average of ten thousand gallons per day or more from the water supply system under the management and control of the public service board." A very large water user is defined as "any person who uses an average of one hundred thousand gallons per day or more from the water supply system under the management and control of the public service board."
- B. All new very large water users, or existing very large water users, who apply for new service or an expansion of an existing service shall obtain approval from the public service board before being permitted to connect to the system or to expand within the system. Such large water users shall submit a water conservation plan to the Water Conservation Manager which contains a water use justification report that relates the water consumption to recycling potential and meets the requirements of subsection C of this section. The water conservation manager shall submit a recommendation, based upon this submittal to the public service board which shall render its decision within thirty days of the receipt of the recommendation from the water conservation manager. The water conservation manager shall review all water conservation plans submitted to determine whether the plan meets the requirements of this section. The public service board may approve the application for service with or without conditions, deny the application, or take any other action consistent with the policies expressed in this chapter.
- C. All large water users who use more than an average of twenty-five thousand gallons per day shall prepare and submit to the water conservation manager, within six months of April 1, 1991, a water conservation plan, in accordance with this section as a condition for continued use or new service. All large water users, who use more than an average of ten thousand gallons per day but less than twenty-five thousand gallons per day, shall prepare and submit to the water conservation manager, within one year of April 1, 1991, a water conservation plan, in accordance with this section as a condition for continued use or new service. The water conservation plan must demonstrate that reasonable diligence will be used to avoid waste and achieve water conservation. The water conservation plan shall include techniques and technologies that will reduce the consumption of water, reduce the loss or waste of water, improve the efficiency in the use of water, or increase the recycling and reuse of water. All conversion to recycling and reuse of water, if required, shall be accomplished within five years from the date of submittal of the water conservation plan. The water conservation manager may require additional information to be submitted which he/she deems necessary. If the water conservation plan demonstrates that the large water user will use reasonable diligence to avoid

waste and achieve water conservation, the water conservation manager shall approve the plan. All approved water conservation plans shall be revised every five years. A fee of twenty-five dollars per plan submittal shall be assessed to defray administrative costs.

- D. In considering approval of a water conservation plan, the water conservation manager and the public service board shall consider the climatic conditions, best management practices, best available techniques and technologies, the financial capacity of the applicant, and any other such factors which affect the policy of the city as expressed in the water resource management plan or the conservation policy of the State of Texas, as expressed in Section 1.003 of the Texas Water Code or applicable water conservation regulations providing for the conservation and development of the state's water resources adopted by the Texas Commission on Environmental Quality.
- E. Any person whose water conservation plan is disapproved by the water conservation manager may appeal the decision to the review board, the public service board and the city council in accordance with the procedure set forth in Sections 15.13.060 and 15.13.070 of this chapter.

(Ord. 16822 § 1 (part), 2008; Ord. 14805 (part), 2001; Ord. 10503 § 2 (part), 1991)

15.13.060 - Variances and permits.

- A. Owners of newly seeded or sodded turf grass and landscaping and new residential and commercial developments may receive a landscape watering permit upon application and approval by the water conservation manager allowing for daily watering of the same until the turf grass and landscaping are established, which shall not exceed thirty days.
- B. The planning and development manager, water supply manager and general manager of the public service board, or his designee, shall be immediately established as a review board to review hardship and special cases which cannot fully comply with the provisions of this chapter after recommendation by the water conservation manager. The review board will review hardship or special cases to determine whether a particular case warrants a variance or permit and shall hear appeals from any person whose water conservation plan is rejected by the water conservation manager. The review board shall consider the facts of each case separately and decide whether to grant a variance or permit within ten working days of the receipt of a properly completed "Application for Variance/Permit" form which shall be developed by the water conservation manager. A variance shall be granted only for reasons of economic hardship, medical hardship, or if there is a legitimate public health or safety concern that will be promoted or fulfilled as a result of granting the permit or variance. An "economic hardship" is defined as a threat to an individual's or business' primary source of income, and where not granting the variance would result in material structural damage to the person's property. A "medical hardship" is defined as a situation where it is determined that a person's ill health or medical condition requires a dependency upon others to water or irrigate. Under no circumstances shall inconvenience or the potential for damages of landscaping be considered an economic hardship or significant damage to property which justifies a variance. The review board shall authorize only the implementation of equitable water use restrictions which further the intent of the public service board's water conservation plan. Any special water use restrictions authorized by the review board in each hardship or special case shall be set forth on the face of the variance or the permit. A fee of twenty-five dollars shall be assessed per application to defray administrative costs. The fee may be waived upon the execution of an affidavit stating that applicant for the variance is unable to pay the fee and such affidavit shall be sworn before a notary public. Final determination of an applicant's inability to pay shall be made by the water conservation manager.
- C. A variance or permit issued under this section expires under its own terms and conditions, but in no event shall a variance or permit be issued for a period of more than five years from the date of issuance. Any person issued a variance or permit must fully comply with all the provisions of this chapter as an express condition of that person's variance or permit.
- D. Any person who is issued a variance or permit and uses water supplied or delivered by the public service board shall provide proof of such variance or permit upon demand by any person authorized to enforce this chapter. Upon conviction of violating any provision of this chapter, the review board may revoke or suspend any permit or variance previously granted. Provided, however, the review board shall notify the permittee of the proposed revocation five working days before taking such action, and if within that time the permittee

requests a hearing in writing, the permittee shall be given an opportunity to be heard by the review board prior to taking such action.

- E. No prosecution for a violation of any provision of this chapter may be suspended for the sole purpose of allowing a person to obtain a variance or permit.

(Ord. 14805 (part), 2001: Ord. 10942 § 3, 1992; Ord. 10503 § 2 (part), 1991)

15.13.070 - Appeal to public service board and city council.

- A. Any person who applies for a permit or variance under Section 15.13.060 and is denied such permit or variance by the review board, or whose permit or variance is revoked or suspended by the review board, or whose water conservation plan is disapproved by the review board, may appeal the decision of the review board by filing an intention to appeal in writing with the general manager of the public service board within five working days of the review board's decision. If a proper appeal is timely filed, the public service board will hear the appeal within thirty days of the time the appeal is filed with the general manager. The public service board may take any action it deems necessary with regard to the appeal including denying same, granting same, or granting the requested permit or variance with conditions, or approving the water conservation plan. The decision of the review board shall be final and binding if there is no timely filing of an appeal in accordance with this section.
- B. Any person, whose appeal to the public service board is denied, may appeal the decision of the public service board by filing an intention to appeal in writing with the city clerk within five working days of the public service board's decision. If a proper appeal is timely filed, the city council will hear the appeal within thirty days of the time the appeal is filed with the city clerk. The city council may take any action it deems necessary with regard to the appeal including denying same, granting same or granting the requested permit or variance with conditions, or approving the water conservation plan. The decision of the city council shall be final and binding. The decision of the public service board shall be final and binding if there is no timely filing of an appeal in accordance with this section.

(Ord. 14805 (part), 2001: Ord. 10503 § 2 (part), 1991)

15.13.080 - Penalty.

Any person who violates any of the provisions of this chapter shall be deemed guilty of a misdemeanor and upon conviction, shall be punished by a fine not less than fifty dollars and not to exceed five hundred dollars. The violation of each provision of this chapter, and each separate violation thereof, shall be deemed a separate offense and shall be punished accordingly.

(Ord. 14805 (part), 2001: Ord. 10503 § 2 (part), 1991)

15.13.090 - Other enforcement action.

Nothing contained in Section 15.13.080, or any other provision of this chapter, shall prevent either the public service board or the city from seeking compliance with or enforcement of this chapter, from seeking injunctive relief in a court of competent jurisdiction, or from utilizing any other civil or equitable remedy to enforce the provisions of this chapter. Both the city attorney's office and the public service board's attorney are authorized to institute injunctive relief or any other civil action deemed necessary to enforce compliance with the provisions of this chapter. The public service board's attorney has no authority for criminal enforcement under this chapter.

(Ord. 14805 (part), 2001: Ord. 10503 § 2 (part), 1991)

15.13.100 - Exceptions to enforcement.

The following shall constitute exceptions from compliance with the provisions of this chapter:

- A. The water is a result of natural events such as rain or snow;
- B. The flow is a result of temporary failures or malfunctions of the water supply system;
- C. The flow is a result of water used for firefighting purposes including the inspection and pressure testing

- of fire hydrants or the use of water for firefighting training activities;
- D. The use of water is required for the control of dust or the compaction of soil as may be required by this code;
 - E. The water is used to wash down areas where flammable or otherwise hazardous material has been spilled and creates a dangerous condition;
 - F. The water is used to prevent or abate public health, safety or accident hazards when alternate methods are not available;
 - G. The water is used for routine inspection or maintenance of the water supply system;
 - H. The water is used to facilitate construction within public right-of-way in accordance with the requirements of the city and good construction practices;
 - I. The use of water is permitted under the terms of a variance, permit or compliance agreement granted by the review board or the public service board;
 - J. The water that is used for street sweeping, sewer maintenance or other established utility and public works practices;
 - K. Watering contrary to the even/odd watering requirements, under Sections 15.13.020(A) and 15.13.020(B), and from the time of day watering requirements under Section 15.13.020(C), may be permissible for one day only where application of chemicals requires immediate watering to preserve an existing lawn. In cases of commercial application, a receipt from a commercial lawn treatment company indicating the date of treatment, the address of the property treated, the name and address of the commercial contractor, and the chemical treatment required shall constitute evidence that the owner or person responsible for the property is entitled to this exception. Where treatment with a noncommercial application of chemicals requires immediate watering to preserve an existing lawn, the owner or person responsible for the property must contact the water conservation department prior to the application of chemicals and provide evidence satisfactory to the water conservation manager for approval of this exception;
 - L. Outdoor irrigation necessary for the establishment of newly seeded or sodded turf grass and landscaping in new residential and commercial developments;
 - M. Plants which cannot be kept alive without daily watering may be permitted to be watered from a bucket but not from the use of a hose on the days when watering is prohibited.

(Ord. 14085 (part), 2001; Ord. 10942 § 4, 1992; Ord. 10503 § 2 (part), 1991)

15.13.110 - Issuance of citations.

The water conservation manager or designee, or any other personnel authorized to issue class C misdemeanor citations are authorized to issue citations for violations of this chapter.

(Ord. 14805 (part), 2001; Ord. 13152 § 129, 1997; Ord. 10503 § 2 (part), 1991)

15.13.120 - Water emergency—Restriction of water use.

The general manager may implement the following additional restrictions and regulations curtailing water use upon the declaration of a water emergency by the mayor upon recommendation of the public service board:

- A. Prohibit all restaurants from serving water to their customers except when specifically requested by the customer;
- B. Prohibit the operation of any ornamental fountain or similar structure;
- C. Suspend the issuance of all variances or permits hereunder;
- D. Prohibit the filling, refilling or adding of water to all swimming pools;
- E. Prohibit the washing of all vehicles and equipment except upon the premises of a commercial car wash;
- F. Require that the washing of motor vehicles, airplanes, boats or other types of mobile equipment, upon the immediate premises of a commercial car wash or a commercial service station, shall occur only

between the hours of twelve noon and five p.m.

The mayor may declare a water emergency in case of a severe drought, in the event of any condition which interrupts the ability of the public service board to supply water, where curtailment of the use of water is necessary due to war, a natural disaster, to protect the public health, safety or welfare, or to preserve the water supply. In the event such water emergency is to continue for more than five days, such measures must be passed by resolution by majority of city council in order for the declaration of emergency to continue beyond the initial five day period. During such a water emergency, the general manager may impose any additional restrictions on the use of water from the city's water supply system in all or in any part of the city as the city council may authorize.

(Ord. 15106 § 3, 2002; Ord. 14805 (part), 2001; Ord. 10503 § 2 (part), 1991)

15.13.130 - Turf grass prohibited.

- A. Turf grass is prohibited in all parkways, narrow strips of land and sloped areas within new residential or commercial sites for which a building permit is issued after June 1, 2002, unless irrigated with sub-surface irrigation. For purposes of this section, "sloped areas" means an area with a slope ratio of one to three or greater from the horizontal. "Sub-surface irrigation" means a low pressure irrigation system installed below the surface of the ground or mulch, consisting of a water distribution system equipped with pre-installed water emitters that are rated by gallons per hour, and that is suitable for turf grass irrigation.
- B. Turf grass for residential sites after June 1, 2002, shall not be used for more than fifty percent of the total area to be landscaped (front and back yard).
- C. Turf grass for commercial sites after June 1, 2002, shall not be used for more than thirty-three and one-third of the total area to be landscaped (front and back yard).

(Ord. 15106 § 2, 2002; Ord. 14805 (part), 2001)

15.13.140 - Drought and water emergency management response plan.

It shall be unlawful to violate the imposed provisions of the drought and water emergency management response plan, dated November, 2002, after the declaration of a drought or water emergency and imposition of restrictions in accordance with the plan.

(Ord. 15375, 2003; Ord. 14805 (part), 2001)

APPENDIX IV

RULES AND REGULATIONS NO.17 DROUGHT AND WATER EMERGENCY MANAGEMENT RESPONSE RULE

PURSUANT TO THE AUTHORITY VESTED IN THE EL PASO WATER UTILITIES PUBLIC SERVICE BOARD, TRUSTEES, UNDER TEXAS GOVERNMENT CODE SECTION 1502.070, CITY ORDINANCE 752, PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF EL PASO, TEXAS MAY 22, 1952, 30 TEXAS ADMINISTRATIVE CODE SECTION 288.20, DROUGHT CONTINGENCY AND CHAPTER 15.13 WATER CONSERVATION OF THE EL PASO MUNICIPAL CODE; BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE CITY OF EL PASO, THAT THE FOLLOWING RULE AND REGULATION NO. 17 CONCERNING A DROUGHT AND WATER EMERGENCY MANAGEMENT RESPONSE RULE IS ESTABLISHED AND EFFECTIVE.

SECTION I GENERAL

The Drought and Water Emergency Management Response Rule for the City of El Paso and the El Paso area served by the El Paso Water Utilities Public Service Board (Public Service Board) is an integral part of the overall Water Resources Management Plan for the El Paso area in compliance with State and Local law. The City of El Paso, El Paso Municipal Code Section 15.12.010, sets out that the Public Service Board is authorized to promulgate Rules and Regulations on all subjects relevant to the operation of the City's water and sewer systems, which Rules and Regulations shall have like effect as if adopted by ordinance.

Drought is a naturally occurring climate condition in the West and has occurred in varying severity numerous times and will occur again. The purpose of Rules and Regulations No. 17 is to provide a management framework for dealing with severe drought. In addition, these Rules and Regulations will be used to manage temporary or sudden water emergencies which result in temporary loss or reduction in water or wastewater service due to other non-climate-related factors or conditions.

As El Paso becomes more dependent on the Rio Grande River as a renewable water source, it becomes more vulnerable to long-term, drought-induced water shortages. In the event surface water deliveries to water treatment plants are curtailed, water deliveries to customers may be required to be curtailed. Rules and Regulations No. 17 have as one of its major purposes to provide an equitable management framework to deal with curtailed water deliveries.

The Drought and Water Emergency Management Response Rule is triggered as the result of reductions in surface water allotment from the Rio Grande Federal Reclamation Project or as a result of the inability to satisfy system water demands for any other reason. The Rule sets out response Stages based on allotment of surface water or when demand for water is projected by the Public Service Board to exceed supply. Each Stage is associated with a menu of possible response measures. Each successive Stage being from Stage I to Stage III represents a response to an increasingly severe condition and includes an increasingly stringent list of response measures.

Although the President/CEO of El Paso Water Utilities (EPWU) may ask at any time he or she deems necessary for a voluntary reduction in water consumption by customers, the Drought and Water Emergency Response Rule is intended to provide a structured framework of responses in Stages that is available and noticed to the public in advance of the need to implement such emergency measures.

SECTION II PURPOSE

The purpose of this Drought and Water Emergency Response Rule is:

1. To provide for measured, contingency plans to manage a drought or water emergency.

2. To continue to deliver to the maximum extent possible during a drought or water emergency a cost-effective, adequate, safe and reliable supply of high quality water to the customers.
3. To identify successful public information strategies which will inform and motivate the community to reduce normal water consumption to drought allowances.
4. To evaluate water emergency and drought management practices in various similar sized cities around the United States and recommend the best practices use in El Paso.
5. To identify critical points of change which would result in an acute or long-term water outage in the service area and to establish preemptive measures to address such conditions.
6. To recommend a programmed response for each Stage which would most effectively reduce water consumption to the available supply level with the least adverse impact to El Paso Water Utilities customers.
7. To comply with local, state and federal laws for drought or water emergency contingencies.

SECTION III PUBLIC SERVICE BOARD WATER RESOURCES MANAGEMENT

Since the beginning of the 20th Century, El Paso County has relied on both surface water and groundwater wells for its municipal water supply. Currently, El Paso Water Utilities supplies approximately 90% of all water used for municipal purposes in El Paso County. Surface water is supplied from the Rio Grande Federal Reclamation Project. The Rio Grande River flows that are diverted to El Paso are primarily derived from snowmelt runoff in southern Colorado and northern New Mexico. Historically, there are also occasional flood surges associated with major storms during the summer monsoon season. Spring runoff is stored in the Elephant Butte Reservoir in southern New Mexico before releases by the Federal Bureau of Reclamation are made for irrigation and municipal uses in southern New Mexico and the El Paso area.

EPWU is a customer of the local irrigation district (El Paso County Water Improvement District No. 1) and obtains water based on its ownership of water rights land in the Rio Grande Federal Reclamation Project area and the leasing of water rights from agricultural irrigation water rights holders in El Paso County.

EPWU surface water treatment plants have a combined capacity of 100 million gallons per day. Under normal river flow conditions, the plants operate seven months during the year, i.e., during the programmed irrigation season. Currently, El Paso has water rights of about 70,000 acre feet per year from the Rio Grande Federal Reclamation Water Project.

Groundwater supplies are pumped by wells from the Mesilla Bolson and the Hueco Bolson. The Mesilla Bolson is an underground water aquifer located in the Canutillo area and is used to provide water for the western part of El Paso. The Hueco Bolson is an underground water aquifer located on the eastern side of the Franklin Mountains and is used as a primary water supply for northeast and east El Paso. Both aquifers are regional in their extent and underlie portions of New Mexico, Texas and Chihuahua, Mexico.

El Paso Water Utilities conjunctively uses surface water and groundwater to meet water demands. Based on a full Rio Grande River allotment, use of surface water will be maximized and pumping from the Hueco Bolson is minimized. Conversely, during times of protracted drought with resulting low Rio Grande River allotment, pumping from the Hueco Bolson must be maximized. This includes maximizing the use of the Kay Bailey Hutchison Desalination Plant. During a severe drought, pumping from the Mesilla Bolson will also increase.

Conjunctive use management of surface water and groundwater resources recognizes that there are limits to surface water supplies and limits to groundwater supplies. The management of local groundwater use requires

the recognition of limits with respect to the ability of local groundwater basins to supply water readily over the long term, measured in decades.

As the Regional Water Supply Planner, El Paso Water Utilities is a member of the Far West Texas Regional Water Planning Group. As a member of this group and as required by State law, EPWU prepares and updates a 50-year water plan. The plans from the various regions of the State provide an evaluation and projection of current and future populations, water demands, water supply sources, water management strategies and costs. Planning and implementation of future water supply projects will allow the City to meet future water demands. However, such projects will not negate the need for the City to reduce its water usage over time and, in some instances, mandate certain drought contingencies during times of severe drought or water emergencies.

In addition to water supply projects, it may be necessary from time-to-time for EPWU to seek variances from the Texas Commission on Environmental Quality (TCEQ) to utilize groundwater supplies that, while still potable, may not meet maximum contaminant levels for sulfate, chloride, iron, manganese or other total dissolved solids. Such measures will utilize groundwater of secondary drinking water standards, which, although the water will be safe to drink, it may not be as palatable as customers are used to.

SECTION IV NOTIFICATION, INITIATION AND TERMINATION OF DROUGHT AND WATER EMERGENCY ACTION OR STAGES

At the request of the President/CEO of El Paso Water Utilities and based on his or her assessment of the situation, the Mayor may declare a drought or water emergency in the event of any condition that significantly interrupts the ability of the Public Service Board to supply water to its customers. Initially, actions based on this declaration may include any measure the President/CEO deems necessary to respond to the drought or water emergency, to include any part of the drought and water emergency stages listed herein.

The President/CEO will be responsible for notifying the Director of the Texas Commission on Environmental Quality within five (5) days following the implementation of any mandatory water use restriction. In the event that the drought or water emergency is expected to continue for more than five (5) days, the President/CEO shall make a report to the Chair of the Public Service Board and the Mayor setting out the nature and expected severity of the drought or water emergency. The Mayor shall call a City Council meeting to have the City Council adopt the continuing use of the Rule.

During the period of time covered by the drought or water emergency, the President/CEO will implement and direct such measures as he or she may deem necessary to be taken as set forth herein to include, but not by way of limitation, the implementation of the set out Stages. Such other measures may be implemented as the President/CEO may deem necessary or appropriate to respond to the drought or water emergency to bring the emergency to a close with the minimum loss of property and due consideration for the public health and safety. The Public Service Board shall be responsible to see that all public notification and outreach education measures and activities related to the drought or water emergency and such restrictions and Stages as have been implemented shall be taken.

In a declared drought or water emergency, any combination of management response options may be used system-wide or in any section of the region as circumstances may require in the judgment of the President/CEO. Any of the measures provided for in this Rule shall be implemented conditioned that they will not adversely affect public safety, hospitals or sanitary uses.

The Public Service Board through the President/CEO will monitor the drought or water emergency and promptly recommend that the President/CEO request the Mayor declare the drought or water emergency to be concluded.

The termination of the declaration of a drought or water emergency lasting more than five (5) days shall be by the City Council resolution after receiving and reviewing a report from the President/CEO of El Paso Water Utilities.

SECTION V DROUGHT AND WATER EMERGENCY RESPONSE MANAGEMENT RULE STAGES

A. STAGE I

When El Paso County Water Improvement District No. 1 declares a surface water allotment that is less than 0.5 acre foot per acre on or before April 1 of any year, or water demand is projected to exceed available capacity as determined by El Paso Water Utilities, Stage I. will be implemented as follows:

EPWU will ask customers for a voluntary reduction in water usage and do the following:

1. Request customers to reach a voluntary reduced water use goal of 25% in indoor and outdoor use.
2. Increase public education and outreach regarding water use reduction.
3. Request all restaurants to voluntarily discontinue serving water except upon customer request.
4. Urge hotels and motels to implement water conservation measures, including the reduction of laundry water usage.
5. Request manufacturing industries using water provided by EPWU to reduce their consumption by 25%.
6. Request all other water purveyors to comply voluntarily with all drought management response measures as set forth by EPWU. However, if such have contracts, wholesale or retail, with EPWU and if such contracts have drought and water emergency provisions, they are exempt from this Stage.
7. The President/CEO shall authorize additional personnel to issue citations for violations of the Water Conservation Ordinance and the Drought and Water Emergency Response Rule, consistent with local, state and federal law.

B. STAGE II

When El Paso County Water Improvement District No. 1 declares a surface water allotment of less than 1.0 acre foot per acre after April 1 but before May 1 of any year, or there is not enough continuous release of surface water, or water demand is projected by EPWU to exceed available capacity Stage II will be implemented as follows:

All Stage I options remain in effect. Additionally:

1. Outdoor watering by commercial or residential customers will be limited to once per week in accordance with the following schedule: Watering will be permitted before 9:00 a.m. and after 7:00 p.m. for no more than two hours each day. The last number of the street address will determine the watering days for each customer based on the following schedule:

Day of the Week	Mon	Tue	Wed	Thurs	Fri	Sat	Sun
Last # of Address	No Watering	0	1,3	2,4	5	6,8	7,9

(Outdoor watering performed with a reclaimed water system is exempt. Using a bucket to water trees, shrubs and flowers is permitted. Use of household grey water is encouraged.)

2. Parks and schools served by EPWU shall water in accordance with a special permit issued by EPWU and shall reduce water consumption by a specific amount per month based on reduction targets as set by EPWU to meet basic demands. (Parks and schools irrigating with reclaimed

water are exempt.)

3. Private and municipal golf courses irrigating with potable water supplied by EPWU shall water in accordance with a special permit issued by EPWU and will reduce consumption by a specific amount per month based on reduction targets set by EPWU to meet basic demands. (Golf courses irrigating with reclaimed water are exempt.)
4. Plant, grass or tree nurseries shall water plant stock in accordance with the special permit issued by EPWU.
5. No new landscaping shall be installed or planted in the City and no new landscape watering permits will be issued except for Xeriscapes that are irrigated with reclaimed water or brackish groundwater. New landscaping watering permits shall be granted for a 7-day period for landscaping that incorporates compost in the area at the rate of 5 cubic yards per 1,000 square feet of turf.
6. All evaporative coolers that require a bleed-off system must have a restricted bleed-off line or an automatic drainage system.
7. All Water Conservation Ordinance variances are automatically suspended and no new variances will be issued.
8. Routine fire hydrant flushing and testing shall cease.
9. Existing swimming pools cannot be drained and filled with potable water supplied by EPWU after May 1. Single-family residential swimming pools must be covered when not in use.
10. Upon the second violation of any part of the Drought and Water Emergency Management Response Rule, the President/CEO may order the installation of a restriction device or downsizing of the water line or water meter at the customer's cost.
11. Restaurants shall only serve water upon request.
12. Water misters shall not be operated except by special permit for health and safety reasons.
13. Water can be used for aesthetic purposes, such as ornamental fountains, in accordance with a special permit issued by EPWU.
14. Impervious surface cleaning with potable water shall be prohibited, except where conducted by order of the City Department of Public Health, Police or Fire Department.
15. Hotels and motels must implement water conservation measures, including the reduction of laundry water usage.
16. Apartment complexes and large turf water users shall water in accordance with a special permit issued by EPWU and will reduce water consumption based on reduction targets as set by EPWU.

C. STAGE III

When El Paso County Water Improvement District No. 1 declares a surface water allotment of less than 1.5 acre foot per acre after May 1 but before May 15 of any year, or there is not a continuous release of surface water, or water demand is projected by EPWU to exceed available capacity, Stage III will be implemented as follows:

All Stage I and Stage II drought management response options shall remain in effect. Additionally:

1. All outdoor watering is prohibited, except when performed with a bucket or where reclaimed water or brackish groundwater is used.
2. The irrigation of golf courses with potable water supplied by EPWU is prohibited.

3. All car, trailer, truck or boat washing is prohibited, except in facilities certified by EPWU and displaying approved signage.
4. No swimming pools shall be filled.
5. All water use for construction, dust control and/or compaction is prohibited, except with reclaimed or brackish groundwater.
6. New water meters shall be approved for connection to the water system only as required for military expansion or use and/or high priority economic development projects, as determined by President/CEO and the Public Service Board in consultation with the Mayor and City Manager.
7. All street sweeping shall be discontinued, except that performed with reclaimed or brackish groundwater.

SECTION VI VARIANCES

Customer-specific variances may be granted in cases of hardship or special conditions. After recommendation by the Water Conservation Manager, an EPWU review board will consider a hardship or special conditions case to determine whether a particular circumstance warrants a variance. A variance shall be granted only for reasons of severe economic hardship, medical hardship or for a legitimate public health concern. A fee of \$50.00 shall be assessed per application to defray administrative costs. The fee may be waived by the review board upon the execution of an affidavit that the applicant for the variance is unable to pay any fee or is indigent.

SECTION VII WHOLESALE WATER CUSTOMERS

In accordance with Texas Water Code Section 11.039, when necessary as determined by the EPWU, water deliveries to wholesale water customers shall be curtailed on a pro-rata basis. Every wholesale water contract entered into or renewed after adoption of this Rule, including contract extensions, shall include a provision that in the case of a drought or water emergency declaration, water to be distributed shall be divided in accordance with Texas Water Code Section 11.039.

SECTION VIII ENFORCEMENT

Any person violating any provision of this Rule and Regulation No. 17 shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine as prescribed in Section 15.13.080 of the El Paso City Code.

SECTION IX DEFINITIONS

All words shall have their usual meaning unless otherwise provided for herein.

Acre-Feet or Acre-Foot:

The amount of water required to cover an acre of land to a depth of one foot and equivalent to 325,850 gallons of water.

Aesthetic Use:

The use of water for fountains, waterfalls, golf course water hazards, and landscape lakes or ponds where such use is predominately ornamental and serves no other purpose.

Automatic Drainage System:

An electric water pump driven system that periodically (every 6, 8 or 12 hours) pumps all water from an air-conditioner tank, thereby allowing the tank to be replenished with fresh water.

Available Capacity:

The projected firm capacity of the EPWU system to deliver water based on the number of wells in service,

water treatment plant production capacity and available river supplies and/or allotments, in-service booster pumping capacity impacted by equipment outages and/or other factors. The capacity is usually expressed in available million gallons per day and shall be as stated or expressed by the EPWU Water Systems Division Manager.

Bucket:

A container which holds no more than five gallons to be used singly by one person.

Existing Landscaping Plant:

A landscaping plant existing in an area after such period of time as to accomplish an establishment and maintenance of plant growth.

Greywater:

Wastewater that has not been contaminated by fecal material; examples of such include wastewater from lavatories, bathtubs, showers and other plumbing fixtures.

Impervious Surface Area:

Any structure, street, driveway, sidewalk, patio or other surface area covered with brick, asphalt paving, tile or other impervious or nonporous material.

Landscaping Plant:

Any member of the horticultural kingdom Plantae, including any tree, shrub, vine, herb, flower, succulent, ground cover or grass species that grows or has been planted outdoors for such purpose.

Landscape Watering:

The application of water to landscape trees, shrubs, plants or grass to promote the health and/or growth of existing landscape plants.

New Landscape Plant:

Any landscaping plant, shrub or tree which has been planted in or transplanted to an area after a Drought or Water Emergency has been declared.

Restriction Device:

A pipe or valve which has an orifice designed to restrict the flow of water from a water supply line through a water meter serving a customer.

Swimming Pool:

Any structure, basin, chamber, tank or large tub, including hot tubs, containing water for swimming purposes, diving or recreational bathing and having a depth of two feet or more at any point.

Water Emergency:

A water system failure due to weather, electrical or mechanical failure, contamination of source, extremely low river water allotment, or act of God or force majeure.

Xeriscape:

A landscape design concept that uses the implementation of drought-tolerant plant material or trees, efficient irrigation utilizing drip or subsurface irrigation, limited turf area with adequate soil depth, mulching of all plant beds and proper maintenance.

SECTION X APPEALS

The Property Owner or applicant for a new development has the right of appeal Pursuant to the El Paso Water Utilities Public Service Board Rules and Regulations No. 8 of any adverse determination.

SECTION XI SEVERABILITY

If any provision, paragraph, word or section of this Rules and Regulations No. 17 is invalidated by a court of competent jurisdiction, the remaining provisions, paragraphs, words or sections shall remain in full force and effect and shall be read or interpreted so as to give effect to the purpose of this Rules and Regulations as set forth in Section II.

SECTION XII SAVINGS

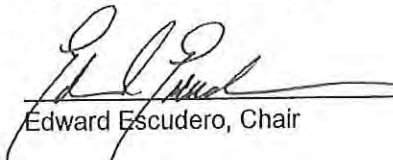
This Rules and Regulations No. 17 is a part of the other Rules and Regulations adopted by the El Paso Water Utilities Public Service Board, and, save and except as amended hereby, the remaining provisions of the El Paso Water Utilities Public Service Board's Rules and Regulations shall remain in full force and effect.

SECTION XIII EFFECTIVE DATE

This Rules and Regulations No. 17 shall be and become effective from and after its adoption hereby and shall remain in effect until otherwise amended by the El Paso Water Utilities Public Service Board or operation of law.

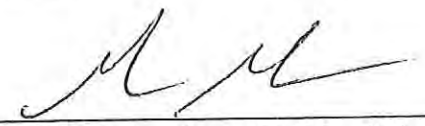
PASSED, APPROVED and ADOPTED RULES AND REGULATIONS NUMBER 17 CONCERNING DROUGHT AND WATER EMERGENCY RESPONSE RULE at a regularly scheduled meeting of the El Paso Water Utilities Public Service Board, this 14th day of March, 2012, at which meeting a quorum was present, said meeting being held in accordance with the provisions of V.T.C.A., Government Code, Sections 551.001 et. seq.

EL PASO WATER UTILITIES
PUBLIC SERVICE BOARD



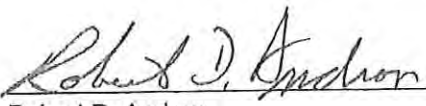
Edward Escudero, Chair

ATTEST:



Richard T. Schoephoerster, P.E., PhD.
Secretary-Treasurer

APPROVED AS TO FORM:



Robert D. Andron
General Counsel

TEXAS WATER DEVELOPMENT BOARD

MUNICIPAL Water Use Survey for End of Calendar Year December 31, 2014

Deadline to return completed survey is **March 1, 2015**, according to Chapter 31 in Texas Administrative Code (TAC) Section 358.

Once complete, make a copy for your records. For guidance, refer to end notes on the last pages of the survey form. For assistance, call Water Use Survey hotline **(512) 463-7952**.

CONTACT INFORMATION

As listed in previous correspondence; please note any revisions or changes to the contact information:

SURVEY Number¹: 260300 County: 71 EL PASO

Name of System: El Paso Water Utilities PWS ID²: _____

Mailing Address: 1154 Hawkins Blvd

City/State: El Paso TX Zip Code: 79925

Contact Name: Scott Reinert Title: Water Resources Manager

Email Address: sreinert@epwu.org Telephone Number: (915) 594-5579

Please provide any additional comments or remarks below.

Page 11 has been added to the report the additional Wholesale Water Sales to other Water Systems

Please return completed survey to TWDB Water Use Survey (WUS) Team:

Email waterusesurvey@twdb.texas.gov OR Fax (512) 463-8468 OR

Mail to TWDB-WUS Team at P.O. Box 13231 Austin, Texas 78711-3231

Pumped Groundwater (Self-Supplied)³

Did this system pump groundwater last year? Yes No

If no, go on to next page.

Volume of Water Intake in Gallons

Please provide the Intake information and volumes (in GALLONS) below for each Aquifer/County group of wells. If groundwater is pumped from more than 3 Aquifer/County combinations, please include a copy of this page with the additional groundwater sources. Do not enter comma separators or decimal points in monthly intakes. *Total volume automatically calculates.*

GROUNDWATER	Source 1	Source 2	Source 3
Aquifer from which groundwater was pumped		Hueco-Mesilla Bolson	
County where groundwater was pumped		71 EL PASO	
Number of active wells		131	
January		2224369000	
February		2204171000	
March		2712897000	
April		3124865000	
May		3409527000	
June		1927833000	
July		1198312000	
August		1274018000	
September		2988962000	
October		2884613000	
November		2421139000	
December		2290076000	
TOTAL VOLUME gallons	0	28,660,782,000	0
<i>Metered or Estimated</i> ⁴		Metered	
<i>Percent of Volume Treated Before Intake</i> ⁵	%	6 %	%
<i>Brackish/Saline</i> ⁶		Yes	

¹ 1 acre-foot = 325,851 gallons; ¹ barrel = 42 gallons; ¹ cubic foot = 7.48 gallons

Surface Water under a TCEQ Water Right (Self-Supplied)⁷

Did this system pump surface water under a TCEQ Water Right last year? Yes No
If no, go on to next page.

Volume of Water Intake in Gallons

Please provide the Intake information and volumes (in GALLONS) below for each Surface Water source OR for each TCEQ Water Right. (Multiple Water Rights from a single surface water source can be combined in reporting or reported separately.) If surface water is diverted from more than 3 surface water sources or from more than 3 Water Rights, please include a copy of this page with the additional surface water sources. Do not enter comma separators or decimal points in monthly intakes. *Total volume automatically calculates.*

SURFACE WATER	Source 1	Source 2	Source 3
Source River or Reservoir Name			
County where diversion took place	_____	_____	_____
TCEQ Water Right Number(s)			
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
TOTAL VOLUME gallons	0	0	0
<i>Metered or Estimated</i> ⁸	_____	_____	_____
<i>Percent of Volume Treated Before Intake</i> ⁹	%	%	%
<i>Brockish/Soline</i> ¹⁰	_____	_____	_____
<i>Percent of Volume Not Returned</i> ¹¹	%	%	%

1 acre-foot = 325,851 gallons; 1 barrel = 42 gallons; 1 cubic foot = 7.48 gallons

Purchased Water

Did this system purchase ground or surface water last year? Yes No

If no, go on to next page.

Volume of Water Intake in Gallons

Please provide the Intake information and volumes (in GALLONS) below for water purchased. If water is purchased from more than 3 water providers, please include a copy of this page with the additional water purchases. If water is purchased from a provider and metered through more than one connection, then combine the metered volumes in reporting the purchase below. Do not enter comma separators or decimal points in monthly intakes. Total volume automatically calculates.

PURCHASED GW/SW	Source 1	Source 2	Source 3
Name of Water Provider		EP Cnty Water Improvem Water District No 1	
Type of water ¹²		Surface Water	
Name of Source ¹³		Rio Grande River	
Source County		71 EL PASO	
January			
February			
March			
April			
May		76540000	
June		2567737000	
July		2943830000	
August		2261450000	
September			
October			
November			
December			
TOTAL VOLUME gallons	0	7,849,557,000	0
Metered or Estimated ¹⁴		Metered	
Percent of Volume Treated Before Intake ¹⁵	%	100 %	%
Brackish/Saline ¹⁶		No	

1 acre-foot = 325,851 gallons; 1 barrel = 42 gallons; 1 cubic foot = 7.48 gallons

Reuse\Treated Effluent (Self-Supplied or Purchased)

Did this system reuse treated effluent water last year? Yes No

If no, go on to next page.

Please enter the annual volume of waste-water effluent that was treated by the system with the purpose of reuse. Complete a column for each unique reuse water source. Please note that percentage(s) must total 100%.

REUSE	Source 1	Source 2	Source 3
Name of Water Source ¹⁷	_____	Self-treated	_____
Treatment County ¹⁸	_____	71 EL PASO	_____
If purchased, Seller ¹⁹		N/A	
Direct or Indirect ²⁰	_____	Direct	_____
If Indirect, TCEQ Water Right Number ²¹			
TOTAL VOLUME gallons ²²		2814059000	
% Used for Industrial	%	49 %	%
% Used for Landscape	%	78 %	%
% Used for Agriculture	%	1 %	%
% Used for Other	%	40 %	%

1 acre-foot = 325,851 gallons; 1 barrel = 42 gallons; 1 cubic foot = 7.48 gallons

Did this system sale water to another water system or industry last year? Yes No
If no, go on to next page.

Wholesale Water Sales to other Water Systems

If the system sells water to other public water systems, please complete the row for each sale. If system has more than 3 sales, please include a copy of this page with the additional sales.

WATER SYSTEM SALES	Name of Buyer	Type of Water ²³ GW,SW,CS	Name of Source ²⁴	Source County	TOTAL VOLUME gallons ²⁵
Sale 1	Lower Valley	CS	Hueco, Mesilla, Rio Grande Ri	71 EL PASO	1863361000
Sale 2	East Montana	CS	Hueco, Mesilla, Rio Grande Ri	71 EL PASO	242879000
Sale 3	Hacienda Del Norte	CS	Hueco, Mesilla, Rio Grande Ri	71 EL PASO	54437000

Water Sales to Industrial Production Facilities ²⁶

If the system sells water to industrial facilities (mining, manufacturing, or power generation), please complete the row for each sale. If system has more than 3 sales, please include a copy of this page with the additional sales. If volume sold is less than 10 million gallons, then combine industry sale volumes.

INDUSTRY SALES	Name of Buyer ²⁷	Type of Water ²⁸ GW,SW,CS	Name of Source ²⁹	Source County	TOTAL VOLUME gallons ³⁰
Sale 1	Industrial	CS	Hueco, Mesilla, Rio Grande Ri	71 EL PASO	495410000
Sale 2	El Paso Electric	CS	Hueco, Mesilla, Rio Grande Ri	71 EL PASO	872718000
Sale 3	Very Large Water Users	CS	Hueco, Mesilla, Rio Grande Ri	71 EL PASO	566723000

Does this system serve connections within a city limit? Yes No

Direct Retail Connections within Cities

Please list per column the cities in which the system had direct retail (non-wholesale) connections. Include the number of active connections located within each city. If system is connected to more than 4 cities, please include a copy of this page with the additional cities.

CITY	City Name	Number of Connections
City 1	El Paso	198,767
City 2		
City 3		
City 4		

Does this system serve connections within a county? Yes No

Direct Retail Connections within Counties

Please list per column the counties in which the system had direct retail (non-wholesale) connections. Include the number of active connections located within each county. If system is connected to more than 4 counties, please include a copy of this page with the additional counties.

COUNTY	County Name	Number of Connections
County 1	_____	
County 2	_____	
County 3	_____	
County 4	_____	

Water System Information

What is the estimated total full-time residential population served directly by this system?

793,506

Retail Water Metered

For each Customer Category, please provide the connection and metered volume information for the following recommended retail customer categories. "Retail water" refers to the amount of water sold to customers. *If you are unable to report for a category, please leave the field blank.*

Retail Customer Category	# of Connections (or Units ³¹)	Total Retail METERED Water in Gallons
Residential Single Family* ³²	180,053	18581221000
Residential Multi-Family* ³³	2,125	2449496000
Institutional* ³⁴	2,975	3983099000
Commercial* ³⁵	12,659	4760387000
Industrial*(including Industrial sales listed earlier) ³⁶	160	1,934,851,000
Agricultural* ³⁷	0	0
TOTAL Metered Connections and Annual Retail Volume (gal)	197,972	31709054000

Retail Water Unmetered

What is the total number of Un-Metered Connections and annual volume? (Ex: Back-flushing, line-flushing, and fire department use)

Connections	Volume in Gallons
0	0

Please provide any additional comments or remarks below.

¹ The survey number is a unique number assigned by Texas Water Development Board (TWDB) to each system. Survey number does not change and is the same every year. This number can be found in the upper-right header on the notification letter that is sent to all systems annually.

² The public water supply (PWS) identification number is a unique number assigned by the Texas Commission on Environmental Quality to each public water system in Texas. <<http://dww.tceq.state.tx.us/DWW/>>

³ If the system pumps groundwater, please provide those volumes in gallons by aquifer. If your system is able to provide volumes by individual wells, please use our Online data-entry application located at, <<http://www.twdb.texas.gov/waterplanning/waterusesurvey/survey/online.asp>>.

⁴ Was the pumped groundwater volume, Metered or Estimated? Select "Metered" or "Estimated".

⁵ What percent of the volume was treated prior to intake? May include raw water purchases (0% treated), treated water purchases (100%), or a combination. For self-supplied, would normally be 0%.

⁶ Was the water brackish or saline (seawater) prior to treatment? Brackish water is between 1,000 and 10,000 milligrams per liter (mg/L) of total dissolved solids (TDS). Saline water is considered water having greater than 10,000 mg/L of TDS. Select either "Yes" if brackish/saline, or "No" if not brackish/saline.

⁷ If the system diverts or receives surface water from an owned or contracted Texas Commission on Environmental Quality (TCEQ) water right, please provide those **diverted volumes that enter the system**. The monthly diversion volumes for each water right must be included here, in addition to the reported required by TCEQ or Water-master office.

⁸ Was the surface water volume diverted, Metered or Estimated? Select "Metered" or "Estimated".

⁹ What percent of the volume was treated prior to the intake pump? May include raw water purchases (0% treated), treated water purchases (100%), or a combination. For self-supplied, would normally be 0%.

¹⁰ Was the water brackish or saline (seawater) prior to treatment? Brackish water is between 1,000 and 10,000 milligrams per liter (mg/L) of total dissolved solids (TDS). Saline water is considered water having greater than 10,000 mg/L of TDS. Select either "Yes" if brackish/saline, or "No" if not brackish/saline.

¹¹ If surface water was used in an industrial process, such as once-through cooling, where a significant portion of the water was returned to the original water source with minimal treatment; what PERCENT of the diverted volume was not returned to the original source? (This is similar to the volume CONSUMED in the annual Water Right Report to the TCEQ).

¹² Select the type of water purchased: Groundwater, Surface Water or Combined Source (ground and surface water).

¹³ If ground water, please enter the aquifer name; if surface water, enter the river or reservoir name.

¹⁴ Was the purchased water volume, Metered or Estimated? Select "Metered" or "Estimated".

¹⁵ What percent of the volume was treated prior to intake? May include raw water purchases (0% treated), treated water purchases (100%), or a combination. For self-supplied, would normally be 0%.

¹⁶ Was the water brackish or saline (seawater) prior to treatment? Brackish water is between 1,000 and 10,000 milligrams per liter (mg/L) of total dissolved solids (TDS). Saline water is considered water having greater than 10,000 mg/L of TDS. Select either "Yes" if brackish/saline, or "No" if not brackish/saline.

¹⁷ What was the name of the water source prior to water use and treatment?

¹⁸ In which county was the effluent treated for reuse?

¹⁹ If the reuse water was purchased, what was the Seller's name?

²⁰ Direct reuse is the use of reclaimed water that is piped directly from the wastewater treatment plant to the place where it is used. Indirect reuse is the use of reclaimed water by discharging to a water supply source, such as surface water or groundwater, where it blends with the water supply and may be further purified before being removed for non-potable or potable uses.

²¹ If Indirect-reuse water is blended with a surface water source, what is the TCEQ Water Right or Adjudication number?

²² Total annual reuse water volume in gallons.

²³ Where GW is Ground Water, SW is Surface Water, and CS is Combined Source (ground water and surface water).

²⁴ If ground water, please enter the aquifer name; if surface water, enter the river or reservoir name.

²⁵ Please enter the Total Volume sold in gallons.

²⁶ Please list the buyers **only when the volumes are greater than 10 million gallons**. These should be sales to production facilities, not administrative offices. If sold to a significant number of MINING or MANUFACTURING facilities where each sale is less than 10 million gallons, please sum the sales together and list as "Other Mining" or "Other Manufacturing".

²⁷ Enter name of each Industrial Customer.

²⁸ Where GW is Ground Water, SW is Surface Water, and CS is Combined Source (ground water and surface water).

²⁹ If ground water, please enter the aquifer name; if surface water, enter the river or reservoir name.

³⁰ Please enter the Total Annual Volume for each sale in gallons.

³¹ For Multi-family water customers, please include the number of multi-family connections or units rather than the number of meters. A connection/unit is an apartment or condo within a building or complex.

³² A classification of housing where a single detached dwelling or separate house is a free-standing residential building. Also includes duplexes.

³³ A classification of housing where multiple housing units for residents are contained within one building or complex. A common form is an apartment building or condominiums.

³⁴ The use of water by an establishment dedicated to public service, such as a school, university, church, hospital, nursing home, prison or government facility. All facilities dedicated to public service are considered institutional regardless of ownership. (Examples: Educational services, Health care, Recreation, and Public Administration).

³⁵ A place of business such as a hotel, restaurant, or office building which uses water. Commercial water use does not include water used for multi-family residences, agricultural, industrial, or institutional users.

³⁶ The use of water in processes designed to convert materials of a lower order of value into forms having greater usability and commercial value, and the development of power by means other than hydroelectric, but does not include agricultural use. (Examples: mining, utilities, construction, and manufacturing).

³⁷ Any use or activity involving agriculture, including irrigation. (Examples: Agriculture, Forestry, Fishing and Hunting).

Water System Sales	Name of Buyer	Type of Water	Name of Source	Source County	Total Volume Gallons
Sale 4	Ponderosa	CS	Hueco, Mesilla Rio Grande Ri	71 El Paso	23176000
Sale 5	Nuway/Schuman	CS	Hueco, Mesilla Rio Grande Ri	71 El Paso	31653000
Sale 6	Colonia Revolucion	CS	Hueco, Mesilla Rio Grande Ri	71 El Paso	1121000
Sale 7	Gaslight	CS	Hueco, Mesilla Rio Grande Ri	71 El Paso	20758000
Sale 8	Paseo Del Est	CS	Hueco, Mesilla Rio Grande Ri	71 El Paso	358545000
Sale 9	Fort Bliss Military Res	CS	Hueco, Mesilla Rio Grande Ri	71 El Paso	447258000

2014 Water Audit Report

A. Water Utility General Information

1. Water Utility Name:	<u>El Paso Water Utilities Public Service B</u>			
2. Contact:				
2a. Name	<u>Ed Fierro</u>			
2b. Telephone #	<u>(915) 594-5777</u>			
2c. Email Address	<u>efierro@epwu.org</u>			
3. Reporting Period:	From	<u>1/1/2014</u>	To	<u>12/31/2014</u>
4. Source Water Utilization, percentage:	Surface Water	<u>21.88</u> %	Ground Water	<u>78.12</u> %
5. Population Served:				
5a. Retail Population Served		<u>793,506</u>		Assessment Scale
5b. Wholesale Population Served		<u>86,551</u>		
6. Utility's Length of Main Lines, miles		<u>2,630.00</u>		<u>4</u>
7. Number of Wholesale Connections Served		<u>21,813</u>		
8. Total Retail Metered Connections		<u>199,984</u>		
9. Service Connection Density (Number of retail service connections / miles of main lines)		<u>76.04</u>		
10. Average Yearly System Operating Pressure (psi)		<u>95.00</u>		<u>1</u>
11. Volume Units of Measure:		<u>Gallons</u>		

B. System Input Volume

12. Produced Water	<u>29,213,655,000</u>	gallons	<u>3</u>
13. Production Meter Accuracy (enter percentage)	<u>98.50</u>	%	<u>2</u>
14. Corrected Input Volume	<u>29,658,532,995</u>	gallons	
15. Total Water Purchased	<u>8,304,898,000</u>	gallons	<u>3</u>
16. Total Wholesale Water Sales	<u>3,089,531,000</u>	gallons	<u>3</u>
17. Total System Input Volume (Corrected input volume, plus imported water, minus exported water)	<u>34,873,899,995</u>	gallons	

C. Authorized Consumption

			Assessment Scale
18. Billed Metered	<u>31,467,547,000</u>	gallons	<u>2</u>
19. Billed Unmetered	<u>2,470,000</u>	gallons	<u>1</u>
20. Unbilled Metered	<u>0</u>	gallons	<u>1</u>
21. Unbilled Unmetered	<u>8,909,000</u>	gallons	<u>1</u>
22. Total Authorized Consumption	<u>31,478,926,000</u>	gallons	

2014 Water Audit Report

D. Water Losses

23. Water Losses 3,394,973,995 gallons
 (Line 17 minus Line 22)

E. Apparent Losses

24. Average Customer Meter Accuracy (Enter percentage) 95.00 % 3

25. Customer Meter Accuracy Loss 1,656,186,684 gallons

26. Systematic Data Handling Discrepancy 78,669,000 gallons 4

27. Unauthorized Consumption 87,184,750 gallons 2

28. Total Apparent Losses 1,822,040,434 gallons

F. Real Losses

29. Reported Breaks and Leaks 8,145,000 gallons 4
 (Estimated volume of leaks & breaks repaired during the audit period)

30. Unreported Loss 1,564,788,561 gallons 3
 (Includes all unknown water loss)

31. Total Real Losses 1,572,933,561 gallons
 (Line 29, plus Line 30)

32. Water Losses (Apparent + Real) 3,394,973,995 gallons
 (Line 28 plus Line 31) = Line 23

33. Non-revenue Water 3,403,882,995 gallons
 (Water Losses + Unbilled Authorized Consumption)
 (Line 32, plus Line 20, plus Line 21)

G. Technical Performance Indicator for Apparent Loss

34. Apparent Losses Normalized 25 gallons
 (Apparent Loss Volume / # of Retail Service Connections/365)

H. Technical Performance Indicators for Real Loss

35. Real Loss Volume (Line 31) 1,572,933,561 gallons

36. Unavoidable Annual Real Losses, volume (calculated) 1,532,621,130 gallons

37. Infrastructure Leakage Index (calculated) 1.02630
 (Equals real loss volume divided by unavoidable annual real losses)

38. Real Losses Normalized 22 gallons
 (Real Loss Volume / # of Service Connections / 365)
 (This indicator applies if service connection density is greater than or equal to 32 / mile)

2014 Water Audit Report

39. Real Losses Normalized	<u>0</u> gallons	
(Real Loss Volume/Miles of Main Lines/365)		
(This indicator applies if service connection density is less than 32/mile)		
I. Financial Performance Indicators		Assessment Scale
40. Total Apparent Losses (Line 28)	<u>1,822,040,434</u> gallons	
41. Retail Price of Water	<u>\$0.00277</u>	<u>4</u>
42. Cost of Apparent Losses (Apparent loss volume multiplied by retail cost of water, Line 40 x Line 41)	<u>\$5,041,585.88</u>	
43. Total Real Losses (Line 31)	<u>1,572,933,560.71</u>	
44. Variable Production Cost of Water* (*Note: in case of water shortage, real losses might be valued at the retail price of water instead of the variable production cost.)	<u>\$0.00095</u>	<u>4</u>
45. Cost of Real Losses (Real Loss multiplied by variable production cost of water, Line 43 x Line 44)	<u>\$1,494,286.88</u>	
46. Total Assessment Scale		<u>45</u>
47. Total Cost Impact of Apparent and Real Losses	<u>\$6,535,872.76</u>	
48. Comments	System Input Volume: 98.5% meter accuracy factor applied external to Purchased and Wholesale Water Sales.	
49. Total Water Loss %	<u>9.73</u> %	
50. GPCD (Gallons Per Capita Per Day) Input	<u>120.41</u>	
51. GPCD (Gallons Per Capita Per Day) Loss	<u>11.72</u>	

Part C39- Tax Assesed Values

Category	Taxable Appraised Value for Fiscal Year Ended August 31,					
	2015		2014		2013	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 21,224,572,374	57.71%	\$ 20,854,680,607	57.29%	\$ 20,399,604,883	56.65%
Real, Residential, Multi-Family	1,983,408,822	5.39%	1,972,461,457	5.42%	1,816,235,489	5.04%
Real, Vacant Lots/Tracts	546,161,076	1.48%	642,467,436	1.76%	638,026,405	1.77%
Real, Acreage (Land Only)	36,509,531	0.10%	35,684,991	0.10%	80,967,402	0.22%
Real, Farm and Ranch Improvements	60,402,721	0.16%	66,195,869	0.18%	26,019,839	0.07%
Real, Commercial	6,568,090,573	17.86%	6,686,773,495	18.37%	6,424,316,556	17.84%
Real, Industrial	711,328,323	1.93%	732,591,333	2.01%	1,202,325,371	3.34%
Real, Oil, Gas and Other Mineral Reserves	-	0.00%	-	0.00%	-	0.00%
Tangible, Non-business Vehicles	94,991,145	0.26%	79,981,884	0.22%	65,762,595	0.18%
Real and Tangible Personal, Utilities	619,226,147	1.68%	608,601,865	1.67%	582,079,016	1.62%
Tangible Personal, Commercial	3,450,602,325	9.38%	3,296,396,228	9.06%	3,321,609,227	9.22%
Tangible Personal, Industrial	1,101,463,951	2.99%	1,065,830,529	2.93%	1,057,931,960	2.94%
Tangible Personal, Other	43,237,472	0.12%	43,570,260	0.12%	42,466,560	0.12%
Special Inventory	146,197,584	0.40%	180,540,059	0.50%	117,823,385	0.33%
Real Property, Inventory	192,937,712	0.52%	136,224,784	0.37%	233,876,578	0.65%
Total Appraised Value Before Exemptions	\$ 36,779,129,756	100.00%	\$ 36,402,000,797	100.00%	\$ 36,009,045,266	100.00%
Less: Total Exemptions/Reductions	\$ -		3,925,181,650		3,963,080,514	
Taxable Assesed Value	\$ 36,779,129,756		\$ 32,476,819,147		\$ 32,045,964,752	

Category	Taxable Appraised Value for Fiscal Year Ended August 31,			
	2012		2011	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 20,077,878,520	65.18%	\$ 19,772,020,097	66.03%
Real, Residential, Multi-Family	1,715,798,130	5.57%	1,653,230,765	5.52%
Real, Vacant Lots/Tracts	615,475,528	2.00%	601,673,916	2.01%
Real, Acreage (Land Only)	81,705,981	0.27%	83,072,882	0.28%
Real, Farm and Ranch Improvements	25,881,107	0.08%	25,503,985	0.09%
Real, Commercial	6,158,950,558	19.99%	5,712,748,106	19.08%
Real, Industrial	691,894,395	2.25%	682,519,723	2.28%
Real, Oil, Gas and Other Mineral Reserves	-	0.00%	200	0.00%
Real and Tangible Personal, Utilities	586,116,822	1.90%	544,791,746	1.82%
Tangible Personal, Commercial	3,212,931,301	10.43%	2,867,146,978	9.58%
Tangible Personal, Industrial	903,611,560	2.93%	776,141,112	2.59%
Tangible Personal, Other	42,457,256	0.14%	43,193,570	0.14%
Real Property, Inventory	107,821,568	0.35%	257,169,961	0.86%
Real Property, Inventory	210,733,707	0.68%	95,562,876	0.32%
Total Appraised Value Before Exemptions	\$ 34,431,256,433	111.77%	\$ 33,114,775,917	110.59%
Less: Total Exemptions/Reductions	3,626,130,623		3,172,227,166	
Taxable Assesed Value	\$ 30,805,125,810		\$ 29,942,548,751	

(1) Includes Protested values

EL PASO WATER UTILITIES PUBLIC SERVICE BOARD
Part C40- Overlapping Tax Rate

Part C 40

Overlapping Issuers

<u>Jurisdiction</u>	<u>Tax Rate 2014</u>
Canutillo ISD	\$ 1.530000
El Paso County	0.452694
El Paso Community College	0.128122
El Paso County Hospital	0.220682
El Paso Independent School District	1.235000
Socorro Independent School District	1.274794
Ysleta Independent School District	1.360000
Total	<u>\$ 6.201292</u>

EL PASO WATER UTILITIES PUBLIC SERVICE BOARD
Part C46-Statement of Operation

Part C 46

	Fiscal Year Ended February 28,				
	2015 ⁽³⁾	2014	2013 ⁽²⁾	2012 ⁽¹⁾⁽²⁾	2011
Revenues:					
Water & Sewer Services	\$ 172,616,917	\$ 172,115,795	\$ 167,469,494	\$ 166,000,534	\$ 158,031,947
Interest Income	420,450	265,915	258,250	357,586	597,158
Billing Fees (Sanitation)	613,286	608,171	599,350	590,750	581,176
Gain on Sale of Assets	646,916	314,473	122,773	142,794	204,578
City of El Paso Franchise fee	1,937,221	-	-	-	-
Other Operating Revenue	3,423,410	3,635,407	3,588,454	3,781,808	3,826,204
Total Revenues	\$ 179,658,200	\$ 176,939,761	\$ 172,038,321	\$ 170,873,472	\$ 163,241,063
Expenses:					
Waterworks System	\$ 40,021,691	\$ 38,764,590	\$ 40,404,571	\$ 42,203,588	\$ 39,390,294
Sewer System	21,593,006	22,496,822	22,217,013	22,534,849	21,568,553
Administration	20,499,592	19,178,358	20,861,053	19,259,123	17,737,705
Other Post-Employment Benefits Expenses	969,336	833,973	831,429	626,888	868,891
Payment to City of El Paso Franchise fee	1,937,221				
Other Operating Expenses	2,962,829	2,602,114	2,636,117	1,952,763	1,843,985
Total Expenses	\$ 87,983,675	\$ 83,875,857	\$ 86,950,183	\$ 86,577,211	\$ 81,409,428
REVENUE AVAILABLE FOR					
DEBT SERVICE	\$ 91,674,525	\$ 93,063,904	\$ 85,088,138	\$ 84,296,261	\$ 81,831,635
Water Customers	199,123	196,589	194,347	192,063	189,110
Sewer Customers	189,226	187,003	184,868	182,595	180,204

(1) Fiscal Year Ended February 29.

(2) restated.

(3) Unaudited

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

COMPLIANCE AND INTERNAL CONTROL REPORTS

YEAR ENDED FEBRUARY 28, 2014

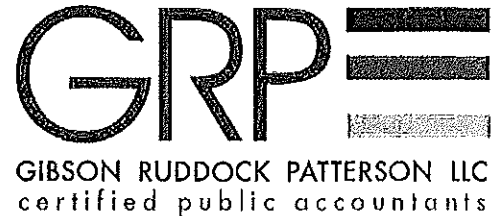
**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Public Service Board - El Paso Water Utilities,
a component unit of the City of El Paso

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Public Service Board - El Paso Water Utilities, a component unit of the City of El Paso, as of and for the year ended February 28, 2014, and the related notes to the financial statements, which collectively comprise the Public Service Board - El Paso Water Utilities' basic financial statements and have issued our report thereon dated June 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Public Service Board - El Paso Water Utilities' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Public Service Board - El Paso Water Utilities' internal control. Accordingly, we do not express an opinion on the effectiveness of the Public Service Board - El Paso Water Utilities' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Public Service Board - El Paso Water Utilities' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

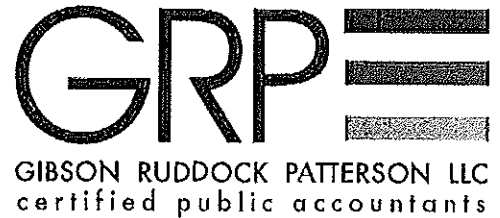
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gibson, Ruddock, Patterson LLC

El Paso, Texas
June 27, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133

Public Service Board - El Paso Water Utilities,
a component unit of the City of El Paso

Report on Compliance for Each Major Federal Program

We have audited the Public Service Board - El Paso Water Utilities', a component unit of the City of El Paso, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Public Service Board - El Paso Water Utilities' major federal program for the year ended February 28, 2014. The Public Service Board - El Paso Water Utilities' major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Public Service Board - El Paso Water Utilities' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Public Service Board - El Paso Water Utilities' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the Public Service Board - El Paso Water Utilities' compliance.

Opinion on Each Major Federal Program

In our opinion, the Public Service Board - El Paso Water Utilities, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended February 28, 2014.

Report on Internal Control Over Compliance

Management of the Public Service Board - El Paso Water Utilities is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Public Service Board - El Paso Water Utilities' internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Public Service Board - El Paso Water Utilities' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities and each major fund of the Public Service Board - El Paso Water Utilities, a component unit of the City of El Paso, as of and for the year ended February 28, 2014, and the related notes to the financial statements, which collectively comprise the Public Service Board - El Paso Water Utilities' basic financial statements. We issued our report thereon dated June 27, 2014 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Gibson, Ruddock, Patterson LLC

El Paso, Texas
June 27, 2014

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED FEBRUARY 28, 2014

Schedule Reference Number	PROGRAM	Description
SUMMARY OF AUDITOR'S RESULTS		
<u>Financial Statements</u>		
	Type of Auditor's Report issued:	Unmodified
	Internal control over financial reporting:	
	Material weaknesses identified?	No
	Significant Deficiencies identified that are not considered to be material weaknesses?	None reported
	Noncompliance material to the financial statements?	No
<u>Federal Awards</u>		
	Internal control over compliance for major programs:	
	Material weaknesses identified?	No
	Significant Deficiencies identified that are not considered to be material weaknesses?	None reported
	Type of auditor's report issued on compliance for major programs:	Unmodified
	Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
	Major Federal Program:	CFDA 66.202 - Haskell North Central Reclaimed Project
	Dollar threshold used to distinguish between type A and type B programs:	\$300,000
	Auditee qualified as low-risk auditee?	Yes

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED FEBRUARY 28, 2014

Schedule Reference Number	PROGRAM	Description
--	----------------	--------------------

FINANCIAL STATEMENT FINDINGS

There are no current year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current year findings.

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED FEBRUARY 28, 2014

SCHEDULE REFERENCE NUMBER	PROGRAM	STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE
--	----------------	--

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year findings.

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED FEBRUARY 28, 2014

**SCHEDULE
REFERENCE
NUMBER**

PROGRAM

CORRECTIVE ACTION PLAN

Not Applicable

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED FEBRUARY 28, 2014

Federal Grantor/Pass-Through Grantor/Program Title and Number	Federal CFDA Number	Total Program or Award Amount	Federal Expenditures
U. S. Environmental Protection Agency			
Haskell North Central Reclaimed Project - XP96638401	66.202	\$ 7,941,144	<u>\$ 784,284</u>
Total U.S. Environmental Protection Agency			<u>784,284</u>
U. S. Bureau of Reclamation			
Leak Detection - R12AP40018	15.530	80,000	<u>45,750</u>
Total U.S. Bureau of Reclamation			<u>45,750</u>
Total Federal Expenditures			<u><u>\$ 830,034</u></u>

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED FEBRUARY 28, 2014

1. GENERAL

The accompanying schedule of expenditures of federal awards includes the activity of all federal award programs of the Public Service Board - El Paso Water Utilities, a component unit of the City of El Paso (the Board). The Board's reporting entity is defined in Note 1 to the Board's comprehensive annual financial report which is issued separately.

2. BASIS OF ACCOUNTING

The schedule of expenditures of federal awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

3. OVERSIGHT AGENCY

The U.S. Environmental Protection Agency is the Board's oversight agency for the single audit.

El Paso Water Utilities Public Service Board

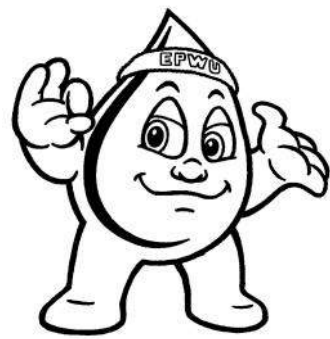


A Component Unit of the City of El Paso

COMPREHENSIVE ANNUAL FINANCIAL REPORT



for the Fiscal Years Ended February 28, 2014 and 2013



**Public Service Board
El Paso Water Utilities**

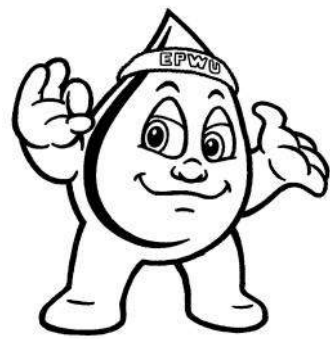
A Component Unit of the City of El Paso

**Comprehensive
Annual Financial Report
For the Fiscal Years Ended
February 28, 2014 & 2013**

El Paso, Texas

Prepared by:

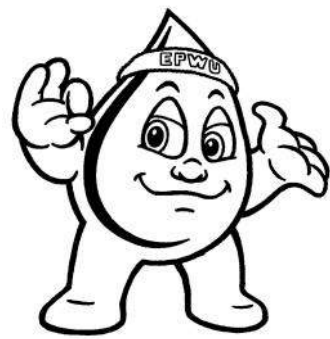
Departments of Finance & Accounting



PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO
Comprehensive Annual Financial Report
For the Fiscal Years Ended February 28, 2014 & 2013

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July 9, 2014

Public Service Board
El Paso Water Utilities

Dear Public Service Board Member:

We are pleased to submit the Comprehensive Annual Financial Report of the Public Service Board - El Paso Water Utilities (EPWU) for the fiscal year which ended February 28, 2014, pursuant to the City of El Paso Bond Ordinance 752, as amended and City Ordinance No. 016668 establishing the Municipal Drainage Utility System. This Comprehensive Annual Financial Report was prepared by the Accounting and Finance Departments of EPWU. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the EPWU; and that all disclosures necessary to enable the readers to gain the maximum understanding of EPWU's financial activity have been included.

This report consists of management's representation concerning the finances of the Public Service Board - El Paso Water Utilities and its Water and Wastewater Utility Fund and the Municipal Drainage Utility Fund. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with EPWU. To provide a reasonable basis for making these representations, management of the EPWU has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of EPWU's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the EPWU's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

EPWU's financial statements have been audited by Gibson, Ruddock, Patterson LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of EPWU for the fiscal year ended February 28, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the EPWU's financial

statements for the fiscal year February 28, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of EPWU was part of a broader, financially mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the EPWU's separately issued Single Audit Report.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The EPWU's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

The El Paso Water Utilities – Public Service Board provides water, wastewater, reclaimed water and drainage service to its customers. For financial reporting purposes, EPWU is considered a component unit of the City of El Paso. The PSB operates and manages EPWU on behalf of the City of El Paso. It adopts an annual combined operating, capital and debt service budget for both the Water and Wastewater Utility Fund and the Municipal Drainage Utility Fund, along with associated rates and fees for services; and also issues updates to its Rules and Regulations, which have the force of law. EPWU recovers the cost of providing water, wastewater, reclaimed water and drainage services primarily through user charges and fees. EPWU does not assess or collect ad valorem property taxes. As part of the mission and vision statements of the Public Service Board, EPWU strives to balance customer needs with proper resources and financial management as well as regional leadership.

City of El Paso Ordinance Number 752, adopted May 22, 1952, established the Public Service Board – El Paso Water Utilities. The board of trustees, known as the "Public Service Board (PSB)," was given complete management and control of the city's water system. Ordinance Number 017167 adopted August 11, 2009 increased the number of board members from five to seven. The PSB consists of the Mayor of the City of El Paso and six residents of El Paso County, Texas. With the exception of the Mayor, all other trustees are appointed by the City Council and serve staggered four-year terms.

In June 2007, City Ordinance Number 016668 established a Municipal Drainage Utility for the City of El Paso. The Public Service Board – El Paso Water Utilities was given complete management and control of the city's drainage system, which EPWU assumed effective March 1, 2008.

Mission Statement - The mission of the Public Service Board - El Paso Water Utilities is to provide our customers a sustainable water supply and the highest quality water services at a reasonable cost with excellent customer service.

Vision Statement- To sustain the future of the community through proper planning and implementation of diverse and alternative strategies.

In the fall of 2013, the Public Service Board revamped its strategic plan to reflect changing conditions and identify and address new initiatives. The new strategic plan implemented the Balanced Scorecard method that includes a SWOT Analysis and integrated the mission, vision, core values, value propositions and tactical plans into one strategic plan for the Utility. The strategic plan was formalized with input from employees, management, board members and community stakeholders.

Budget process and controls - EPWU's fiscal year starts March 1 and runs to the last day of February. The combined operating and capital budget preparation process starts in August with sessions held by the PSB and management. In September, budget documents containing historical and current financial and statistical data are sent to all sections along with instructions on how to prepare the operating budget and identifying new initiatives. The capital budget is prepared in a similar fashion. Management reviews the operating and capital budgets and presents the recommended combined operating and capital budget to the Public Service Board over a series of public meetings. The PSB approves the combined annual operating and capital budget and accompanying updates to the Rules and Regulations in February, with an effective date of March 1.

The budget and the annual financial report are prepared using the accrual basis of accounting. Revenue is recognized as it is earned and expenses are recognized as goods or services are delivered. The operating budget is prepared at the object level. The object is the good or service for which the expenditure was made. Operating or capital budget line item transfers are done on a memorandum basis, submitted by the requesting manager to Finance. The transfer is subject to approval by management but does not need approval by the PSB. Only the PSB can approve emergency funding authorizations and amendments to the approved operating and capital budgets.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment with which the El Paso Water Utilities operates.

Local Economy - El Paso is currently the sixth largest city in Texas and the 19th largest city in the United States. El Paso County has an estimated population of over 850,000 people with another 1.4 million in El Paso's sister city of Juarez, Mexico. With a population of over 220,000 in Southern New Mexico, the Borderplex region constitutes the largest international border community in the world. With the expansion of Fort Bliss, an additional 200,000 new residents will live in the El Paso region by the year 2025.

The El Paso economy is slowly transitioning into new industries with less dependence on the traditional manufacturing and industrial sectors. According to Forbes Magazine, El Paso ranked among one of the best cities for income growth in the past five years and in that time, incomes for college graduates have steadily grown more than any other major metropolitan area. Pay has

increased for educated El Pasoans who are taking advantage of increased job opportunities in the higher income earning areas in the public sector. Altogether, the El Paso economy gained over 400 jobs during the year, representing an annual growth rate of 0.1% as the local economy continues to grow, even though at a slower pace than last year.

The El Paso Tri-State region is the fifth largest manufacturing center in North America. Ciudad Juarez *maquilas* employ about a quarter of a million workers, representing 20 percent of the total *maquila* jobs in Mexico. Roughly 25 percent of Mexico's total production sharing output is manufactured in Cd. Juarez. The success of the *maquila* program has allowed the El Paso region to gain a globally competitive advantage in the manufacturing industry. Recent forecasts by the Federal Reserve Bank of Dallas showed a modest increase in *maquila* job growth throughout 2013 and well into 2014.

In addition to a strong, diverse economic base, in 2013 El Paso was ranked as one of the safest large cities in the United States with a population of over 500,000, according to the Morgan Quitno Corporation. El Paso has been ranked in the 2nd or 3rd spot of Safest Cities since 1997 and in 2011 was ranked as the safest city. The overall crime rate has continued to decrease in recent years, despite the city's consistent population growth. El Paso is also one of the most affordable major cities in the U.S. According to the American Chamber of Commerce Research Association (ACCRA), the cost of living in El Paso is approximately 90.4% of the national average in 2013, a favorable ranking compared to most cities in the Southwest region and most cities of similar size and demographics nationally.

Located in the northeastern region of El Paso, Fort Bliss currently stretches over 1.1 million acres of land, an area of land larger than the State of Rhode Island. In 2013, Fort Bliss realized a net increase of over 37,000 active duty personnel – the largest net gain from any military installation in America. The Army also projects that approximately 16,000 spouses and 21,000 children will accompany these personnel as they transition to El Paso. An investment of over \$5 billion for construction projects will support the 300% base population increase by 2015. The El Paso Regional Economic Development Corporation estimated that Fort Bliss' long term economic impact is estimated at \$7.4 billion annually. Fort Bliss is the first military post in the nation to be designated a Center for Renewable Energy. This designation could mean more federal funding and private sector investment that could total to more than \$400 million for the local economy. By 2015, Fort Bliss will utilize solar and geothermal energy and a waste-to-energy facility. These renewable sources of energy could provide enough power for the base to operate completely independent of the local power grid.

El Paso is home to the University of Texas at El Paso (UTEP), which is the second oldest member of the University of Texas System. It was founded in 1913 and became part of the U.T. system in 1919. UTEP has been an important part of the El Paso community since it was founded as the Texas School of Mines and Metallurgy 100 years ago. In 1914, the school opened with 27 students and a handful of faculty and staff. UTEP has grown into a dynamic urban university that today serves the needs of more than 23,000 students, offering 71 bachelors, 76 master and 20 doctoral programs.

As the nation's only major research university serving a student population that is predominantly Mexican-American, UTEP has also been named one of the top five Hispanic serving institutions

to receive federal research money, according to the National Science Foundation (NSF). The NSF designated UTEP as a Model Institution for Excellence, one of only six in the country. This has resulted in a multimillion dollar NSF grant to support UTEP's science, computer science, engineering, and mathematics programs. In April of 2013 the Senate Finance Committee in Austin, Texas voted to award UTEP \$40 million in tuition revenue bonds for capital improvements to help the university reach its goal of becoming a national research Tier 1 university.

Growth is evident in all parts of El Paso. The city has experienced growth in the challenging economic environment and this will remain the case during the next year. The construction of the Downtown Triple A baseball stadium, a new 600,000 square foot shopping mall, continued highway constructions, along with the continued Fort Bliss base expansion are examples of multi-million dollar projects that have already started and will carry on through 2014 and beyond.

Long-term financial planning - Region E was one of sixteen regions in Texas created in 1997 as part of Senate Bill 1 which required long term water planning by region. EPWU updated its 50-year plan as part of the update in 2011 of the Region E's 50-year water plan. This plan identifies projected water demand over the next 50 years and provides water supply alternatives to meet demand. In 2013, EPWU along with other stakeholders in the Far West Texas Regional Plan attended meetings to begin work on the 2016 State Water Plan. The Region E State Water Plan is included as part of the State Water Plan that will be submitted to the Texas Legislature. The Utility is currently focused on a 10-year planning horizon and has identified specific projects costing over \$747 million that will need to be constructed to meet the water, wastewater and reclaimed water needs of the El Paso region, with an additional \$141 million in drainage projects to address deficiencies in the drainage system. It is projected that water and wastewater rates will increase an estimated 14% over the next five years to fund operations, the capital improvements program and maintain adequate cash reserves. No rate increase was implemented for FY 2014-15. In May 2009, City Council adopted water and wastewater impact fees to help pay for growth infrastructure. In fiscal year 2013-14 the Utility collected \$274,000 and estimate that in future years between \$1 - \$2 million will be collected from impact fees annually. EPWU projects that drainage fees will have to be increased by 8% over the next five years to continue with the drainage projects and maintenance of the system. EPWU has budgeted over \$120 million in fiscal year 2014-15 for water, wastewater and reclaimed water facilities to meet the growth demands of the city and keep up with the rehabilitation of the system and \$30 million for drainage facilities to improve the drainage infrastructure throughout the city. EPWU continues to address the increased reliance of well water and other sources of water as a result of the prolonged drought conditions and its associated capital costs within the next ten years. During fiscal year 2014-15 the Utility budgeted \$1 million for an advance purified water plant pilot plant to produce drinking water. The pilot plant operation and testing program coupled with negotiations with the Texas Commission on Environmental Quality (TCEQ) will set the operating conditions and processes for the full scale facility. Wastewater plants are targeted for major rehabilitation over the next ten years, including the planned expansion of the Roberto Bustamante Wastewater Treatment Plant to start in fiscal year 2018-19. This plant was once scheduled for expansion in 2000, but because of successful indoor conservation, the expansion has been delayed substantially.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the El Paso Water Utilities for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended February 28, 2013. This was the eighteenth consecutive year that EPWU has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must have published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, EPWU received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year beginning March 1, 2013, which was the fifteenth consecutive year EPWU has received this award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and accounting departments. We would like to express our appreciation to Jeff Tepsick, Fiscal Operations Manager, and all members of the department who contributed to the preparation of this report. Credit also must be given to the Mayor and Public Service Board for their support for maintaining the highest standards of professionalism in the management of the EPWU finances.



John E. Balliew, P.E.
President and Chief Executive Officer



Marcela Navarrete, C.P.A.
Vice President Strategic, Financial & Management Services



Arturo Duran
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**El Paso Water Utilities
Public Service Board, Texas**

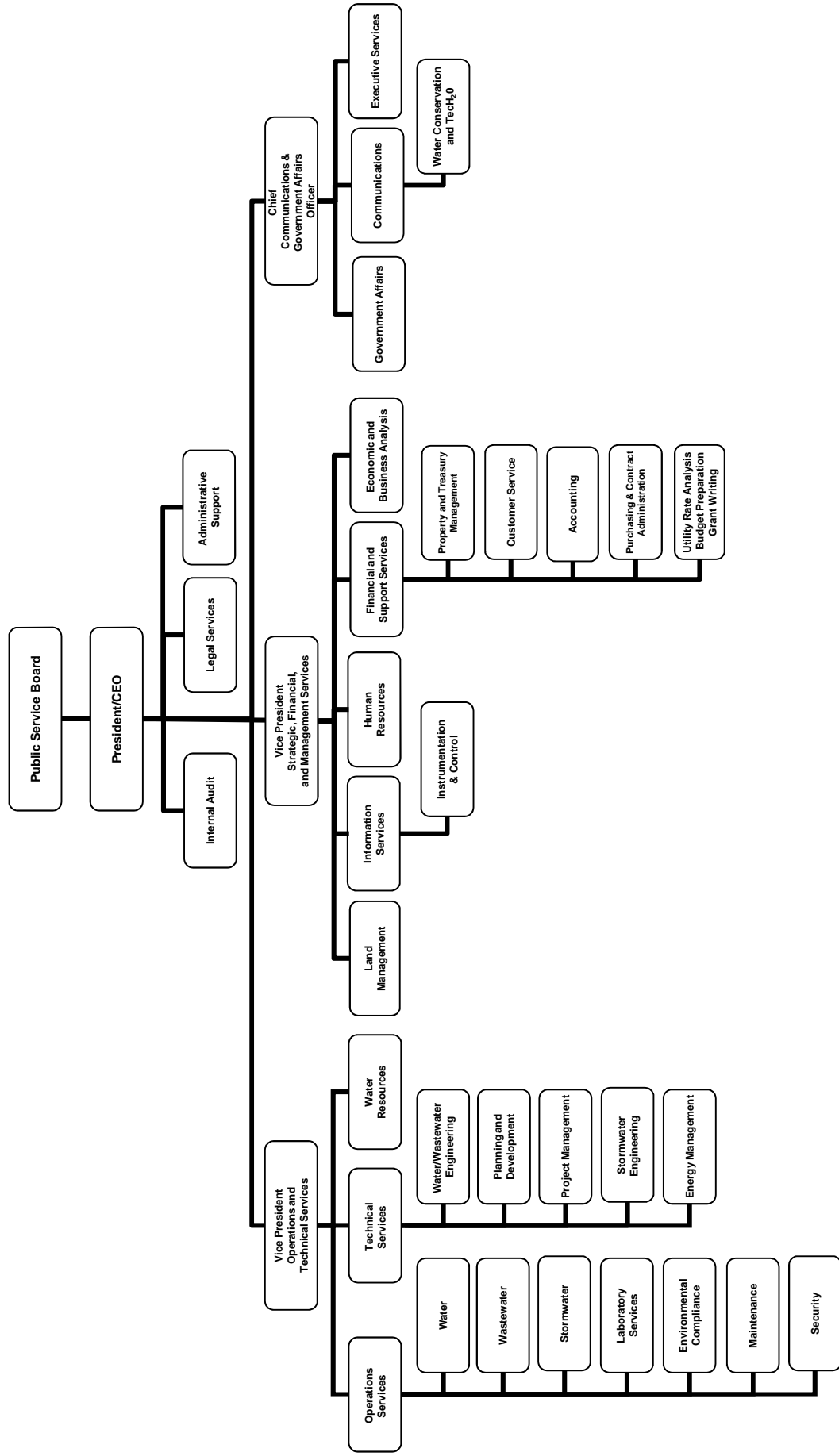
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

February 28, 2013

Executive Director/CEO

El Paso Water Utilities

Organizational Structure





COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED FEBRUARY 28, 2014

PUBLIC SERVICE BOARD



Richard T. Schoephoerster, Ph.D., P.E.
Chair



Ruth Katherine Brennand
Vice Chair



David C. Nemir, Ph.D., P.E.
Secretary-Treasurer



Henry Gallardo
Member



Terri Garcia
Member



Christopher A. Antcliff
Member



Oscar Leeser
Mayor, City of El Paso

EXECUTIVE STAFF

John Balliew, P.E., President and CEO

Marcela Navarrete, C.P.A., Vice President Strategic, Financial and Management Services

R. Alan Shubert, P.E., Vice President Operations and Technical Services

Fernie Rico, P.E., Chief Operations Officer

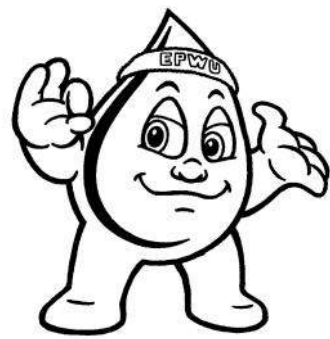
Arturo Duran, Chief Financial Officer

ACCOUNTING/ASSET MANAGEMENT

Jeff Tepsick, Fiscal Operations Manager
Lidia Carranco, Asset Manager

GENERAL COUNSEL

Robert D. Andron, General Counsel
Lowell Stokes, Assistant General Counsel



INDEPENDENT AUDITOR'S REPORT

Public Service Board - El Paso Water Utilities,
a component unit of the City of El Paso

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Public Service Board - El Paso Water Utilities, a component unit of the City of El Paso, as of and for the years ended February 28, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Public Service Board - El Paso Water Utilities' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund of the Public Service Board - El Paso Water Utilities, a component unit of the City of El Paso, as of February 28, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2014 the Public Service Board - El Paso Water Utilities, a component unit of the City of El Paso, changed its method of accounting for deferred outflows of resources, deferred inflows of resources and bond issuance cost with the adoption of Government Accounting Standards Board Statement No. 65. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Post Employment Benefits Plan schedules on pages 14 through 28 and 96 to 97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Public Service Board - El Paso Water Utilities', a component unit of the City of El Paso, basic financial statements. The introductory section, supplementary schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

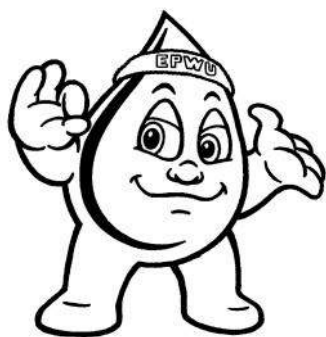
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our separate report dated June 27, 2014 on our consideration of the Public Service Board - El Paso Water Utilities', a component unit of the City of El Paso, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Public Service Board - El Paso Water Utilities' internal control over financial reporting and compliance.

Gibson Ruddock Patterson, LLC

El Paso, Texas
June 27, 2014



Management's Discussion and Analysis

As management of the Public Service Board - El Paso Water Utilities (EPWU), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended February 28, 2014. EPWU consists of two funds, the Water and Wastewater Utility fund and the Municipal Drainage Utility fund. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

Financial Highlights

The assets and deferred outflows of resources of EPWU exceeded its liabilities and deferred inflows or resources at the close of the most recent fiscal year by \$848.20 million (*net position*).

EPWU's total assets and deferred outflows of resources of \$1.52 billion increased by \$49.24 million from 2013 to 2014 mainly due to an increase in construction work in progress of \$52.62 million and an increase of \$28.27 million in capital assets placed in service from the Water and Wastewater Utility.

EPWU's total liabilities and deferred inflows or resources increased by \$9.40 million during the fiscal year mainly due to an increase in accounts payable from restricted assets of \$4.16 million and an increase in customer advances for construction of \$5.16 million.

The debt service coverage for the Water and Wastewater Utility of 2.09 times is well above the required 1.5 times debt service coverage as per its bond ordinance. The Municipal Drainage Utility's debt service coverage of 1.71 times is above the required 1.25 times as per its bond ordinance.

Overview of Financial Statements

- Statements of Net Position – present information as of the end of each fiscal year on all of EPWU' assets, liabilities, deferred outflows and inflows of resources and total net position. This statement is useful in evaluating the financial health of EPWU.
- Statements of Revenues, Expenses and Changes in Net Position – present information of changes in net position during the fiscal years presented. This statement is useful in evaluating if EPWU recovered all its costs through its rates and other charges.
- Statements of Cash Flows – provides information for the fiscal years presented of cash flows from operating, capital and related financing and from investing activities.
- Enterprise Funds – EPWU consists of two funds, the Water and Wastewater Utility fund and the Municipal Drainage Utility fund. Enterprise Funds Statements eliminate all transactions between the two funds.
- Notes to financial statements – present detail information that is essential to the complete understanding of EPWU's financial statements.
- Required Supplemental Information – present information concerning EPWU's progress in funding its other postemployment benefit plan obligations.

Other supplemental information is provided for additional analysis and is not a required part of the basic financial statements.

- Supplementary Schedules – Includes separate financial statements by fund and other schedules that provide detail information for each fund.
- Statistical Section – Present summary information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information say about EPWU financial health.

El Paso Service Area and Customer Growth

Over the last ten years, the average annual retail customer growth has been a manageable 1.76%. The following table shows water, wastewater and drainage customer growth for the past three years:

Water Customers	FY 2014	FY 2013	FY 2012
Metered water customers, beginning of year	194,347	192,063	189,110
Additions, net	2,242	2,284	2,953
Metered water customers, end of year	196,589	194,347	192,063
Wastewater Customers	FY 2014	FY 2013	FY 2012
Wastewater customers, beginning of year	184,868	182,595	180,204
Additions, net	2,135	2,273	2,391
Wastewater customers, end of year	187,003	184,868	182,595
Drainage Customers	FY 2014	FY 2013	FY 2012
Drainage customers, beginning of year	183,680	181,268	179,591
Additions, net *	2,370	2,412	1,677
Drainage customers, end of year	186,050	183,680	181,268

*Effective July 2011, 276 accounts from the El Paso Housing Authority became exempt from drainage fees per Texas State Statute.

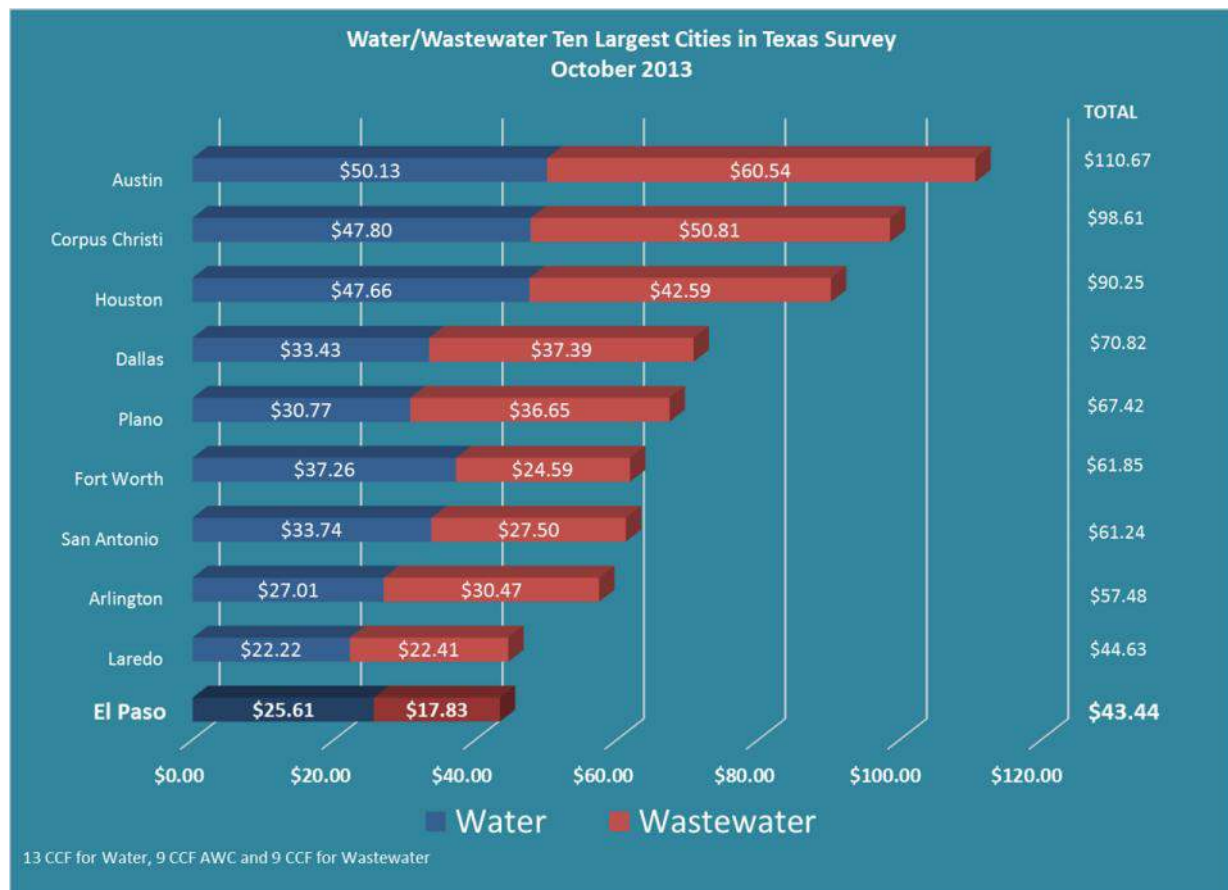
Outside the city limits, EPWU provides wholesale water service and wastewater service to the Lower Valley Water District, Gaslight Square MHE, Paseo Del Este and Fort Bliss; wholesale water service to the County of El Paso, Haciendas del Norte, Ponderosa/Western Village Water Supply Corporation; retail water and wastewater service to Westway, Canutillo and retail water service to Homestead, unincorporated areas and areas of Village of Vinton, an incorporated area. In October 2012, the Utility started providing wholesale water services to customers in the areas of Mayfair, Nuway and Schuman. Drainage service is only provided for customers within the city limits of El Paso.

Wholesale Customers	FY 2014	FY 2013	FY 2012
Lower Valley Water District Authority			
<i>Water Customers</i>	15,901	15,492	14,835
<i>Wastewater Customers</i>	12,949	12,675	11,831
County of El Paso - East Montana - <i>Water Customers</i>	1,736	1,719	1,700
Haciendas del Norte - <i>Water Customers</i>	345	345	345
Ponderosa/Western Village - <i>Water Customers</i>	289	291	292
Gaslight Square Mobile Home/RV Park - <i>Water and Wastewater Customers</i>	<i>Varies</i>	<i>Varies</i>	<i>Varies</i>

Wholesale Customers	FY 2014	FY 2013	FY 2012
Mayfair, Newway and Schuman - <i>Water Customers</i>	296	288	-
Paseo Del Este MUD - <i>Water and Wastewater Customers</i>	2,279	1,950	1,631

The table below shows the average monthly water, wastewater and drainage bill for a residential customer for fiscal years 2014, 2013 and 2012:

Average Residential Bill			
	FY 2014	FY 2013	FY 2012
Water (includes water supply replacement charge)	\$28.09	\$28.36	\$28.85
Wastewater	\$16.64	\$15.61	\$15.55
Drainage	\$3.03	\$3.03	\$3.03
Total Bill	\$47.76	\$47.00	\$47.43



In addition, the Public Service Board (PSB) has established outside city retail water and wastewater rates at 115% of inside city rates. El Paso’s water and wastewater rates remain among the lowest in the Southwest and are extremely competitive with neighboring utilities.

With the creation of the Municipal Drainage Utility, a dedicated funding source is available to meet the drainage system needs of the city. Drainage functions are funded by a fee that appears on the monthly water and wastewater bill. This user fee is calculated for every parcel with an active water

meter within the city, except those exempted by state law, based on the impervious area of the property. The Board has a working five-year financial plan for all utilities that allows the Board to proactively manage its financial resources and plan for potential rate adjustments as required.

Water consumption decreased as compared to the previous year due to a mild summer, an increase in precipitation of 3.21 inches in 2014 compared to 2013, and a strong water conservation media campaign.

	FY 2014	FY 2013	FY 2012
Water Pumped (billion gallons)	37.56	38.67	38.91
Water Billed (billion gallons)	34.99	36.47	36.93

El Paso’s Water, Wastewater and Drainage System

Water System – In 1991, EPWU adopted its first comprehensive Water Resource Management Plan, which was then used as a basis for the Region E plan and is subsequently updated when the Region E plan is updated. EPWU recognizes it exists to serve a large population situated in an arid climate and has been aggressively planning for the future to ensure an adequate long-term water supply. Major steps taken include passing a stringent water conservation ordinance, new and innovative water conservation programs, establishing a rate structure designed to encourage conservation, and the adoption of a Drought and Water Emergency Management Plan while continuing to increase utilization of reclaimed water. EPWU operates wellhead desalination units and a large scale desalination plant, and continues to evaluate additional long-term water supply projects including the construction of a 10 MGD advance purified water plant by 2016, the importation of water and development of additional surface water supplies to decrease demand on existing ground water aquifers.

EPWU operates 157 wells, 73 reservoirs, 53 booster pump stations, 2 surface water treatment plants, 1 groundwater treatment plant, 1 desalination plant, 3 arsenic removal plants and over 2,500 miles of pipelines. EPWU also operates a reclaimed water system that includes: 9 reservoirs, 10 pump stations and 52 miles of pipelines.

The Franklin Mountains divide the City, but fortunately, water supplies are geographically spread throughout. Depending on the river supply, historically, 25 to 50 percent of the annual usage has been from the Hueco Bolson aquifer, which extends from Southern New Mexico, through east El Paso and into Mexico. About 20 percent of the historical annual usage has been from the renewable Mesilla Bolson aquifer west of the mountains.

EPWU's 40 million gallons per day (MGD) **Robertson/Umbenhauer Water Treatment Plant**, a surface water treatment plant originally built in 1943, is centrally located in the city. A major infrastructure renovation was completed in 2004 on these plants that will extend the life of these facilities well into the future. This included the installation of an Ultraviolet Light disinfection system for a portion of the water leaving the plant. Major electrical upgrades were also completed in 2006.

The second surface water plant, the **Jonathan W. Rogers Water Treatment Plant** (JRWTP), with an initial capacity of 40 MGD, started production in early 1993. It is located further downstream to serve the City's eastside and expanding lower valley area. The JRWTP was expanded in May 2002

to increase capacity to 60 MGD. This expansion increased total surface water supply capability to 100 MGD, which represents more than 50 percent of the total annual demand. The Utility is planning a future expansion of this plant to add additional treatment capacity by 20 MGD.

In 2005, EPWU began operating four treatment plants specifically designed to achieve compliance with EPA's new maximum contaminant level (MCL) for arsenic, which became effective January 23, 2006. These plants have a combined treatment capacity of 41 MGD. The largest of the four plants is the 30 MGD **Upper Valley Water Treatment Plant**, which uses conventional flocculation/sedimentation/filtration to remove arsenic. The other three plants have a combined capacity of 11MGD and use a granular iron media to absorb arsenic.

EPWU, in partnership with Fort Bliss, constructed a 27.5 MGD desalination plant which it owns and operates on Fort Bliss property in east El Paso. The **Kay Bailey Hutchison (KBH) Desalination Plant** started production in July 2007. This plant is the largest inland desalination plant in the world and the largest desalination plant of any type in the United States. The plant has won numerous awards, including the 2008 Membrane Facility Award from the American Membrane Technology Association, the American Academy of Environmental Engineers 2008 Superior Achievement Award and the Texas Council of Engineering Companies 2008 Eminent Conceptor Award.

As a result of the lower than normal river water allotment due to the continuing drought, surface water use decreased during 2013 to about 9 percent from the normal 50 percent of water supply. The Utility was allotted only 10,550 acre feet (AF) of river water compared to an average year when over 60,000 AF is treated. Withdrawals from the Hueco Bolson were approximately 67 percent and 24 percent from the Mesilla Bolson. Both surface water treatment plants operated during the 2013 reduced two-month irrigation season when Rio Grande Project water was available. The water system each year consistently receives a Superior Water System ranking by TCEQ. Water demand was at 201 gallons per capita per day (gpcd) in 1989 prior to the institution of an aggressive water conservation program, but has been declining rapidly since. The demand in 2013 was 130 gpcd and achieved seven years earlier the overall per capita water consumption goal of 130 gpcd by 2020. Peak day demand has also declined significantly from 195.0 MGD in 1990 to 161.1 MGD in 2013. This highlights not only the significant changes in water use by El Pasoans, but also has allowed for the deferral of spending significant dollars on capital projects to meet higher water demands.

The State Legislature designated EPWU as the Regional Planner for El Paso County in 1995, which has resulted in a coordinated approach in developing water resources for this region. EPWU also has conducted joint water resources planning with New Mexico and Mexico. This unique regional cooperative effort will help to ensure that there is a reliable water supply to protect the economy, environment and quality of life for the residents in the region bordering the Rio Grande River.

Wastewater System – The United States Environmental Protection Agency (EPA) and the TCEQ issue permits that require discharges of treated wastewater to meet certain standards in accordance with the Clean Water Act. To meet these high standards, EPWU is committed to providing the best available technology and most cost effective treatment processes to ensure proper and sufficient treatment of wastewater collected from the city. The Wastewater Division has been a member of the TCEQ Clean Texas Program since 2003, and has been awarded the National Association of Clean Water Agencies (NACWA) Excellence in Management Recognition in 2003, 2006, and 2009.

The **Roberto R. Bustamante Wastewater Treatment Plant** began serving the east, southeast and lower valley parts of the city in 1991 and has a treatment capacity of 39 MGD. The plant also has the capability to provide reclaimed water. Since 1997, it has received twelve NACWA Peak Performance Gold Awards and three NACWA Silver Awards. In 1994, the plant placed second in the nation in the EPA Operations and Maintenance Excellence Awards, Large-Secondary Treatment category, representing the State of Texas and EPA Region VI. The plant also received NACWA's Platinum Peak Performance Award for five consecutive years of compliance in 2002. The Water Environment Association of Texas also judged this plant the Municipal Wastewater Treatment Plant of the Year for 2005.

The **Northwest Wastewater Treatment Plant** can treat 17.5 MGD of wastewater from the west and northwest part of the city. Since the initial start-up of the plant in 1987 and expansion to its present capacity in 1994, the plant has been nominated for six EPA Operations and Maintenance Excellence Awards and has received fourteen NACWA Gold Awards and six NACWA Silver Awards. In 1992, the plant and its personnel were also recognized for their commitment to safety by being awarded the Water Environment Federation's George W. Burke Award for Safety. This plant first received the NACWA's Platinum Peak Performance Award for five consecutive years of complete compliance in 2003. In 2008, it received 1st Place in the National Clean Water Act Recognition Awards for Operations and Maintenance Excellence in the Large Advanced Plant Category. In 2013, the plant received the Platinum Fourteen Award for fourteen consecutive years of perfect permit compliance. The plant was the Texas State, Regional and National winner of the Clean Water Act O&M Awards Program in the Large Advanced Category. This plant also provides reclaimed water to several large irrigation customers.

The **Haskell R. Street Wastewater Treatment Plant** was initially constructed in 1923. The plant serves the central part of the city and has treatment capacity of 27.7 MGD. The plant has undergone several expansions and modifications in an effort to meet ever-changing environmental regulations and to enhance the reliability of the treatment processes. In 1994 it was selected to represent the State of Texas and EPA Region VI for the nationally recognized EPA Operations and Maintenance Excellence Award, Large-Advanced Treatment category. In 1999 a \$25 million upgrade and renovation was completed. The plant was also upgraded in 2003 to provide reclaimed water to local parks, schools, industries and golf courses. Since 1997, the plant has received ten NACWA Gold Awards and four NACWA Silver Awards. It also received the NACWA Platinum Award in 2004 for being the recipient of the Gold Award for five consecutive years. It also received the NACWA Platinum Award in 2007 for being the recipient of the Gold Award for eight consecutive years. This plant also provides reclaimed water to several large irrigation customers.

The **Fred Hervey Water Reclamation Plant** constructed in 1984, can treat 12 MGD of wastewater from the northeast part of the city. This unique plant was one of the first in the nation to take raw sewage and treat it to drinking water standards. This reclaimed water is then used to recharge the Hueco Bolson, to irrigate a local golf course and to provide the El Paso Electric Co. with cooling tower water for electric power generation. In 2011, the plant completed the last phase of a multi-year multi phased program to renovate and upgrade the plant for new permit requirements and expanded the plant capacity from 10 MGD to 12 MGD. This plant has also received numerous awards, including: the 1994 AMSA Public Information and Education Award; second place in the national 1994 EPA Operations and Maintenance Excellence Award, No Discharge category; and the 1998 American Water Works Association's Conservation and Reuse Award. In 1999 the plant received

special recognition by the El Paso Del Norte Region Mission Possible-Survival Strategies in the category “Protection and Preservation of the Environment”. Beginning in 2006, the Fred Hervey Plant became eligible for the NACWA awards and received the Platinum Six Award in 2012 for six consecutive years of perfect permit compliance.

The Wastewater Collection System Maintenance Section of EPWU received the 2007 Medal for Heroism from the Water Environment Association of Texas for their great efforts in helping the City during the Storm 2006. EPWU also received the 2007 George Burke Award from the Water Environment Association of Texas for a perfect safety record in the area of lift station operations. EPWU is committed to addressing the infrastructure needs and acquiring future water resources for its customers. Short and long-term planning is a vital part of meeting the current and future needs of this community. For these efforts, EPWU was recognized by NACWA with its third Excellence in Management Award in 2010. This award, which is only given every three years, recognizes agencies that have used competitive business strategies to meet the expectations of drinking water consumers and municipal government leaders over a sustained period of time.

EPWU was one of only seven public drinking water systems that received the Platinum Award for Utility Excellence from the Association of Metropolitan Water Agencies (AMWA) in 2010. This award recognizes the outstanding achievements in implementing the nationally recognized Attributes of Effectively Managed Water Sector Utilities. EPWU was recognized for performance in areas of product quality, employee and leadership development, customer satisfaction, and community sustainability.

Drainage System – Following the storms in 2006, an evaluation identified extensive damage to the drainage system. The City of El Paso repaired the most severely damaged items. The Municipal Drainage Utility continues to work on the remaining projects, as well as the operation and maintenance of the system and the construction projects needed to reach an adequate level of service. EPWU developed the first ever stormwater master plan for the city and subsequently developed a ten year capital improvement plan to address the drainage system’s deficiencies.

The drainage system currently consists of 21 storm water pump stations, 904 acres of ponds, 2,430 acres of dams, 74 miles of channels, 43 miles of agricultural drains, 146 miles of storm drains and thousands of storm water drop inlets.

Fiscal Year 2014 Financial Information

The following are the Enterprise Funds Statements of Net Position for the activities for the Water & Wastewater Utility and the Municipal Drainage Utility after elimination of interfund payables and receivables.

Enterprise Funds Statements of Net Position			
	<u>FY 2014</u>	<u>FY 2013</u> <u>(Restated)</u>	<u>FY 2012</u> <u>(Restated)</u>
Current Assets	\$228,703,815	\$ 245,790,546	\$ 197,255,714
Noncurrent Assets	39,186,166	18,375,753	26,883,751
Capital Assets (Net)	1,249,371,554	1,204,214,120	1,184,169,316
Deferred Outflows of Resources	1,943,345	1,588,989	1,097,277
Total Assets and Deferred Outflows of Resources	<u>\$ 1,519,204,880</u>	<u>\$ 1,469,969,408</u>	<u>\$ 1,409,406,058</u>
Current Liabilities	89,697,090	78,046,293	72,354,096
Noncurrent Liabilities	581,161,267	583,405,013	560,642,337
Total Liabilities	<u>670,858,357</u>	<u>661,451,306</u>	<u>632,996,433</u>
Deferred Inflows of Resources	143,045	154,195	165,344
Net Position:			
Restricted	93,964,776	81,583,229	75,799,438
Net Investment in Capital Assets	727,501,647	698,873,162	676,369,148
Unrestricted	26,737,055	27,907,516	24,075,695
Total Net Position	<u>848,203,478</u>	<u>808,363,907</u>	<u>776,244,281</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,519,204,880</u>	<u>\$ 1,469,969,408</u>	<u>\$ 1,409,406,058</u>

Enterprise Funds Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position

From fiscal year 2013 to 2014 total assets and deferred outflows of resources increased by \$49.24 million mainly due to an increase in construction work in progress of \$52.62 million and an increase of \$28.27 million in capital assets from the Water and Wastewater Utility. Total assets and deferred outflows of resources increased by \$60.56 million from fiscal year 2012 to 2013 mainly due to unspent bond proceeds of \$39.08 million from two new bond issues from the Water and Wastewater Utility and the Municipal Drainage Utility. Current assets decreased by \$17.09 million from fiscal year 2013 to 2014 mainly due to \$14.87 million of drawdown of funds restricted for construction. Total capital assets, net of accumulated depreciation, increased by \$45.16 million from 2013 to 2014 and \$20.04 million from 2012 to 2013, which consists of an increase in water, wastewater and drainage infrastructure placed into service. Total liabilities increased from 2013 to 2014 by \$9.41 million mainly due to an increase in accounts payable from restricted assets of \$4.16 million and an increase in customer advances for construction of \$5.16 million and increased by \$28.45 million from 2012 to 2013 mainly due to the increase of \$25 million in bonds for a construction project that was included in the \$75.72 million Water and Wastewater Revenue Refunding and Improvement Bonds Series 2012A and \$14.08 million of Municipal Drainage Utility Revenue Bonds, Series 2012.

The net position of \$848.20 million for fiscal year 2014 increased by \$39.84 million from 2013 due to an increase in net position, before capital contributions of \$26.02 million and capital contributions of \$13.82 million. Total net position of \$808.36 million for 2013 increased by \$32.12 million from 2012 due to an increase in net position, before capital contributions of \$19.76 million and capital contributions of \$12.36 million. For fiscal year 2014 net position, before capital contributions consists of operating income of \$43.34 million, interest earnings of \$355,000, a \$2.27 million gain from the sale of land, the \$1.05 million tax credit from the IRS for the Build America Bonds issued, and offset by interest expense of \$21.31 million. For fiscal year 2013 net position, before capital contributions consists of operating income of \$37.53 million, interest earnings of \$363,000, a \$2.58 million gain from the sale of land, the \$1.18 million tax credit from the IRS for the Build America Bonds issued, and offset by the interest expense of \$22.05 million. Net position for the Water and Wastewater Utility increased \$34.09 million from 2013 to 2014, along with the Municipal Drainage Utility net position increase of \$5.75 million. Net position for the Water and Wastewater Utility increased \$25.03 million from 2012 to 2013, along with the Municipal Drainage Utility net position increase of \$7.09 million.

The following are the Enterprise Funds Statements of Revenues, Expenses and Changes in Net Position for EPWU, which include the Water and Wastewater Utility and the Municipal Drainage Utility after elimination of interfund activities.

Enterprise Funds Statements of Revenues, Expenses, and Changes in Net Position			
	<u>FY 2014</u>	<u>FY 2013 (Restated)</u>	<u>FY 2012 (Restated)</u>
Operating Revenues:			
Water	\$ 91,837,712	\$ 91,787,975	\$ 91,981,537
Water supply replacement charge	19,594,187	18,410,830	17,602,970
Reclaimed Water	2,651,400	2,802,403	2,704,871
Wastewater	58,032,496	54,468,286	53,711,156
Drainage fees	15,057,603	14,961,652	14,829,694
Other operating revenue	9,517,425	9,890,164	9,903,249
Total Operating Revenues	196,690,823	192,321,310	190,733,477
Operating Expenses:			
O&M – Water and Reclaimed Water	38,691,615	40,365,490	42,164,427
O&M – Wastewater	22,444,348	22,164,641	22,477,995
General, Administrative and Engineering	20,472,534	22,323,067	20,601,666
O&M – Drainage	5,620,417	4,536,139	5,083,012
Other Operating Expenses	2,602,114	2,845,314	2,766,048
Other Post-Employment Benefits Expense	884,968	889,367	645,454
Depreciation	52,077,279	51,281,624	49,643,960
Payment to City of El Paso per Bond Covenants	10,553,216	10,382,694	10,509,152
Total Operating Expenses	153,346,491	154,788,336	153,891,714
Operating Income	43,344,332	37,532,974	36,841,763
Nonoperating Revenues (Expenses):			
Interest Earnings	355,574	362,528	480,074

Enterprise Funds Statements of Revenues, Expenses, and Changes in Net Position

	FY 2014	FY 2013 (Restated)	FY 2012 (Restated)
Gain on Land Assets Converted by Sale	2,270,541	2,584,304	1,892,658
Gain on Sale of Miscellaneous Assets	314,473	149,978	142,794
IRS tax credit for Build America Bonds	1,049,503	1,183,678	1,216,443
Interest on Long-Term Debt	(21,309,998)	(22,052,401)	(22,823,055)
Total Nonoperating Expenses	(17,319,907)	(17,771,913)	(19,091,086)
Increase in Net Position, Before Contributions	26,024,425	19,761,061	17,750,677
Federal Grant Contributions	830,034	694,852	5,229,595
Capital and Non-Federal Grant Contributions	12,985,112	11,663,713	9,632,021
Change in Net Position	39,839,571	32,119,626	32,612,293
Total Net Position – Beginning	808,363,907	776,244,281	750,675,589
Prior Period Adjustment	-	-	(7,043,601)
Total Net Position – Ending	<u>\$848,203,478</u>	<u>\$808,363,907</u>	<u>\$776,244,281</u>

Water and Wastewater Utility Fund

Total operating revenues increased by \$4.23 million from 2013 to 2014 mainly due to an increase of \$3.56 million in wastewater revenue and an increase of \$1.18 million in fees collected for water supply replacement charge due to a 5 percent rate increase this year and offset by a reduction of customer connection fees of \$468,000. Despite a 5 percent rate increase water sales were flat due to decreased water consumption of 1.48 billion gallons as a result of milder summer temperatures, increased in precipitation of 3.21 inches in 2014 compared to 2013 and continued water conservation campaign that helped alleviate the effects of the continued river drought. Total operating revenue increased \$1.32 million from 2012 to 2013 mainly due to an increase of \$808,000 in fees collected for water supply replacement charge and an increase of \$757,000 in wastewater revenue due to a 3 percent rate increase and was offset by a reduction of water revenue of \$194,000 due to decreased water consumption as a result of milder summer temperatures and an increased water conservation campaign that helped alleviate the effects of the continued river drought.

Total operating expenses of the Water and Wastewater Utility of \$145.02 million for fiscal year 2014 decreased by \$1.96 million from 2013. The Water and Wastewater Utility purchases river water through several contracts with the El Paso County Water Improvement District #1 and for calendar year 2013 water purchases decreased by \$1.99 million due to a reduction of river water as a result of the continued regional drought. The river water delivered in calendar year 2013 by the El Paso County Water Improvement District #1 was 10,550 acre feet a decrease of 22,362 acre feet from calendar year 2012. The Utility's normal river water allotment is over 60,000 acre feet a year. Depreciation expense of \$50.59 million increased by \$946,000 from the previous year and continues to increase as water and wastewater infrastructure is placed into service to serve our customers. Finally, payment to the City of \$10.55 million is 10% of water sales and 5% of the net proceeds from land sales, increased by \$171,000 from fiscal year 2013 due to an increase in water supply

replacement charge revenues that is included in the 10% of water sales. Total operating expenses of the Water and Wastewater Utility of \$146.98 million for fiscal year 2013 increased by \$992,000 from 2012. Salaries were \$1.32 million more in 2013 due to normal salary adjustments and new positions. Purchases of river water with the El Paso County Water Improvement District #1 and for calendar year 2012 decreased by \$2.37 million due to a reduction of river water as a result of the continued regional drought. The river water delivered in calendar year 2012 by the El Paso County Water Improvement District #1 was 32,912 acre feet a decrease of 17,708 acre feet from calendar year 2011. Depreciation expense of \$49.65 million increased by \$1.56 million from the previous year and continues to increase as water and wastewater infrastructure is placed into service to serve our customers. Finally, payment to the City of \$10.38 million is 10% of water sales and 5% of the net proceeds from land sales, decreased by \$126,000 from fiscal year 2012 due to a decrease in water revenues.

Total nonoperating expenses of \$15.72 million for 2014 decreased \$1.40 million from 2013 due to an increase in sale of miscellaneous assets of \$192,000 and an increase in revenues generated from land sales of \$223,000 and a decrease in interest expense of \$1 million due to recent bond refundings and capitalized interest. Total nonoperating expenses of \$17.12 million for 2013 decreased by \$615,000 from 2012 due to a decrease in interest expense of \$836,000 and offset by a decrease in revenues generated from land sales of \$102,000.

Net position before capital contributions had an increase of \$7.59 million from 2013 to 2014 for the following reasons: an increase in operating income of \$6.19 million due to an increase in operating revenues of \$4.23 million, a decrease in operating expenses of \$1.96 million, a decrease in bond interest expense of \$1 million and an increase in revenues from the sale of land of \$223,000. Net position before contributions had an increase of \$938,000 from 2012 to 2013 for the following reasons: an increase in operating income of \$323,000 due to an increase in operating revenues of \$1.32 million, a decrease in bond interest expense of \$836,000 and offset by an increase in operating expenses of \$992,000.

Total contributions of \$13.83 million for 2014 were \$1.47 million more than 2013 and consisted of \$13.00 million of capital contributions by developers and non-federal grant contributions, and \$830,000 in federal grant contributions. Total contributions of \$12.36 million were \$2.50 million less than 2012 and consisted of \$11.66 million of capital contributions by the City of El Paso, TXDOT, developers and non-federal grant contributions, and \$695,000 in federal grant contributions.

EPWU spent \$75.08 million for water, wastewater and reclaimed water system capital improvements in fiscal year 2014. Major expenditures included \$7.02 million for drilling and equipping water wells, \$3.50 million in new water distribution lines and pumping equipment, \$26.67 million for water system rehabilitation, \$8.45 million for additions to the wastewater collection system, \$11.89 million for rehabilitation of the wastewater system and \$2.90 million for improvements to the reclaimed water system. EPWU spent \$51.97 million for water, wastewater and reclaimed water system capital improvements in fiscal year 2013. Major expenditures included \$6.50 million for drilling and equipping water wells, \$5.62 million in new water distribution lines and pumping equipment, \$12.95 million for water system rehabilitation, \$5.34 million for additions to the wastewater collection system, \$7.89 million for rehabilitation of the wastewater system and \$1.94 million for improvements to the reclaimed water system.

Financial Indicators for the Water & Wastewater Utility

	FY 2014	FY 2013 (Restated)	FY 2012 (Restated)
Current Assets/Current Liabilities	2.02	2.51	2.24
Current Restricted Assets/Current Restricted Liabilities	1.92	2.55	2.15
Debt Service Coverage	2.09 times	2.01 times	1.86 times
Debt Ratio	0.36	0.37	0.38

Municipal Drainage Utility Fund

Total operating revenues increased \$136,000 from 2013 to 2014 and increased \$282,000 from 2012 to 2013 due to normal growth in customers. The Utility added 2,370 new drainage accounts from 2013 to 2014.

Operating expenses for fiscal year 2014 were \$8.45 million, an increase of \$516,000 from 2013 mainly due to an increase of \$727,000 in maintenance costs of basins, ponds, dams, channels and conduits. Depreciation expense for the drainage assets was \$1.48 million, a decrease of \$150,000. Operating expenses for fiscal year 2013 were \$7.94 million, a decrease of \$86,000 from 2012 mainly due to continued reductions in maintenance costs of basins, ponds, dams, channels and conduits. Depreciation expense for the drainage assets was \$1.64 million, an increase of \$79,000.

EPWU spent \$5.75 million in fiscal year 2014 in capital improvements for the Municipal Drainage Utility system. \$3.39 million for rehabilitation of the drainage system and \$939,000 was spent on storage infrastructure. Total assets are summarized in Note 8 of the financial statements.

Financial Indicators for the Municipal Drainage Utility

	FY 2014	FY 2013 (Restated)	FY 2012 (Restated)
Current Assets/Current Liabilities	9.96	11.64	8.00
Operating Ratio	0.44	0.40	0.42
Total Liabilities to Total Assets	0.52	0.53	0.54
Debt Service Coverage	1.71	2.30	2.26

Overall, EPWU met all its financial obligations including operating expenses, debt service and the rehabilitation and addition of new water, wastewater and drainage infrastructure to meet the needs of a growing community.

Capital Assets

EPWU's investment in water, wastewater and drainage capital assets as of February 28, 2014 is \$1.25 billion (net of accumulated depreciation). This is a net increase of 3.8% from 2013. The following table reflects the changes within each classification of capital assets net of depreciation. The increase in capital assets was primarily due to the addition of \$52.62 million in construction work in progress for water, sewer, reclaimed water and drainage projects and \$28.27 million of new water system assets placed in service during the year. The capital asset information is detailed in Note 8. The commitments related to construction work in progress are discussed in Note 23.

Capital Assets (Net of Accumulated Depreciation)

	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>
Land and Right-of-Way	\$13,563,306	\$11,769,338	\$11,475,013
Land Not in Service	64,067,002	64,086,779	58,201,850
Irrigation Water Rights Contracts	8,381,690	8,250,517	8,354,509
Buildings and Shops	6,026,344	6,640,131	7,227,296
Vehicles	2,728,798	3,567,185	2,319,286
Equipment and Tools	5,637,474	6,382,123	2,904,086
Water System	589,342,366	598,202,545	604,326,143
Wastewater System	381,179,525	391,015,837	397,192,102
Drainage Implementation Costs	-	69,497	178,318
Drainage System	49,113,913	37,519,796	37,141,651
Construction Work In Progress	129,331,134	76,710,372	54,849,062
Total	<u>\$1,249,371,554</u>	<u>\$1,204,214,120</u>	<u>\$1,184,169,316</u>

Debt Administration

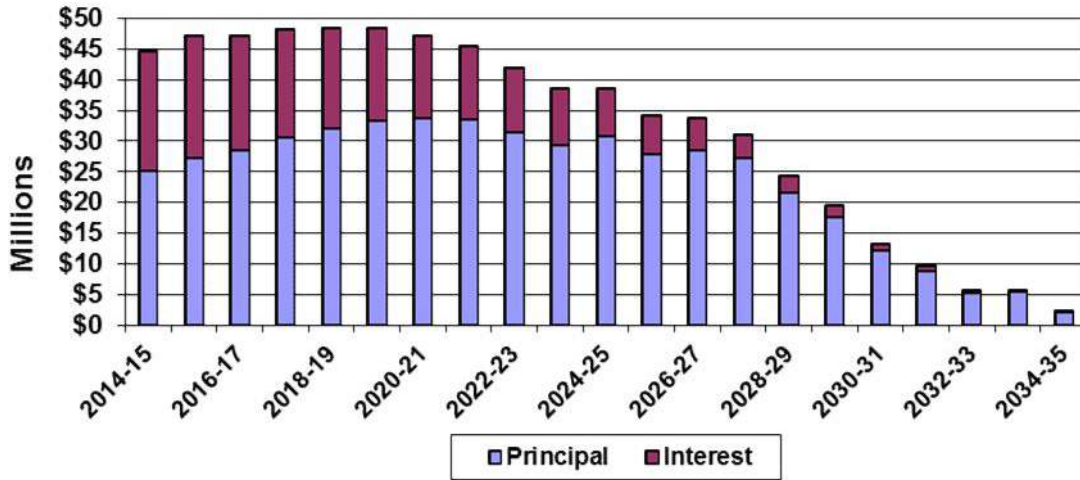
EPWU had one bond issues this fiscal year. EPWU issued \$64.90 million in Water and Wastewater Revenue Refunding Bonds Series 2014 with a bond premium of \$8.19 million to retire \$30 million of commercial paper and advance refund \$40.34 million of Water and Sewer Revenue Bonds Series 2005A . This bond advance refunding resulted in a Net Present Value Benefit of \$3.06 million. Total long-term liabilities are summarized in Note 9 of the financial statements and the bonds in Note 10.

The following charts show, as of February 28, 2014, all outstanding principal and interest owed by EPWU. An adequate level of debt and strong financial positions reflects superior fiscal management that have allowed EPWU to continue to earn among the highest ratings that can be awarded by rating agencies like Standard & Poor's (AA+) and Fitch (AA+). In December 2013 Standard & Poor's upgraded the Utilities bonds to AA+ from AA. In October 1997, the Public Service Board implemented a commercial paper program. The original authorization of \$50 million for the commercial paper program was reduced in February 2009 to \$40 million and is being used for interim financing of certain water and wastewater projects. This program allows for reduced interest costs and increased flexibility in funding capital projects. EPWU issued \$27 million in commercial paper during fiscal year 2014. The commercial paper program information is detailed in Note 12.

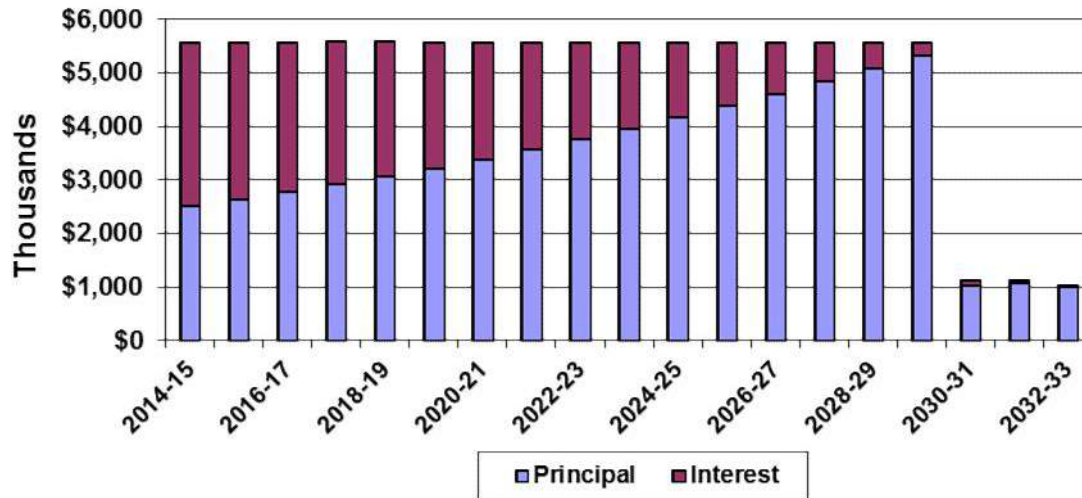
Bond and Commercial Paper Ratings

	<u>Standard & Poor's</u>	<u>Fitch</u>	<u>Moody's</u>
Water & Wastewater Revenue Bonds	AA+	AA+	-
Municipal Drainage System Bonds	-	AA+	-
Water & Wastewater Commercial Paper	A-1	-	P-1

Water & Sewer Utility Fund Outstanding Bond Debt



Drainage Utility Fund Outstanding Bond Debt



Summary of Significant Outstanding Debt

	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>
Water & Wastewater Revenue Bonds	\$492,250,000	\$492,785,000	\$483,380,000
Municipal Drainage System Bonds	63,384,000	65,743,000	53,518,000
Water & Wastewater Commercial Paper	5,000,000	8,000,000	13,000,000
Unamortized Premiums Net of Discounts	35,833,829	31,374,957	22,570,427
Land Notes Payable	4,159,087	4,923,463	5,651,896
Total	<u>\$600,133,357</u>	<u>\$602,826,420</u>	<u>\$578,120,323</u>

Economic Factors and Next Year's Budget and Rates

- Continued regional drought will have an effect on the estimated river water delivered for calendar year 2014. The estimated allocation for 2014 is 24,900 acre feet which is less than half of our normal allotment of approximately 60,000 acre feet.
- In 2013, the El Paso MSA home sales increased by 4.0% with median sales prices decreasing by 1.5% according to the Texas A&M Real Estate Center. The number of months Single-Family Housing remained in inventory increased from 7.1 months to 7.6 months during the same period.
- EPWU has included in the budget for fiscal year 2014-15 one new bond issue for the Water & Wastewater Utility that will take long commercial paper notes. The Municipal Drainage Utility budget did not include any new bond issues for fiscal year 2014-15 and will use prior bond issues to fund stormwater infrastructure improvements.
- Due to the 2005 BRAC realignment, Fort Bliss, Texas, will add an additional an estimated 28,000 troops and 37,000 family members in 2014.
- EPWU has planned and prepared to meet growth and will partially finance growth projects with the water and wastewater impact fees that were adopted by the City Council in May 2009. In April 2014 City Council approved impact fees with no rate increase and will reevaluate possible rate increase next year.

All of these factors were taken into consideration in preparing EPWU's budget for fiscal year 2014-15. The Water and Wastewater Utility and the Drainage Utility adopted a budget with no rate increase. EPWU will continue to look for efficiencies, refinancing debt and cutting costs whenever possible.

Request for Information

The financial report is designed to provide a general overview of the El Paso Water Utilities' finances and for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Chief Financial Officer, 1154 Hawkins, 79925 or email aduran@epwu.org.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF NET POSITION

February 28, 2014

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 12,586,724	\$ 2,203,062	\$ -	\$ 14,789,786
Investments	13,455,855	-	-	13,455,855
Accounts receivable - customers	16,599,054	789,597	-	17,388,651
Accounts receivable - other	622,729	7,243	-	629,972
Accrued interest receivable	413,077	119,393	-	532,470
Due from Water and Wastewater Utility	-	36,135	(36,135)	-
Inventory - materials and supplies	1,979,925	-	-	1,979,925
Other current assets	386,259	-	-	386,259
Prepaid expenses	2,016,389	-	-	2,016,389
Restricted current assets:				
Restricted for bond requirements:				
Cash and cash equivalents	34,504,077	4,915,490	-	39,419,567
Investments	15,220,319	1,475,532	-	16,695,851
Restricted for construction and improvements:				
Cash and cash equivalents	42,217,856	26,237,859	-	68,455,715
Investments	29,046,549	23,298,384	-	52,344,933
Accounts receivable government grants	509,463	-	-	509,463
Notes receivable	98,979	-	-	98,979
Total current assets	<u>169,657,255</u>	<u>59,082,695</u>	<u>(36,135)</u>	<u>228,703,815</u>
Noncurrent assets:				
Investments	5,021,763	-	-	5,021,763
Restricted noncurrent assets:				
Restricted for bond requirements:				
Investments	11,887,753	977,238	-	12,864,991
Restricted for construction and improvements:				
Investments	16,887,105	4,412,307	-	21,299,412
Capital assets:				
Water and Wastewater Utility capital assets	1,801,924,213	-	-	1,801,924,213
Municipal Drainage Utility capital assets	-	58,998,666	-	58,998,666
Land and right of way	71,029,203	6,601,105	-	77,630,308
Construction work in progress	119,354,839	9,976,295	-	129,331,134
Less accumulated depreciation	(809,281,469)	(9,231,298)	-	(818,512,767)
Total capital assets (net of accumulated depreciation)	<u>1,183,026,786</u>	<u>66,344,768</u>	<u>-</u>	<u>1,249,371,554</u>
Total noncurrent assets	<u>1,216,823,407</u>	<u>71,734,313</u>	<u>-</u>	<u>1,288,557,720</u>
Total assets	<u>1,386,480,662</u>	<u>130,817,008</u>	<u>(36,135)</u>	<u>1,517,261,535</u>
Deferred outflows of resources				
Losses on bond refunding	1,943,345	-	-	1,943,345
Total assets and deferred outflows of resources	<u>\$ 1,388,424,007</u>	<u>\$ 130,817,008</u>	<u>\$ (36,135)</u>	<u>\$ 1,519,204,880</u>

	Water & Wastewater Utility	Municipal Drainage Utility	Eliminations	Total
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,423,416	\$ 483,937	\$ -	\$ 2,907,353
Contributions and Solid Waste Management collections due to City of El Paso	5,272,154	-	-	5,272,154
Customer deposits	7,678,096	-	-	7,678,096
Accrued vacation payable	1,749,273	58,633	-	1,807,906
Accrued payroll and benefits	1,534,580	120,731	-	1,655,311
Due to Municipal Drainage Utility	36,135	-	(36,135)	-
Unearned revenue on land leases	276,483	8,765	-	285,248
Other current liabilities	373,223	-	-	373,223
Self insurance worker's compensation and health claims	836,027	-	-	836,027
Other governments payable - current	128,931	-	-	128,931
Current liabilities payable from restricted assets:				
Revenue bonds payables and unamortized premiums net of discounts	27,423,256	2,570,259	-	29,993,515
Accrued interest on revenue bonds and commercial paper	9,213,487	1,553,713	-	10,767,200
Accounts payable	17,398,450	1,062,549	-	18,460,999
Land notes payable	752,693	-	-	752,693
Land notes interest payable	70,912	-	-	70,912
Customer advances for construction	7,019,249	-	-	7,019,249
Retainage payable on construction contracts	1,612,140	76,133	-	1,688,273
Total current liabilities	<u>83,798,505</u>	<u>5,934,720</u>	<u>(36,135)</u>	<u>89,697,090</u>
Noncurrent liabilities:				
Revenue bonds payables and unamortized premiums net of discounts	499,827,906	61,646,408	-	561,474,314
Land notes payable	3,406,394	-	-	3,406,394
Other governments payable	2,631,861	-	-	2,631,861
Commercial paper notes	5,000,000	-	-	5,000,000
Other Post-Employment Benefits	6,720,592	196,987	-	6,917,579
Accrued vacation payable	1,132,407	49,824	-	1,182,231
Self insurance worker's compensation claims	548,888	-	-	548,888
Total noncurrent liabilities	<u>519,268,048</u>	<u>61,893,219</u>	<u>-</u>	<u>581,161,267</u>
Total liabilities	<u>603,066,553</u>	<u>67,827,939</u>	<u>(36,135)</u>	<u>670,858,357</u>
Deferred inflows of resources				
Gains on bond refunding	143,045	-	-	143,045
NET POSITION				
Restricted:				
Restricted for debt service	52,398,662	5,814,548	-	58,213,210
Restricted for construction and improvements	27,034,464	8,717,102	-	35,751,566
Total restricted	<u>79,433,126</u>	<u>14,531,650</u>	<u>-</u>	<u>93,964,776</u>
Net investment in capital assets	681,280,780	46,220,867	-	727,501,647
Unrestricted	24,500,503	2,236,552	-	26,737,055
Total net position	<u>785,214,409</u>	<u>62,989,069</u>	<u>-</u>	<u>848,203,478</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,388,424,007</u>	<u>\$ 130,817,008</u>	<u>\$ (36,135)</u>	<u>\$ 1,519,204,880</u>

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF NET POSITION

RESTATED

February 28, 2013

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 20,268,842	\$ 4,933,570	\$ -	\$ 25,202,412
Investments	2,891,206	-	-	2,891,206
Accounts receivable - customers	16,167,272	873,855	-	17,041,127
Accounts receivable - other	653,699	7,582	-	661,281
Accrued interest receivable	234,468	136,077	-	370,545
Due from Water and Wastewater Utility	-	339,396	(339,396)	-
Inventory - materials and supplies	1,772,242	-	-	1,772,242
Other current assets	289,145	-	-	289,145
Prepaid expenses	1,921,004	-	-	1,921,004
Restricted current assets:				
Restricted for bond requirements:				
Cash and cash equivalents	35,194,988	4,523,722	-	39,718,710
Investments	18,478,376	890,035	-	19,368,411
Restricted for construction and improvements:				
Cash and cash equivalents	70,307,086	32,466,892	-	102,773,978
Investments	14,530,887	18,366,068	-	32,896,955
Accounts receivable government grants	787,557	-	-	787,557
Notes receivable	95,973	-	-	95,973
Total current assets	<u>183,592,745</u>	<u>62,537,197</u>	<u>(339,396)</u>	<u>245,790,546</u>
Noncurrent assets:				
Investments	5,821,764	-	-	5,821,764
Restricted noncurrent assets:				
Restricted for bond requirements:				
Investments	7,424,385	1,023,809	-	8,448,194
Restricted for construction and improvements:				
Investments	2,787,982	1,317,813	-	4,105,795
Capital assets:				
Water and Wastewater Utility capital assets	1,773,651,959	-	-	1,773,651,959
Municipal Drainage Utility capital assets	-	46,402,321	-	46,402,321
Land and right of way	71,003,959	4,852,158	-	75,856,117
Construction work in progress	58,084,002	18,626,370	-	76,710,372
Less accumulated depreciation	(760,658,889)	(7,747,760)	-	(768,406,649)
Total capital assets (net of accumulated depreciation)	<u>1,142,081,031</u>	<u>62,133,089</u>	<u>-</u>	<u>1,204,214,120</u>
Total noncurrent assets	<u>1,158,115,162</u>	<u>64,474,711</u>	<u>-</u>	<u>1,222,589,873</u>
Total assets	<u>1,341,707,907</u>	<u>127,011,908</u>	<u>(339,396)</u>	<u>1,468,380,419</u>
Deferred outflows of resources				
Losses on bond refunding	1,588,989	-	-	1,588,989
Total assets and deferred outflows of resources	<u>\$ 1,343,296,896</u>	<u>\$ 127,011,908</u>	<u>\$ (339,396)</u>	<u>\$ 1,469,969,408</u>

	Water & Wastewater Utility	Municipal Drainage Utility	Eliminations	Total
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,347,477	\$ 228,124	\$ -	\$ 2,575,601
Contributions and Solid Waste Management collections				
due to City of El Paso	4,669,505	-	-	4,669,505
Customer deposits	6,779,136	-	-	6,779,136
Accrued vacation payable	1,626,310	53,697	-	1,680,007
Accrued payroll and benefits	1,409,094	83,481	-	1,492,575
Due to Municipal Drainage Utility	339,396	-	(339,396)	-
Retainage payable on operating contracts	-	24,090	-	24,090
Unearned revenue on land leases	278,794	8,750	-	287,544
Other current liabilities	370,545	-	-	370,545
Self insurance worker's compensation and health claims	356,765	-	-	356,765
Other governments payable - current	123,268	-	-	123,268
Current liabilities payable from restricted assets:				
Revenue bonds payables and unamortized premiums				
net of discounts	27,220,807	2,405,259	-	29,626,066
Accrued interest on revenue bonds and commercial paper	9,736,455	1,663,255	-	11,399,710
Accounts payable	13,716,918	587,834	-	14,304,752
Land notes payable	764,375	-	-	764,375
Land notes interest payable	53,562	-	-	53,562
Customer advances for construction	1,861,000	-	-	1,861,000
Retainage payable on construction contracts	1,361,082	316,710	-	1,677,792
Total current liabilities	<u>73,014,489</u>	<u>5,371,200</u>	<u>(339,396)</u>	<u>78,046,293</u>
Noncurrent liabilities:				
Revenue bonds payables and unamortized premiums				
net of discounts	496,060,223	64,216,668	-	560,276,891
Land notes payable	4,159,088	-	-	4,159,088
Other governments payable	2,760,792	-	-	2,760,792
Commercial paper notes	8,000,000	-	-	8,000,000
Other Post-Employment Benefits	5,886,619	145,992	-	6,032,611
Accrued vacation payable	1,219,870	43,408	-	1,263,278
Self insurance worker's compensation claims	912,353	-	-	912,353
Total noncurrent liabilities	<u>518,998,945</u>	<u>64,406,068</u>	<u>-</u>	<u>583,405,013</u>
Total liabilities	<u>592,013,434</u>	<u>69,777,268</u>	<u>(339,396)</u>	<u>661,451,306</u>
Deferred inflows of resources				
Gains on bond refunding	154,195	-	-	154,195
NET POSITION				
Restricted:				
Restricted for debt service	51,361,293	4,774,311	-	56,135,604
Restricted for construction and improvements	21,406,703	4,040,922	-	25,447,625
Total restricted	<u>72,767,996</u>	<u>8,815,233</u>	<u>-</u>	<u>81,583,229</u>
Net investment in capital assets	656,156,693	42,716,469	-	698,873,162
Unrestricted	22,204,578	5,702,938	-	27,907,516
Total net position	<u>751,129,267</u>	<u>57,234,640</u>	<u>-</u>	<u>808,363,907</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,343,296,896</u>	<u>\$ 127,011,908</u>	<u>\$ (339,396)</u>	<u>\$ 1,469,969,408</u>

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

For the Year Ended February 28, 2014

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Operating revenues:				
Water	\$ 91,837,712	\$ -	\$ -	\$ 91,837,712
Water supply replacement charge	19,594,187	-	-	19,594,187
Reclaimed water	2,651,400	-	-	2,651,400
Wastewater	58,032,496	-	-	58,032,496
Drainage fees	-	15,162,459	(104,856)	15,057,603
Customer connection fees	4,637,221	-	-	4,637,221
Billing fees - City Solid Waste Management	608,171	260,645	-	868,816
Rent revenue	2,019,831	-	(24,000)	1,995,831
Other operating revenue	1,615,576	399,981	-	2,015,557
Total operating revenues	<u>180,996,594</u>	<u>15,823,085</u>	<u>(128,856)</u>	<u>196,690,823</u>
Operating expenses:				
Operations and maintenance - water & reclaimed water	38,764,590	-	(72,975)	38,691,615
Operations and maintenance - wastewater	22,496,822	-	(52,474)	22,444,348
General, administrative and engineering expenses	19,178,358	-	1,294,176	20,472,534
Operations and maintenance - drainage	-	5,613,000	7,417	5,620,417
Indirect cost allocation	-	1,305,000	(1,305,000)	-
Other operating expenses	2,602,114	-	-	2,602,114
Other Post-Employment Benefits expense	833,973	50,995	-	884,968
Depreciation	50,592,539	1,484,740	-	52,077,279
Payment to City of El Paso per bond covenants	10,553,216	-	-	10,553,216
Total operating expenses	<u>145,021,612</u>	<u>8,453,735</u>	<u>(128,856)</u>	<u>153,346,491</u>
Operating income	<u>35,974,982</u>	<u>7,369,350</u>	<u>-</u>	<u>43,344,332</u>
Nonoperating revenues (expenses):				
Interest earnings and net change in fair value of investments	265,915	89,659	-	355,574
IRS tax credit for Build America Bonds	221,332	828,171	-	1,049,503
Gain on land assets converted by sale	2,013,946	256,595	-	2,270,541
Gain on sale of miscellaneous assets	314,473	-	-	314,473
Interest on long term debt	(18,534,364)	(2,775,634)	-	(21,309,998)
Total nonoperating expenses	<u>(15,718,698)</u>	<u>(1,601,209)</u>	<u>-</u>	<u>(17,319,907)</u>
Increase in net position, before capital contributions	<u>20,256,284</u>	<u>5,768,141</u>	<u>-</u>	<u>26,024,425</u>
Federal grant contributions	830,034	-	-	830,034
Capital and non-federal grant contributions from (to)	12,998,824	(13,712)	-	12,985,112
Total contributions	<u>13,828,858</u>	<u>(13,712)</u>	<u>-</u>	<u>13,815,146</u>
Change in net position	34,085,142	5,754,429	-	39,839,571
Total net position - beginning	751,129,267	57,234,640	-	808,363,907
Total net position - ending	<u>\$ 785,214,409</u>	<u>\$ 62,989,069</u>	<u>\$ -</u>	<u>\$ 848,203,478</u>

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
RESTATED

For the Year Ended February 28, 2013

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Operating revenues:				
Water	\$ 91,787,975	\$ -	\$ -	\$ 91,787,975
Water supply replacement charge	18,410,830	-	-	18,410,830
Reclaimed water	2,802,403	-	-	2,802,403
Wastewater	54,468,286	-	-	54,468,286
Drainage fees	-	15,066,412	(104,760)	14,961,652
Customer connection fees	5,105,632	-	-	5,105,632
Billing fees - City Solid Waste Management	599,350	256,864	-	856,214
Rent revenue	1,929,652	-	(24,000)	1,905,652
Other operating revenue	1,658,802	363,864	-	2,022,666
Total operating revenues	<u>176,762,930</u>	<u>15,687,140</u>	<u>(128,760)</u>	<u>192,321,310</u>
Operating expenses:				
Operations and maintenance - water & reclaimed water	40,404,571	-	(39,081)	40,365,490
Operations and maintenance - wastewater	22,217,013	-	(52,372)	22,164,641
General, administrative and engineering expenses	20,861,053	-	1,462,014	22,323,067
Operations and maintenance - drainage	-	4,563,460	(27,321)	4,536,139
Indirect cost allocation	-	1,472,000	(1,472,000)	-
Other operating expenses	2,636,117	209,197	-	2,845,314
Other Post-Employment Benefits expense	831,429	57,938	-	889,367
Depreciation	49,646,393	1,635,231	-	51,281,624
Payment to City of El Paso per bond covenants	10,382,694	-	-	10,382,694
Total operating expenses	<u>146,979,270</u>	<u>7,937,826</u>	<u>(128,760)</u>	<u>154,788,336</u>
Operating income	<u>29,783,660</u>	<u>7,749,314</u>	<u>-</u>	<u>37,532,974</u>
Nonoperating revenues (expenses):				
Interest earnings and net change in fair value of investments	258,250	104,278	-	362,528
IRS tax credit for Build America Bonds	249,428	934,250	-	1,183,678
Gain on land assets converted by sale	1,790,906	793,398	-	2,584,304
Gain on sale of miscellaneous assets	122,773	27,205	-	149,978
Interest on long term debt	(19,537,477)	(2,514,924)	-	(22,052,401)
Total nonoperating expenses	<u>(17,116,120)</u>	<u>(655,793)</u>	<u>-</u>	<u>(17,771,913)</u>
Increase in net position, before capital contributions	<u>12,667,540</u>	<u>7,093,521</u>	<u>-</u>	<u>19,761,061</u>
Federal grant contributions	694,852	-	-	694,852
Capital and non-federal grant contributions	11,663,713	-	-	11,663,713
Total contributions	<u>12,358,565</u>	<u>-</u>	<u>-</u>	<u>12,358,565</u>
Change in net position	25,026,105	7,093,521	-	32,119,626
Total net position - beginning	731,601,841	50,526,625	-	782,128,466
Prior period adjustment	(5,498,679)	(385,506)	-	(5,884,185)
Total net position - ending	<u>\$ 751,129,267</u>	<u>\$ 57,234,640</u>	<u>\$ -</u>	<u>\$ 808,363,907</u>

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended February 28, 2014

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 181,465,426	\$ 15,802,839	\$ -	\$ 197,268,265
Cash received from Municipal Drainage Utility	1,042,321	-	(1,042,321)	-
Cash received from Water and Wastewater Utility	-	104,856	(104,856)	-
Solid Waste Management fees collected for the City of El Paso	52,511,352	-	-	52,511,352
Cash payments to suppliers for goods and services	(46,865,900)	(4,153,559)	-	(51,019,459)
Cash payments to employees for services	(36,773,939)	(1,138,533)	-	(37,912,472)
Solid Waste Management fees paid to the City of El Paso	(51,977,487)	-	-	(51,977,487)
Payments to City of El Paso per bond covenants	(10,484,432)	-	-	(10,484,432)
Cash payments to Municipal Drainage Utility	(104,856)	-	104,856	-
Cash payments to Water and Wastewater Utility	-	(1,042,321)	1,042,321	-
Net cash provided by operating activities	<u>88,812,485</u>	<u>9,573,282</u>	<u>-</u>	<u>98,385,767</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from:				
Revenue bonds	64,900,000	-	-	64,900,000
Premiums received on revenue bonds	7,540,774	-	-	7,540,774
Commercial paper	27,000,000	-	-	27,000,000
Cash receipts from grants	1,460,404	-	-	1,460,404
Acquisition and construction from capital grants	(1,182,310)	-	-	(1,182,310)
Acquisition and construction of capital assets net of disposals	(68,676,431)	(5,475,993)	-	(74,152,424)
Refunding revenue bonds	(40,335,000)	-	-	(40,335,000)
Refunding commercial paper	(30,000,000)	-	-	(30,000,000)
Principal payments on revenue bonds	(25,100,000)	(2,359,000)	-	(27,459,000)
Interest and fees on revenue bonds and commercial paper	(22,872,177)	(2,931,435)	-	(25,803,612)
IRS tax credit on Build America Bonds	221,332	828,171	-	1,049,503
Principal payments on land notes payable	(764,376)	-	-	(764,376)
Interest payments on notes and other long term debt	(232,508)	-	-	(232,508)
Proceeds from sale of assets net of related expenses	2,262,984	256,595	-	2,519,579
Net cash used by capital and related financing activities	<u>(85,777,308)</u>	<u>(9,681,662)</u>	<u>-</u>	<u>(95,458,970)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale and maturities of investment securities				
	83,681,308	32,019,402	-	115,700,710
Purchase of investment securities	(123,318,773)	(40,591,561)	-	(163,910,334)
Interest received on investment securities	140,029	112,766	-	252,795
Net cash used by investing activities	<u>(39,497,436)</u>	<u>(8,459,393)</u>	<u>-</u>	<u>(47,956,829)</u>
Net decrease in cash and cash equivalents	(36,462,259)	(8,567,773)	-	(45,030,032)
Cash and cash equivalents:				
Beginning of year	125,770,916	41,924,184	-	167,695,100
End of year	<u>\$ 89,308,657</u>	<u>\$ 33,356,411</u>	<u>\$ -</u>	<u>\$ 122,665,068</u>

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended February 28, 2014

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 35,974,982	\$ 7,369,350	\$ -	\$ 43,344,332
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	50,592,539	1,484,740	-	52,077,279
Bond issue expense	663,091	-	-	663,091
(Increase) decrease in assets:				
Accounts receivable	(403,817)	84,597	-	(319,220)
Due from Water and Wastewater Utility	-	303,261	(303,261)	-
Inventory	(207,683)	-	-	(207,683)
Prepaid expenses	(95,385)	-	-	(95,385)
Other current assets	(97,114)	-	-	(97,114)
Increase (decrease) in liabilities:				
Accounts payable	75,939	255,812	-	331,751
Other current liabilities	1,502,438	15	-	1,502,453
Due to Municipal Drainage Utility	(303,261)	-	303,261	-
Due to Water and Wastewater Utility	-	-	-	-
Accrued vacation payable	35,500	11,352	-	46,852
Accrued payroll and benefits	125,486	37,250	-	162,736
Other Post-Employment Benefits	833,973	50,995	-	884,968
Retainage payable on operating contracts	-	(24,090)	-	(24,090)
Self insurance claims	115,797	-	-	115,797
Net cash provided by operating activities	\$ 88,812,485	\$ 9,573,282	\$ -	\$ 98,385,767
Noncash investing, capital, and financing activities:				
Contribution in aid of construction from (to)	\$ 12,646,548	\$ (13,712)	\$ -	\$ 12,632,836
Decrease in accounts receivable capital grants	(278,094)	-	-	(278,094)
Change in fair value of investments	52,721	6,423	-	59,144
	\$ 12,421,175	\$ (7,289)	\$ -	\$ 12,413,886

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF CASH FLOWS
RESTATED
For the Year Ended February 28, 2013

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 176,849,845	\$ 15,503,936	\$ -	\$ 192,353,781
Cash received from Municipal Drainage Utility	1,779,349	-	(1,779,349)	-
Cash received from Water and Wastewater Utility	-	104,760	(104,760)	-
Solid Waste Management fees collected for the City of El Paso	49,402,536	-	-	49,402,536
Cash payments to suppliers for goods and services	(50,367,318)	(3,612,138)	-	(53,979,456)
Cash payments to employees for services	(35,869,898)	(727,804)	-	(36,597,702)
Solid Waste Management fees paid to the City of El Paso	(49,409,566)	-	-	(49,409,566)
Payments to City of El Paso per bond covenants	(10,354,774)	-	-	(10,354,774)
Cash payments to Municipal Drainage Utility	(104,760)	-	104,760	-
Cash payments to Water and Wastewater Utility	-	(1,779,349)	1,779,349	-
Net cash provided by operating activities	<u>81,925,414</u>	<u>9,489,405</u>	<u>-</u>	<u>91,414,819</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from:				
Revenue bonds	75,715,000	14,075,000	-	89,790,000
Premiums received on revenue bonds	10,691,701	905,911	-	11,597,612
Commercial paper	10,000,000	-	-	10,000,000
Cash receipts from grants	4,877,464	-	-	4,877,464
Acquisition and construction from capital grants	(1,300,565)	-	-	(1,300,565)
Acquisition and construction of capital assets net of disposals	(47,701,117)	(8,309,541)	-	(56,010,658)
Refunding revenue bonds	(43,375,000)	-	-	(43,375,000)
Refunding commercial paper	(15,000,000)	-	-	(15,000,000)
Principal payments on revenue bonds	(22,935,000)	(1,850,000)	-	(24,785,000)
Interest and fees on revenue bonds and commercial paper	(23,110,363)	(2,469,299)	-	(25,579,662)
IRS tax credit on Build America Bonds	249,428	934,250	-	1,183,678
Principal payments on land notes payable	(728,433)	-	-	(728,433)
Interest payments on notes and other long term debt	(286,442)	-	-	(286,442)
Proceeds from sale of assets net of related expenses	299,481	820,603	-	1,120,084
Net cash provided (used) by capital and related financing activities	<u>(52,603,846)</u>	<u>4,106,924</u>	<u>-</u>	<u>(48,496,922)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale and maturities of investment securities				
	65,544,933	24,459,302	-	90,004,235
Purchase of investment securities	(73,585,991)	(26,158,179)	-	(99,744,170)
Interest received on investment securities	375,971	68,835	-	444,806
Net cash used by investing activities	<u>(7,665,087)</u>	<u>(1,630,042)</u>	<u>-</u>	<u>(9,295,129)</u>
Net increase in cash and cash equivalents	21,656,481	11,966,287	-	33,622,768
Cash and cash equivalents:				
Beginning of year	104,114,435	29,957,897	-	134,072,332
End of year	<u>\$ 125,770,916</u>	<u>\$ 41,924,184</u>	<u>\$ -</u>	<u>\$ 167,695,100</u>

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF CASH FLOWS
 RESTATED
 For the Year Ended February 28, 2013

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 29,783,660	\$ 7,749,314	\$ -	\$ 37,532,974
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	49,646,395	1,635,231	-	51,281,626
Bond issue expense	696,523	209,197	-	905,720
(Increase) decrease in assets:				
Accounts receivable	(297,125)	(78,444)	-	(375,569)
Due from Water and Wastewater Utility	-	(275,344)	275,344	-
Inventory	143,411	-	-	143,411
Prepaid expenses	9,572	-	-	9,572
Other current assets	(100,716)	-	-	(100,716)
Increase (decrease) in liabilities:				
Accounts payable	(23,204)	168,530	-	145,326
Other current liabilities	464,844	-	-	464,844
Due to Municipal Drainage Utility	275,344	-	(275,344)	-
Accrued vacation payable	255,293	(2,119)	-	253,174
Accrued payroll and benefits	238,479	21,058	-	259,537
Other Post-Employment Benefits	831,429	57,938	-	889,367
Retainage payable on operating contracts	-	4,044	-	4,044
Self insurance claims	1,509	-	-	1,509
Net cash provided by operating activities	<u>\$ 81,925,414</u>	<u>\$ 9,489,405</u>	<u>\$ -</u>	<u>\$ 91,414,819</u>
Noncash investing, capital, and financing activities:				
Contribution in aid of construction	\$ 11,058,000	\$ -	\$ -	\$ 11,058,000
Decrease in accounts receivable capital grants	(3,576,899)	-	-	(3,576,899)
Change in fair value of investments	114,029	918	-	114,947
	<u>\$ 7,595,130</u>	<u>\$ 918</u>	<u>\$ -</u>	<u>\$ 7,596,048</u>

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - El Paso City Ordinance No. 752, adopted May 22, 1952, established a five-member board of trustees known as the "Public Service Board" (PSB) which was given the complete management and control of the city's Water and Wastewater Utility System, and as such a separate entity known as Public Service Board - El Paso Water Utilities (EPWU) was created. Ordinance No. 017167 adopted August 11, 2009 increased the number of board members from five to seven. The PSB consists of the Mayor of the City of El Paso and six residents of El Paso County, Texas. With the exception of the Mayor, all other trustees are appointed by the City Council and serve staggered four-year terms.

EPWU prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB), and it complies with the requirements of contracts and grants of agencies from which it receives funds. EPWU's basic financial statements include the accounts of all EPWU's operations, and there are no component units as defined by GASB which are included in EPWU's reporting entity. However, EPWU is a component unit of the City of El Paso based upon the selection of the governing authority.

The Enterprise Funds Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position are the financial statements for EPWU as a whole. They report information on both of EPWU's funds after elimination of the interfund activities, payables and receivables. The two funds of EPWU are the Water and Wastewater Utility Fund and the Municipal Drainage Utility Fund.

Nature of Activities - EPWU provides water, wastewater, and drainage services for the El Paso area residents. In addition to the water, wastewater, and drainage system revenue, EPWU receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

During the year ended February 28, 2006, EPWU acquired a municipal golf course and has contracted a managing agent to operate the facility. The assets, liabilities, and results of operations are included in these financial statements as part of the Water and Wastewater Utility.

Fund Accounting - Public Service Board - El Paso Water Utilities is comprised of two funds, the Water and Wastewater Utility and the Municipal Drainage Utility. The funds are accounted for as enterprise funds, which are proprietary funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

EPWU reports the following major enterprise funds:

- Water and Wastewater Utility - This fund is used to account for the activity related to providing water and wastewater services to El Paso area residents.

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Municipal Drainage Utility - This fund is used to account for the activity related to the management and collection of storm water runoff.

City Ordinance No. 752 established certain "funds" for the Water and Wastewater Utility Fund. These "funds" are mandatory asset segregation and not funds in the sense of governmental fiscal and accounting entities with self-balancing sets of accounts. These "funds" are more fully explained in Note 2.

Annual Budget - EPWU prepares, prior to the beginning of each fiscal year, separate detailed comprehensive annual budgets for the Water and Wastewater Utility and Municipal Drainage Utility reflecting estimates of revenues and expenses and other requirements for the ensuing fiscal year in sufficient detail to indicate the probable gross revenues and pledged revenues for such fiscal year. The budgets are prepared using the accrual basis of accounting and are approved by the Public Service Board.

Basis of Accounting - The financial statements are prepared using the accrual basis of accounting. Revenue is recognized as it is earned and expenses are recognized when goods or services are delivered.

For fiscal year 2013, EPWU implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and identifies net position as the residual of all other elements presented in a statement of financial position. EPWU's Statements of Net Position as of February 28, 2014 and 2013 have been presented in accordance with the guidance provided in this Statement.

In fiscal year 2014, EPWU implemented GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, which became effective for reporting periods beginning after June 15, 2012. As a result, no component units are presented in the financial statements for the years ended February 28, 2014 and 2013.

In fiscal year 2014, EPWU also implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", which establishes accounting and financial reporting standards that reclassify certain items previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources. This statement impacts how EPWU accounts for debt issue costs and gains and losses associated with debt refunding. Debt issue costs are now expensed but were previously recognized as assets and amortized. Losses are now categorized as deferred outflows of resources and gains are categorized as deferred inflows of resources.

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of EPWU are charges to customers for sales and services. EPWU also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. In addition, EPWU acts as a billing and collecting agent on behalf of the City of El Paso for solid waste collection, and an administrative fee is recognized as operating revenue for this service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets as well as payments to the City of El Paso based upon a percent of water sales. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is EPWU's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates - Preparation of these financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Flows Statement - For purposes of the statement of cash flows, EPWU considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments - All investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year end. Investments with an original maturity of less than one year are reported at amortized cost. Premiums and discounts on investments are amortized or accreted using the straight-line method, which approximates the interest method, over the terms of the related securities. It is the intent of management to hold securities until maturity, and the securities not available within a year after year-end are considered non-current.

Realized gains or losses resulting from the sale of investments are determined by the specific cost of the securities sold.

Inventory - Materials and Supplies - EPWU reports inventories of supplies at the lower of cost (average cost) or market. Supplies are recorded as expenses when they are consumed.

Restricted Assets - Based upon certain bond covenants and other requirements, EPWU is required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt and other activities specifically restricted (construction and improvements).

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets - Capital assets include assets with an individual cost of \$5,000 or more and an estimated useful life in excess of one year. Utility plant and drainage asset additions are recorded at cost, which includes materials, labor, overhead, and interest capitalized during construction. Overhead consists of internal costs that are clearly related to the acquisition of capital assets. Assets acquired through contributions, such as from developers, are capitalized and recorded at estimated fair value as of the date of donation. Included in capital assets are intangible assets, which consist of purchased water rights and land easements. It is the policy of EPWU to capitalize infrastructure assets. Maintenance and repairs that do not add to the value or life of the asset are charged to operating expense. Major plant replacements are capitalized.

EPWU records depreciation of capital assets in service on the straight-line method at amounts estimated to amortize costs of assets over their estimated useful lives. At the time of retirement of capital assets, the allowance for depreciation is charged with the original cost of the asset and the cost of removal.

The following estimated useful lives are used in providing for depreciation of capital assets:

Building and shops	25 - 33 years
Vehicles and heavy equipment	5 years
Equipment and tools	3 - 33 years
Water plant	10 - 50 years
Wastewater plant	5 - 50 years
Water rights contract	75 years
Drainage system	50 - 100 years

Vacation and Sick Pay - Full time, permanent Public Service Board - El Paso Water Utilities employees earn vacation leave as follows:

<u>Years Employed</u>	<u>Vacation Leave</u>
1 - 5	12 days/year
6- 15	17 days/year
Over 15	20 days/year

Permanent EPWU employees who work 40 hours per week can accumulate a total of 400 vacation leave hours. As of February 28, 2014 and 2013, EPWU's total vacation leave liability was \$2,990,137 and \$2,943,285, respectively.

Vacation payable for the Water and Wastewater Utility is as follows:

	<u>2014</u>	<u>2013</u>
Total payable, beginning of year	\$ 2,846,180	\$ 2,590,887
Vacation earned	1,913,241	1,901,442
Vacation used	<u>(1,877,741)</u>	<u>(1,646,149)</u>
Total payable, end of year	<u>\$ 2,881,680</u>	<u>\$ 2,846,180</u>

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Vacation payable for the Municipal Drainage Utility is as follows:

	<u>2014</u>		<u>2013</u>
Total payable, beginning of year	\$ 97,105	\$	99,224
Vacation earned	76,153		49,265
Vacation used	<u>(64,801)</u>		<u>(51,384)</u>
Total payable, end of year	<u>\$ 108,457</u>	\$	<u>97,105</u>

Sick leave is earned at a rate of 15 days per year for permanent, full time EPWU employees, with an unlimited accumulation of days. EPWU does not record any liability for sick pay as employees are not reimbursed upon termination.

Vacation is recorded as an expense and related liability in the year earned. Sick pay is recorded as an expense in the year incurred.

2. CITY ORDINANCE NO. 752

On May 22, 1952, City Ordinance No. 752 created the Public Service Board - El Paso Water Utilities for the purpose of providing water and wastewater services that are reported in the Water and Wastewater Utility Fund. This ordinance authorized the issuance of a series of Revenue Bonds entitled "City of El Paso, Texas, Water and Sewer Revenue Bonds Series 1952 (the Series 1952 Bonds)," and the City reserved the right and option in the 1952 resolution to issue, under certain conditions, additional bonds on a parity as to lien and right with the Series 1952 Bonds. This bond ordinance has been amended as a result of subsequent bond issues, but still contains the following key covenants.

Ordinance No. 752, as amended, requires that gross revenues of the System be applied in sequence to: (a) current expenses of maintenance and operations; (b) debt service and reserve requirements; (c) capital expenditures, or unexpected or extraordinary repairs or replacements, or for any other lawful purpose. The following funds have been established to account for the application of the gross revenues: (i) Water and Sewer Revenue Bonds Waterworks and Sewage Fund; (ii) Water and Sewer Revenue Bonds Interest and Sinking Fund; (iii) Water and Sewer Revenue Bonds Reserve Fund; and (iv) Water and Sewer Improvement Fund. All revenues of every nature received through operations of the System shall be paid into the Waterworks and Sewage Fund. The Bond Funds are required to contain an amount of money and investments equal to the principal and interest requirements during the fiscal year.

Ordinance No. 752 also requires that EPWU maintain rates sufficient to produce or yield revenues to produce in each fiscal year an amount adequate to pay all expenses incurred for the operations and maintenance of the System as such expenses shall accrue during the year and to produce an additional amount equal to 150% of the aggregate amount required to be paid in such year for principal and interest and redemption premiums on bonds payable from the Bond Funds.

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

2. CITY ORDINANCE NO. 752 (Continued)

Ordinance No. 752 also provides that EPWU will permit no free water or services to be supplied to the City or to any other user. However, the ordinance requires that 10% of the total amounts received by EPWU from the sale of water be paid to the City Treasurer. The money so received by the City Treasurer may be expended by the City under the direction of the City Council for any purpose for which revenues of the System may legally be used under the laws of the State of Texas.

3. CITY ORDINANCE NO. 016668 ESTABLISHMENT OF A MUNICIPAL DRAINAGE UTILITY SYSTEM

On June 19, 2007, the City of El Paso adopted Ordinance #016668 establishing a Municipal Drainage Utility System. The ordinance states that the Public Service Board - El Paso Water Utilities shall have complete authority and control of the management and operation of the Municipal Drainage Utility on behalf of the City. The Municipal Drainage Utility is necessary and essential to ensure that the management and control of the storm water runoff adequately protects the health, safety, and welfare of the citizens of the City. EPWU assumed full responsibility and control of the Municipal Drainage Utility as of March 1, 2008. City personnel, equipment, and all assets of the Drainage System including infrastructure and land were transferred to EPWU. EPWU began billing drainage fees to fund the operating and capital expenses of the Municipal Drainage Utility as of March 1, 2008.

The Ordinance further states that the Board shall prepare a Master Stormwater Management Plan which shall be approved by the City Council. In developing the Stormwater Plan, the Board shall take into account the use of open space as natural drainage and to the extent reasonably possible preserve the City's open spaces, greenways, arroyos and wilderness areas in their natural state. The Board shall allocate an amount equal to 10% of the System's annual drainage utility fee revenues for Green Projects which have the potential dual purposes of stormwater management and preservation of the City's open spaces, greenways, arroyos and wilderness areas. Since March 1, 2008, \$9,206,591 has been set aside for the 10% for Green Projects and as of February 28, 2014, \$3,446,200 has been spent including the purchase of 202.658 acres for \$2,465,000 on March 31, 2010.

The Ordinance also requires that a drainage utility fee be imposed on each improved parcel within the City for services and facilities provided by the System, except as to exemptions provided for by law or by the ordinance. At least once a year beginning with the City's Fiscal Year ending August 31, 2009, the Board shall present to the City Council a report on the status of the system.

Ordinance #016668 also requires that the revenues collected from drainage utility fees must be segregated and completely identifiable from other City or Board accounts. The Board has adopted a debt service coverage ratio of 1.25 times for all Municipal Drainage Utility bonds which is included in the bond ordinances for such bonds.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The cash, cash equivalents, and investments of EPWU must be deposited and invested under the terms of a contract, contents of which are set out in the depository contract. EPWU accepts as collateral to secure its deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation (“FDIC”), allowable pledged book-entry securities (Eligible Securities) of any type permitted by the provisions of the Public Funds Collateral Act, Title 10, Chapter 2257 of the Texas Government Code, which are eligible to be held in a Securities Account at a Federal Reserve Bank under Federal Reserve Bank Operating Circular 7. The depository bank places these allowable government securities as collateral for safekeeping and trust with EPWU’s agent bank in an amount sufficient to protect EPWU deposits on a day-to-day basis during the period of the contract.

The carrying amount of cash for the Water and Wastewater Utility at February 28, 2014 and 2013, was \$1,092,787 and \$(287,248), respectively, and the bank balances totaled \$4,670,566 and \$3,970,601, respectively. The carrying amount of cash for the Municipal Drainage Utility at February 28, 2014 and 2013 was \$244,228, and \$333,815, respectively, and the bank balances totaled \$372,149 and \$367,334, respectively. As of February 28, 2014, \$250,000 of the bank balances were covered by FDIC and the remaining balance was secured by government securities with a fair value of \$5,377,966. As of February 28, 2013, \$250,000 of the bank balances were covered by FDIC and the remaining balance was secured by government securities with a fair value of \$7,078,412.

Cash, cash equivalents and investments for the Water and Wastewater Utility consist of the following:

	February 28, 2014			
	Cash and Cash Equivalents			Investments
	Cash	Cash Equivalents	Total	
Unrestricted assets	\$ 681,228	\$ 11,905,496	\$ 12,586,724	\$ 18,477,618
Restricted assets				
Bond requirements	-	34,504,077	34,504,077	27,108,072
Construction and improvements	411,559	41,806,297	42,217,856	45,933,654
Total restricted assets	411,559	76,310,374	76,721,933	73,041,726
Total	\$ 1,092,787	\$ 88,215,870	\$ 89,308,657	\$ 91,519,344

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

	February 28, 2013			
	Cash and Cash Equivalents			Investments
	Cash	Cash Equivalents	Total	
Unrestricted assets	\$ 115,382	\$ 20,153,460	\$ 20,268,842	\$ 8,712,970
Restricted assets				
Bond requirements	-	35,194,988	35,194,988	25,902,761
Construction and improvements	(402,630)	70,709,716	70,307,086	17,318,869
Total restricted assets	(402,630)	105,904,704	105,502,074	43,221,630
Total	\$ (287,248)	\$126,058,164	\$ 125,770,916	\$ 51,934,600

Cash, cash equivalents and investments for the Municipal Drainage Utility consist of the following:

	February 28, 2014			
	Cash and Cash Equivalents			Investments
	Cash	Cash Equivalents	Total	
Unrestricted assets	\$ (85,953)	\$ 2,289,015	\$ 2,203,062	\$ -
Restricted assets				
Bond requirements	-	4,915,490	4,915,490	2,452,770
Construction and improvements	330,181	25,907,678	26,237,859	27,710,691
Total restricted assets	330,181	30,823,168	31,153,349	30,163,461
Total	\$ 244,228	\$ 33,112,183	\$ 33,356,411	\$ 30,163,461

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

	February 28, 2013			
	Cash and Cash Equivalents			Investments
	Cash	Cash Equivalents	Total	
Unrestricted assets	\$ 114,707	\$ 4,818,863	\$ 4,933,570	\$ -
Restricted assets				
Bond requirements	-	4,523,722	4,523,722	1,913,844
Construction and improvements	219,108	32,247,784	32,466,892	19,683,881
Total restricted assets	219,108	36,771,506	36,990,614	21,597,725
Total	\$ 333,815	\$ 41,590,369	\$ 41,924,184	\$ 21,597,725

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires EPWU to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Texas statutes and ordinances of the City of El Paso authorize EPWU to expend funds for the operation of EPWU, including the purchase of investments. EPWU is permitted to invest available funds in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market mutual funds, (5) investment pools, (6) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; obligations of states, agencies, counties, cities, and other political subdivisions of any state having a rating of not less than A or its equivalent, and (7) fully collateralized repurchase agreements having a defined termination date and secured by obligations of the United States or its agencies and instrumentalities.

The Act also requires EPWU to have independent auditors perform test procedures related to investment practices as provided by the Act. EPWU is in substantial compliance with the requirements of the Act and with local policies.

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

EPWU participates in TEXPOOL, which is a government investment pool in the State of Texas. The State Comptroller of Public Accounts maintains oversight responsibility for TEXPOOL. This responsibility includes the ability to influence operations, designation of management and accountability for fiscal matters. Federated Investors manage the daily operations of the pool under a contract with the Comptroller. Although TEXPOOL is not registered with the SEC as investment companies, it operates in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. GASB allows 2(a)7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than fair value to report net assets to compute share price. The fair value of EPWU's position in TEXPOOL is the same as the value of TEXPOOL shares.

EPWU also participates in TexSTAR which is an investment service created by local governments for local governments. TexSTAR was organized in conformity with the interlocal cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These acts provide for the creation of public funds investment pools such as TexSTAR and authorize eligible governmental entities to invest their public funds in investment pools.

State statutes permit EPWU to enter into certain repurchase agreements. That is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. All sales of investments under reverse repurchase agreements must be for fixed terms. In investing the proceeds of reverse repurchase agreements, the term to maturity of the investments is the same as the term of reverse repurchase agreement. During fiscal years 2014 and 2013, EPWU did not enter into any reverse repurchase agreements.

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The Water and Wastewater Utility investments at February 28, 2014 and 2013 are categorized as summarized below:

February 28, 2014						
Investment Type	Fair Value	Maturities		Weighted Avg. Maturity (days)	Credit Rating Standard & Poor's	Percent of Grand Total
		Less than 1 year	1-5 years			
Government Investment Pools and Safekeeping						
Account						
TexPool	\$ 39,455,983	\$ 39,455,983	-	1	AAA	21.95%
TexSTAR	9,710,100	9,710,100	-	1	AAA	5.40%
Total Pools and Safekeeping	<u>49,166,083</u>	<u>49,166,083</u>	<u>-</u>			<u>27.35%</u>
Mutual Funds						
Fidelity Treasury Money Market Funds	34,504,077	34,504,077	-	1	AAA	19.20%
Government Money Market Fund	4,545,710	4,545,710	-	1	AAA	2.53%
Total Mutual Funds	<u>39,049,787</u>	<u>39,049,787</u>	<u>-</u>			<u>21.73%</u>
Securities						
Municipal Bonds Discounts	1,440,561	-	1,440,561	397	AA	0.80%
Federal Agency Coupons						
Federal National Mortgage Assoc.	1,253,486	-	1,253,486	903	AA	0.70%
Federal Farm Credit Bank	3,319,520	500,082	2,819,438	299	AA	1.85%
Federal Home Loan Bank	20,112,674	13,253,426	6,859,248	187	AA	11.19%
Federal Home Loan Mortgage Corp	8,420,963	4,103,499	4,317,464	253	AA	4.69%
Certificates of Deposit *	24,825,798	11,944,071	12,881,727	383	Not Rated	13.80%
Municipal Bonds	<u>32,146,342</u>	<u>4,742,522</u>	<u>27,403,820</u>	<u>329</u>	<u>AA</u>	<u>17.89%</u>
Total Securities	<u>91,519,344</u>	<u>34,543,600</u>	<u>56,975,744</u>	<u>313</u>		<u>50.92%</u>
Portfolio Total	<u>\$ 179,735,214</u>	<u>\$ 122,759,470</u>	<u>\$ 56,975,744</u>	<u>161</u>		<u>100.00%</u>

* Certificates of Deposit are not rated but are fully collateralized or FDIC insured.

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

February 28, 2013

Investment Type	Fair Value	Maturities		Weighted Avg. Maturity (days)	Credit Rating Standard & Poor's	Percent of Grand Total
		Less than 1 year	1-5 years			
Government Investment Pools and Safekeeping						
Account						
TexPool	\$ 53,534,337	\$ 53,534,337	\$ -	1	AAAm	30.08%
TexSTAR	19,908,991	19,908,991	-	1	AAAm	11.18%
Total Pools and Safekeeping	<u>73,443,328</u>	<u>73,443,328</u>	<u>-</u>			<u>41.26%</u>
Mutual Funds						
Fidelity Treasury Money Market Funds	35,194,988	35,194,988	-	1	AAAm	19.77%
Government Money Market Fund	17,419,848	17,419,848	-	1	AAAm	9.79%
Total Mutual Funds	<u>52,614,836</u>	<u>52,614,836</u>	<u>-</u>			<u>29.56%</u>
Securities						
Federal Agency Discounts						
Federal Home Loan Bank	3,189,864	2,939,789	250,075	121	AA	1.79%
Municipal Bonds Discounts	439,785	-	439,785	533	AA	0.25%
Federal Agency Coupons						
Federal Farm Credit Bank	1,685,984	543,726	1,142,258	349	AA	0.95%
Federal Home Loan Bank	6,875,189	-	6,875,189	175	AA	3.86%
Federal Home Loan Mortgage Corp	5,348,130	2,013,442	3,334,688	475	AA	3.00%
Federal National Mortgage Assoc.	1,004,997	-	1,004,997	236	AA	0.56%
Certificates of Deposit *	10,965,409	7,984,000	2,981,409	298	Not Rated	6.16%
Municipal Bonds	22,425,242	4,200,414	18,224,828	330	AA	12.61%
Total Securities	<u>51,934,600</u>	<u>17,681,371</u>	<u>34,253,229</u>	305		<u>29.18%</u>
Portfolio Total	<u>\$ 177,992,764</u>	<u>\$ 143,739,535</u>	<u>\$ 34,253,229</u>	90		<u>100.00%</u>

* Certificates of Deposit are not rated but are fully collateralized.

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The Municipal Drainage Utility investments at February 28, 2014 and 2013 are categorized as summarized below:

February 28, 2014						
Investment Type	Fair Value	Maturities		Weighted Avg. Maturity (days)	Credit Rating Standard & Poor's	Percent of Grand Total
		Less than 1 year	1-5 years			
Government Investment Pools and Safekeeping						
Account						
TexPool	\$ 20,189,350	\$ 20,189,350	-	1	AAA	31.91%
TexStar	8,007,343	8,007,343	-	1	AAA	12.65%
Total Pools and Safekeeping	<u>28,196,693</u>	<u>28,196,693</u>	<u>-</u>			<u>44.56%</u>
Mutual Funds						
Advantage Money Market Fund #008	4,498,030	4,498,030	-	1	AAA	7.11%
Government Money Market Fund	417,460	417,460	-	1	AAA	0.66%
Total Mutual Funds	<u>4,915,490</u>	<u>4,915,490</u>	<u>-</u>			<u>7.77%</u>
Securities						
Federal Agency Coupons						
Federal National Mortgage Assoc.	750,306	750,306	-	14	AA	1.19%
Federal Farm Credit Bank	1,225,555	1,050,097	175,458	299	AA	1.94%
Federal Home Loan Bank	7,283,408	6,113,855	1,169,553	125	AA	11.51%
Federal Home Loan Mortgage Corp	2,156,918	1,755,666	401,252	141	AA	3.40%
Certificates of Deposit *	10,081,462	6,198,074	3,883,388	308	Not Rated	15.93%
Municipal Bonds	8,665,812	2,190,773	6,475,039	232	AA	13.70%
Total Securities	<u>30,163,461</u>	<u>18,058,771</u>	<u>12,104,690</u>	222		<u>47.67%</u>
Portfolio Total	<u>\$ 63,275,644</u>	<u>\$ 51,170,954</u>	<u>\$ 12,104,690</u>	107		<u>100.00%</u>

* Certificates of Deposit are not rated but are fully collateralized or FDIC insured.

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February 28, 2014 and 2013

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

February 28, 2013						
Investment Type	Fair Value	Maturities		Weighted Avg. Maturity (days)	Credit Rating Standard & Poor's	Percent of Grand Total
		Less than 1 year	1-5 years			
Government Investment Pools and Safekeeping						
Account						
TexPool	\$ 20,011,023	\$ 20,011,023	\$ -	1	AAAm	31.67%
TexStar	17,055,623	17,055,623	-	1	AAAm	26.99%
Total Pools and Safekeeping	<u>37,066,646</u>	<u>37,066,646</u>	<u>-</u>			<u>58.66%</u>
Mutual Funds						
Advantage Money Market Fund #008	4,056,568	4,056,568	-	1	AAAm	6.42%
Government Money Market Fund	467,155	467,155	-	1	AAAm	0.74%
Total Mutual Funds	<u>4,523,723</u>	<u>4,523,723</u>	<u>-</u>			<u>7.16%</u>
Securities						
Federal Agency Discounts						
Federal Home Loan Bank	999,683	999,683	-	146	AA	1.58%
Municipal Bonds Discounts	69,180	-	69,180	533	AA	0.11%
Federal Agency Coupons						
Federal Farm Credit Bank	179,278	-	179,278	410	AA	0.28%
Federal Home Loan Bank	4,599,295	4,589,288	10,007	253	AA	7.28%
Federal Home Loan Mortgage Corp	1,394,916	1,394,916	-	270	AA	2.21%
Federal National Mortgage Assoc.	1,442,932	-	1,442,932	288	AA	2.28%
Certificates of Deposit *	1,993,000	1,993,000	-	280	Not Rated	3.16%
Municipal Bonds	<u>10,919,441</u>	<u>5,325,720</u>	<u>5,593,721</u>	243	AA	<u>17.28%</u>
Total Securities	<u>21,597,725</u>	<u>14,302,607</u>	<u>7,295,118</u>	273		<u>34.18%</u>
Portfolio Total	<u>\$ 63,188,094</u>	<u>\$ 55,892,976</u>	<u>\$ 7,295,118</u>	86		<u>100.00%</u>

* Certificates of Deposit are not rated but are fully collateralized.

Credit Risk

Credit risk is the risk of loss due to failure of an issuer not fulfilling its obligations.

EPWU minimizes credit risk by limiting investments to the safest types of securities as authorized by its investment policy and described on page 47, and by pre-qualifying the financial institutions and broker/dealers with which EPWU will do business with.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

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NOTES TO FINANCIAL STATEMENTS

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4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

EPWU minimizes concentration of credit risk by diversifying the investment portfolio so that potential losses on individual securities will be minimized. In addition, they also invest in securities with varying maturities, and are continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs) and money market funds.

Diversification by investment type shall be established by the following maximum percentages of investment type to the total EPWU portfolio:

U.S. Government Securities	100%
State, Agencies, Counties, Cities, and other	50%
Certificates of Deposit	50%
Money Market Mutual Funds	80%
Eligible Investment Pools	100%

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, EPWU will not be able to recover deposits or collateral securities that are in the possession of an outside party. For investments, the custodial credit risk, is the risk that, in the event of the failure of the counterparty to a transaction, EPWU will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

EPWU minimizes depository custodial credit risk by depositing and investing under the terms of a contract, contents of which are set out in the depository contract. The depository bank places approved pledged securities for safekeeping and trust with EPWU's agent bank in an amount sufficient to protect EPWU funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

EPWU minimizes investment custodial credit risk by requiring that all collateral securities be held by a third party institution. EPWU requires full collateralization of all EPWU investments, other than investments which are obligations of the U.S. government and its agencies and instrumentalities, or by the Federal Reserve Bank, except the collateral for certificates of deposits in banks. The collateral for certificates of deposits in banks will be registered in EPWU's name in the bank's trust department or, alternatively, in a Federal Reserve Bank account in EPWU's name.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of investments.

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

EPWU minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. It is also minimized by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. The operating funds portfolio should have a weighted average maturity less than 270 days with a maximum of two years.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

EPWU does not directly invest in foreign securities; however, the escrow accounts money market fund might invest a minimal amount of the fund's portfolio in foreign securities.

5. RECEIVABLES

No reserve has been provided for doubtful accounts as EPWU charges directly to income those accounts determined to be uncollectible. The accounts written off for the Water and Wastewater Utility during the years ended February 28, 2014 and 2013, totaled \$567,104 and \$598,471, respectively. The write-off for the Municipal Drainage Utility for fiscal year ending February 28, 2014 and 2013, totaled \$44,861, and \$59,799, respectively. Management is of the opinion that any additional losses resulting from the collection of notes and accounts receivable will not be material.

The Public Service Board - El Paso Water Utilities uses the cycle method of billing customers for services. Under this method, customer billings are made by specified cycles established for the service area and each cycle billed on a specific day each month. For financial reporting purposes, billings made in March which relate to services provided for the month of February are included in customer accounts receivable as unbilled charges. These amounts are summarized as follows for the fiscal years included in the accompanying financial statements:

	2014	2013
Water and Wastewater Utility		
Water	\$ 2,221,352	\$ 1,874,752
Wastewater	1,987,671	1,988,125
Total unbilled accounts receivable	\$ 4,209,023	\$ 3,862,877

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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6. INTERFUND BALANCES AND CHARGES

Interfund Balances - The following interfund balances are the result of normal operations and are periodically cleared out. Management intends to pay these balances within one year.

	February 28, 2014	
	Due From Other Funds	Due to Other Funds
Water and Wastewater Utility	\$ -	\$ 36,135
Municipal Drainage Utility	36,135	-
Total	\$ 36,135	\$ 36,135
	February 28, 2013	
	Due From Other Funds	Due to Other Funds
Water and Wastewater Utility	\$ -	\$ 339,396
Municipal Drainage Utility	339,396	-
Total	\$ 339,396	\$ 339,396

Interfund Charges - The following eliminations were done in order to eliminate duplicate transactions at the overall entity level for revenue and expenses between the two funds.

	February 28, 2014	
	Water and Wastewater Utility	Municipal Drainage Utility
Drainage fee revenue	\$ -	\$ 104,856
Rent Revenue	24,000	-
Operation and maintenance - drainage	-	7,417
Operations and maintenance - water and reclaimed water	(72,975)	-
Operations and maintenance - wastewater	(52,474)	-
General, administrative and engineering	1,294,176	-
Indirect cost allocation	-	(1,305,000)
Total	\$ 1,192,727	\$ (1,192,727)

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

6. INTERFUND BALANCES AND CHARGES (Continued)

	February 28, 2013	
	Water and Wastewater Utility	Municipal Drainage Utility
Drainage fee revenue	\$ -	\$ 104,760
Rent Revenue	24,000	-
Operation and maintenance - drainage	-	(27,321)
Operations and maintenance - water and reclaimed water	(39,081)	-
Operations and maintenance - wastewater	(52,372)	-
General, administrative and engineering	1,462,014	-
Indirect cost allocation	-	(1,472,000)
Total	\$ 1,394,561	\$ (1,394,561)

Indirect Cost Allocation - The indirect cost allocation from the Water and Wastewater Utility to the Municipal Drainage Utility is to pay for indirect costs that the Water and Wastewater Utility incurs related to the general and administrative functions to manage the Municipal Drainage Utility. For fiscal years 2014 and 2013, the revised budgeted and actual indirect cost were \$1,305,000 and \$1,472,000, respectively. During the budget process the indirect cost allocation will be adjusted based on estimated indirect costs.

7. WATER AND WASTEWATER UTILITY GOVERNMENT GRANTS RECEIVABLE

The Water and Wastewater Utility had \$509,463 and \$787,557 in government grants receivable for years ended February 28, 2014 and 2013.

<u>Government Grant Projects</u>	2014	2013
<u>Federal Grants</u>		
North Central Reclaimed - EPA#XP96638401	\$ 25,599	\$ 506,360
Leak Detection - USBR#R12AP40018	80,000	34,250
<u>Non Federal Grants</u>		
Desalination Concentrate Management - WaterReuse		
Foundation WRF11-09	35,641	178,859
Turf Estates Construction - TWDB	310,548	10,601
Canutillo 1 st Time Users Area 1 - TWDB	16,609	22,608
Canutillo 1 st Time Users Area 2 - TWDB	41,066	34,879
Totals	\$ 509,463	\$ 787,557

(Continued)

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8. CAPITAL ASSETS

Components of the capital assets for the Water and Wastewater Utility are summarized as follows:

	Beginning Balance 03/01/2013	Additions	Transfers	Deletions	Ending Balance 02/28/2014
Utility plant, not being depreciated:					
Land and right-of-way	\$ 6,917,180	\$ -	\$ 45,021	\$ -	\$ 6,962,201
Land not in service	64,086,779	-	-	19,777	64,067,002
Construction work in progress	58,084,002	71,647,676	(10,376,839)	-	119,354,839
Total utility plant, not being depreciated:	<u>129,087,961</u>	<u>71,647,676</u>	<u>(10,331,818)</u>	<u>19,777</u>	<u>190,384,042</u>
Utility plant and irrigation water rights being depreciated:					
Irrigation water rights contracts	9,131,221	254,619	-	-	9,385,840
Buildings and shops	14,739,767	-	-	-	14,739,767
Vehicles	15,808,062	-	377,482	284,765	15,900,779
Equipment and tools	36,287,193	60,078	683,508	249,539	36,781,240
Water system	975,899,620	11,775,352	6,791,390	1,423,261	993,043,101
Wastewater system	721,786,096	7,820,346	2,479,438	12,394	732,073,486
Total utility plant, being depreciated:	<u>1,773,651,959</u>	<u>19,910,395</u>	<u>10,331,818</u>	<u>1,969,959</u>	<u>1,801,924,213</u>
Less accumulated depreciation for:					
Irrigation water rights contracts	(880,704)	(123,447)	-	-	(1,004,151)
Buildings and shops	(8,183,700)	(609,894)	-	-	(8,793,594)
Vehicles	(13,038,813)	(800,932)	-	(284,765)	(13,554,980)
Equipment and tools	(30,088,338)	(1,495,251)	-	(249,539)	(31,334,050)
Water system	(377,697,075)	(27,426,921)	-	(1,423,261)	(403,700,735)
Wastewater system	(330,770,259)	(20,136,094)	-	(12,394)	(350,893,959)
Total accumulated depreciation	<u>(760,658,889)</u>	<u>(50,592,539)</u>	<u>-</u>	<u>(1,969,959)</u>	<u>(809,281,469)</u>
Total utility plant and irrigation water rights being depreciated, net	<u>1,012,993,070</u>	<u>(30,682,144)</u>	<u>10,331,818</u>	<u>-</u>	<u>992,642,744</u>
Utility plant	<u>\$ 1,142,081,031</u>	<u>\$ 40,965,532</u>	<u>\$ -</u>	<u>\$ 19,777</u>	<u>\$ 1,183,026,786</u>

Total depreciation charged to operations for the year ended February 28, 2014 was \$50,592,539.

Land not in service is essentially unimproved land that EPWU has purchased for its surface and ground water rights. EPWU owns a total of 101,706.02 acres of land which includes 26,158.89 acres in El Paso County, 74,678.68 acres in Hudspeth, Presidio, Jeff Davis, and Culberson County, and 868.45 acres in New Mexico.

(Continued)

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8. CAPITAL ASSETS (Continued)

	Beginning Balance 03/01/2012	Additions	Transfers	Deletions	Ending Balance 02/28/2013
Utility plant, not being depreciated:					
Land and right-of-way	\$ 6,884,320	\$ -	\$ 32,860	\$ -	\$ 6,917,180
Land not in service	58,201,850	5,912,038	-	27,109	64,086,779
Construction work in progress	40,787,088	47,275,979	(29,946,920)	32,145	58,084,002
Total utility plant, not being depreciated:	<u>105,873,258</u>	<u>53,188,017</u>	<u>(29,914,060)</u>	<u>59,254</u>	<u>129,087,961</u>
Utility plant and irrigation water rights being depreciated:					
Irrigation water rights contracts	9,113,581	17,640	-	-	9,131,221
Buildings and shops	14,713,548	-	26,219	-	14,739,767
Vehicles	13,828,827	80,750	2,053,298	154,813	15,808,062
Equipment and tools	31,806,491	119,006	4,485,670	123,974	36,287,193
Water system	955,444,347	7,088,830	14,101,903	735,460	975,899,620
Wastewater system	708,186,681	4,387,816	9,246,970	35,371	721,786,096
Total utility plant, being depreciated:	<u>1,733,093,475</u>	<u>11,694,042</u>	<u>29,914,060</u>	<u>1,049,618</u>	<u>1,773,651,959</u>
Less accumulated depreciation for:					
Irrigation water rights contracts	(759,072)	(121,632)	-	-	(880,704)
Buildings and shops	(7,574,232)	(609,468)	-	-	(8,183,700)
Vehicles	(12,500,341)	(693,285)	-	(154,813)	(13,038,813)
Equipment and tools	(29,115,684)	(1,096,628)	-	(123,974)	(30,088,338)
Water system	(351,118,204)	(27,314,331)	-	(735,460)	(377,697,075)
Wastewater system	(310,994,579)	(19,811,051)	-	(35,371)	(330,770,259)
Total accumulated depreciation	<u>(712,062,112)</u>	<u>(49,646,395)</u>	<u>-</u>	<u>(1,049,618)</u>	<u>(760,658,889)</u>
Total utility plant and irrigation water rights being depreciated, net	<u>1,021,031,363</u>	<u>(37,952,353)</u>	<u>29,914,060</u>	<u>-</u>	<u>1,012,993,070</u>
Utility plant	<u>\$ 1,126,904,621</u>	<u>\$ 15,235,664</u>	<u>\$ -</u>	<u>\$ 59,254</u>	<u>\$ 1,142,081,031</u>

Total depreciation charged to operations for the year ended February 28, 2013 was \$49,646,395.

Included in capital assets of the Water and Wastewater Utility are assets for the Desalination Plant and related activities and the Tech2O Center which are owned and operated by EPWU and are located on Fort Bliss land for which EPWU has a long term land lease. These assets are currently being depreciated over the economic life.

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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8. CAPITAL ASSETS (Continued)

Components of the capital assets for the Municipal Drainage Utility are summarized as follows:

	Beginning Balance 03/01/2013	Additions	Transfers	Deletions	Ending Balance 02/28/2014
Drainage Work in Progress, not being depreciated:					
Land and right of way	\$ 4,852,158	\$ -	\$ 1,748,947	\$ -	\$ 6,601,105
Construction work in progress	18,626,370	5,096,545	(13,746,620)	-	9,976,295
Total drainage Work in Progress, not being depreciated:	23,478,528	5,096,545	(11,997,673)	-	16,577,400
Drainage System, being depreciated:					
Drainage implementation costs	544,106	-	-	-	544,106
Buildings and shops	97,920	-	-	1,202	96,718
Vehicles	4,343,704	-	12,800	-	4,356,504
Equipment and tools	1,011,956	40,692	-	-	1,052,648
Drainage system	40,404,635	559,182	11,984,873	-	52,948,690
Total Drainage system, being depreciated:	46,402,321	599,874	11,997,673	1,202	58,998,666
Less accumulated depreciation for:					
Drainage implementation costs	(474,609)	(69,497)	-	-	(544,106)
Buildings and shops	(13,856)	(3,892)	-	(1,202)	(16,546)
Vehicles	(3,545,768)	(427,737)	-	-	(3,973,505)
Equipment and tools	(828,687)	(33,677)	-	-	(862,364)
Drainage system	(2,884,840)	(949,937)	-	-	(3,834,777)
Total accumulated depreciation	(7,747,760)	(1,484,740)	-	(1,202)	(9,231,298)
Total Drainage System, being depreciated, net	38,654,561	(884,866)	11,997,673	-	49,767,368
Drainage System	\$ 62,133,089	\$ 4,211,679	\$ -	\$ -	\$ 66,344,768

Total depreciation charged to operations for the year ended February 28, 2014 was \$1,484,740.

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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February 28, 2014 and 2013

8. CAPITAL ASSETS (Continued)

	Beginning Balance 03/01/2012	Additions	Transfers	Deletions	Ending Balance 02/28/2013
Drainage Work in Progress, not being depreciated:					
Land and right of way	\$ 4,590,693	\$ -	\$ 261,465	\$ -	\$ 4,852,158
Construction work in progress	14,061,974	6,513,598	(1,949,202)	-	18,626,370
Total drainage Work in Progress, not being depreciated:	<u>18,652,667</u>	<u>6,513,598</u>	<u>(1,687,737)</u>	<u>-</u>	<u>23,478,528</u>
Drainage System, being depreciated:					
Drainage implementation costs	544,106	-	-	-	544,106
Buildings and shops	97,920	-	-	-	97,920
Vehicles	3,902,869	-	495,835	55,000	4,343,704
Equipment and tools	1,017,037	-	-	5,081	1,011,956
Drainage system	39,219,912	-	1,191,902	7,179	40,404,635
Total Drainage system, being depreciated:	<u>44,781,844</u>	<u>-</u>	<u>1,687,737</u>	<u>67,260</u>	<u>46,402,321</u>
Less accumulated depreciation for:					
Drainage implementation costs	(365,788)	(108,821)	-	-	(474,609)
Buildings and shops	(9,939)	(3,917)	-	-	(13,856)
Vehicles	(2,912,071)	(688,697)	-	(55,000)	(3,545,768)
Equipment and tools	(803,757)	(27,217)	-	(2,287)	(828,687)
Drainage system	(2,078,261)	(806,579)	-	-	(2,884,840)
Total accumulated depreciation	<u>(6,169,816)</u>	<u>(1,635,231)</u>	<u>-</u>	<u>(57,287)</u>	<u>(7,747,760)</u>
Total Drainage System, being depreciated, net	<u>38,612,028</u>	<u>(1,635,231)</u>	<u>1,687,737</u>	<u>9,973</u>	<u>38,654,561</u>
Drainage System	<u>\$ 57,264,695</u>	<u>\$ 4,878,367</u>	<u>\$ -</u>	<u>\$ 9,973</u>	<u>\$ 62,133,089</u>

Total depreciation charged to operations for the year ended February 28, 2013 was \$1,635,231.

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

8. CAPITAL ASSETS (Continued)

Water and Wastewater Utility construction work in progress at February 28, 2014 and 2013, composed of the following:

	February 28, 2014	
	Estimated Cost	Cost Incurred To Date
<u>Water Projects</u>		
Paisano Water Line Replacement Project - Construction	\$ 28,172,469	\$ 26,467,359
Emergency Back-Up Power	25,507,633	2,728,164
Well Construction, Plugging & Test Holes	8,033,975	5,192,694
Well Drilling and Equipping - Plugging - Testhole Drilling	4,156,613	4,048,386
Replacement Leak Detection System	4,000,000	660,599
Partello Street 30-Inch Water Transmission Line - Construction	3,663,923	3,453,803
Emergency Drought Wells Project	3,452,360	3,267,172
Economic Dispatch System	2,756,655	1,726,855
Paisano - Racetrack to Sunset Water Line Replacement Project -Engineering	2,734,906	2,364,396
Mesa Street-Fountain to Crestmont 24-In Water Transmission-Construction	2,015,000	423,220
Vista Del Sol Pump Station - Construction	2,014,166	2,014,165
JDF Injection Test Well	1,850,000	1,232,800
Spur 1966 Water Line Relocations	1,733,292	866,646
Disinfection By-Product Rule/Surface Water Rule	1,704,105	1,507,538
Eastside Planned Service Area Extension of Water Lines at Paseo Del Este	1,676,201	1,507,341
Activated Carbon for JRWTP and/or Canal Plant	1,480,000	-
Montwood Drive Project	1,179,988	652,133
Eastside Planned Service Area - Pellicano - Sunfire to Aircoupe 24-Inch Water Line - Construction	1,035,982	778,556
Pershing Drive Magnolia to Raynor 16-Inch Transmission Main- Construction	1,020,000	-
Country Club Road Water Line Replacement - Construction	1,000,000	58,946
Other Water Projects Under \$1,000,000	34,147,201	15,632,457
	<u>133,334,469</u>	<u>74,583,230</u>
Subtotal - Water Projects		
<u>Wastewater Projects</u>		
Eastside Interceptor Phase V - Construction	21,070,003	10,917,023
Lower Valley Interceptor Emergency - Construction	8,777,372	7,385,017
Mowad Interceptor Line - Construction	3,577,046	1,644,942
Country Club Road Sewer Line Replacement	2,650,000	203,414
Wastewater Master Plan	1,900,000	1,469,053
Eastside Interceptor Phase V - Engineering	1,609,407	1,055,461
Northwest WWTP Odor Control - Construction	1,300,000	151,729
Other Sanitary Sewer Interceptors at Tierra Del Este Area 8 - Construction	1,162,388	591,855
Loop 375/I-10/Franklin Mountain State Park Sewer Main - Construction	1,000,000	585,240
Other Sewer Projects Under \$1,000,000	23,502,151	10,520,706
	<u>66,548,367</u>	<u>34,524,440</u>
Subtotal-Wastewater Projects		

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February 28, 2014 and 2013

8. CAPITAL ASSETS (Continued)

	February 28, 2014	
	Estimated Cost	Cost Incurred To Date
<u>Reclaimed Water Projects</u>		
Haskell North Central Reclaimed Water System	15,415,712	7,559,232
Bustamante WWTP Indirect Potable Re-use Pilot Testing - Engineering	4,210,622	144,745
Northwest and Bustamante Reclaimed WTP - Construction	4,093,549	-
Rio Bosque Wetlands Pipeline	2,450,000	96,768
Northwest WWTP Reclaimed Water Tank - Construction	2,336,949	-
Newman 2500 GPM Reclaimed Pump Station & 16-Inch Reclaimed Transmission Line - Construction	2,090,000	-
Northwest Reclaimed Water Facility Phase II-D - Construction	1,878,660	225,497
Painted Dunes Golf Course Irrigation System Improvements - Construction	1,600,000	1,820
Haskell Street WWTP/Central - Delta Line - Construction	1,448,997	-
Other Reclaimed Projects Under \$1,000,000	4,416,578	2,219,107
	39,941,067	10,247,169
Subtotal - Reclaimed Water Projects		
Totals	\$ 239,823,903	\$ 119,354,839

	February 28, 2013	
	Estimated Cost	Cost Incurred To Date
<u>Water Projects</u>		
Emergency Back-Up Power	\$ 27,787,710	\$ 1,249
Paisano Waterline Replacement Project - Construction	19,880,070	7,611,395
Well Drilling and Equipping - Plugging - Testhole Drilling	3,691,636	3,436,686
Emergency Drought Wells Project	3,620,703	2,533,894
Partello Street 30-Inch Water Transmission Line - Construction	3,498,777	2,744,349
Mesa Street 24-Inch Water Line Replacement - Construction	2,180,237	1,896,837
Loop 375 - Vista Del Sol Pump Station to Montwood Drive Water Transmission Line - Construction	2,100,000	-
Vista Del Sol Pump Station - Construction	2,032,819	1,409,319
Disinfection By-Product Rule/Surface Water Rule	1,704,105	848,500
Resler North of Transmountain 24-Inch Transmission Main-Construction	1,360,000	852,239
Economic Dispatch System	1,706,655	1,537,234
Paisano - Racetrack to Sunset Waterline Replacement Project - Engineering	1,914,122	1,280,637
Eastside Planned Service Area Extension of Water Lines at Paseo Del Este	1,393,247	1,368,081
Other Water Projects Under \$1,000,000	25,611,815	10,012,751
	98,481,896	35,533,171
Subtotal - Water Projects		

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

8. CAPITAL ASSETS (Continued)

	February 28, 2013	
	Estimated Cost	Cost Incurred To Date
<u>Wastewater Projects</u>		
Eastside Interceptor Phase V - Construction	13,877,618	4,466,491
Mesa Drain Interceptor Phase II - Construction	5,997,221	-
Lower Valley Interceptor Emergency - Construction	3,477,372	2,785,385
Impact Fee - Mowad Interceptor Line - Construction	2,399,046	454,175
Eastside Interceptor Phase V - Engineering	1,609,407	691,119
Small Plant Upgrades	1,441,384	52,782
Wastewater Master Plan	1,400,000	721,188
Plant Emergencies and Small Upgrades	1,349,416	270,627
Other Sanitary Sewer Interceptors at Tierra Del Este Area 8 - Construction	1,162,388	425,619
Fred Hervey 3 rd Train Addition - Construction	1,142,757	813,347
Sanitary Sewer Interceptor Tierra Del Este	1,040,600	85,418
Loop 375/I-10/Franklin Mountain State Park Sewer Main - Construction	1,000,000	4,672
Other Sewer Projects Under \$1,000,000	16,832,451	4,491,516
	<u>52,729,660</u>	<u>15,262,339</u>
Subtotal-Wastewater Projects		
<u>Reclaimed Water Projects</u>		
Haskell North Central Reclaimed Water System	15,415,712	6,075,634
Northwest Reclaimed Water Facility Phase II D - Construction	3,887,659	50,932
Newman Pump Station Reclaimed Transmission Line - Engineering	1,901,396	197,475
Other Reclaimed Waster Projects Under \$1,000,000	1,938,300	964,451
	<u>23,143,067</u>	<u>7,288,492</u>
Subtotal - Reclaimed Water Projects		
Totals	<u>\$ 174,354,623</u>	<u>\$ 58,084,002</u>

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

8. CAPITAL ASSETS (Continued)

Municipal Drainage Utility construction work in progress as of February 28, 2014 and 2013 composed of the following:

	February 28, 2014	
	Estimated Cost	Cost Incurred To Date
<u>Drainage Projects</u>		
Cebada Force Main at Piedras/Magnolia - Construction	\$ 11,586,329	\$ 1,281
Cebada Pump Station at Piedras/Magnolia - Construction	10,333,285	-
Various Open Space Projects/Park Ponds	6,417,616	7,483
Doniphan Ditch Improvements - Construction	4,450,000	746,752
Flow Path 20 Dams - Construction	3,150,000	669
Gateway West Storm Retention Pond - Construction	1,274,680	1,069,187
Cebada Force Main at Piedras/Magnolia - Engineering	1,229,054	835,628
Morenci Pond - CE4 Phase 1B - Construction	1,150,000	469,290
Various Localized Flooding Projects	1,053,462	762,921
Cebada Pump Station at Piedras/Magnolia - Engineering	1,045,000	895,607
Other Drainage Projects Under \$1,000,000	13,238,190	5,187,477
	\$ 54,927,616	\$ 9,976,295

	February 28, 2013	
	Estimated Cost	Cost Incurred To Date
<u>Drainage Projects</u>		
Cebada Force Main at Piedras/Magnolia - Construction	\$ 13,471,000	\$ 942,336
Cebada Pump Station at Piedras/Magnolia - Construction	8,361,681	-
Various Open Space Projects/Park Ponds	4,891,626	-
Northeast Channel 2 Phase II Improvements - Construction	4,657,385	4,249,813
Doniphan Ditch Improvements - Construction	4,450,000	728,810
Mesa Drain Improvements - Construction	3,500,000	3,152,762
Cebada Outfall Conduit Clearance - Construction	3,290,000	1,610,744
Flow Path 20 Dams - Construction	3,150,000	669
Van Buren Dam Modification - Construction	2,500,000	1,940,147
Basin G Excavation System Improvements - Construction	1,925,532	265,913
Various Localized Flooding Projects	1,757,647	246,326
Gateway West Storm Retention Pond - Construction	1,374,680	922,299
Copia Street Pond and Discharge Conduit - Construction	1,050,000	-
O'Keefe Conduit Repair - Construction	1,000,000	95
Other Drainage Projects Under \$1,000,000	12,404,396	4,566,456
	\$ 67,783,947	\$ 18,626,370

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

9. LONG-TERM LIABILITIES

Long-term activity for the Water and Wastewater Utility for the years ended February 28, 2014 and 2013 were as follows:

	Restated Beginning Balance 03/01/2013	Additions	Reductions	Ending Balance 02/28/2014	Due Within One Year	Long-term Portion
Water and Wastewater Utility:						
Water and Sewer Revenue Bonds	\$ 492,785,000	\$ 64,900,000	\$ 65,435,000	\$ 492,250,000	\$ 25,150,000	\$ 467,100,000
Unamortized premiums net of discounts	30,496,030	8,075,464	3,570,332	35,001,162	2,273,256	32,727,906
Land notes payable	4,923,463	-	764,376	4,159,087	752,693	3,406,394
Commercial Paper payable	8,000,000	27,000,000	30,000,000	5,000,000	-	5,000,000
Other governments payable	2,884,060	-	123,268	2,760,792	128,931	2,631,861
Other Post Employment Benefits	5,886,619	833,973	-	6,720,592	-	6,720,592
Self insurance claims	1,269,118	3,763,153	3,647,356	1,384,915	836,027	548,888
Accrued vacation	2,846,180	1,913,241	1,877,741	2,881,680	1,749,273	1,132,407
Total Long-term liabilities						
Water and Wastewater Utility	<u>\$ 549,090,470</u>	<u>\$ 106,485,831</u>	<u>\$ 105,418,073</u>	<u>\$ 550,158,228</u>	<u>\$ 30,890,180</u>	<u>\$ 519,268,048</u>

	Restated Beginning Balance 03/01/2012	Additions	Reductions	Restated Ending Balance 02/28/2013	Due Within One Year	Long-term Portion
Water and Wastewater Utility:						
Water and Sewer Revenue Bonds	\$ 483,380,000	\$ 75,715,000	\$ 66,310,000	\$ 492,785,000	\$ 25,100,000	\$ 467,685,000
Unamortized premiums net of discounts	22,570,427	11,401,537	3,475,934	30,496,030	2,120,807	28,375,223
Land notes payable	5,651,896	-	728,433	4,923,463	764,375	4,159,088
Commercial Paper payable	13,000,000	10,000,000	15,000,000	8,000,000	-	8,000,000
Other governments payable	3,001,914	-	117,854	2,884,060	123,268	2,760,792
Other Post Employment Benefits	5,055,190	831,429	-	5,886,619	-	5,886,619
Self insurance claims	1,267,609	4,823,825	4,822,316	1,269,118	356,765	912,353
Accrued vacation	2,590,887	1,901,442	1,646,149	2,846,180	1,626,310	1,219,870
Total Long-term liabilities						
Water and Wastewater Utility	<u>\$ 536,517,923</u>	<u>\$ 104,673,233</u>	<u>\$ 92,100,686</u>	<u>\$ 549,090,470</u>	<u>\$ 30,091,525</u>	<u>\$ 518,998,945</u>

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

9. LONG-TERM LIABILITIES (Continued)

Long-term activity for the Municipal Drainage Utility for the years ended February 28, 2014 and 2013 were as follows:

	Beginning Balance 03/01/2013	Additions	Reductions	Ending Balance 02/28/2014	Due Within One Year	Long-term Portion
Municipal Drainage Utility:						
Drainage Revenue Bonds	\$ 65,743,000	\$ -	\$ 2,359,000	\$ 63,384,000	\$ 2,524,000	\$ 60,860,000
Unamortized premiums net of discounts	878,927	-	46,260	832,667	46,259	786,408
Accrued vacation	97,105	76,153	64,801	108,457	58,633	49,824
Other Post Employment Benefits	145,992	50,995	-	196,987	-	196,987
Total Long-term liabilities Municipal Drainage Utility	<u>\$ 66,865,024</u>	<u>\$ 127,148</u>	<u>\$ 2,470,061</u>	<u>\$ 64,522,111</u>	<u>\$ 2,628,892</u>	<u>\$ 61,893,219</u>

	Beginning Balance 03/01/2012	Additions	Reductions	Ending Balance 02/28/2013	Due Within One Year	Long-term Portion
Municipal Drainage Utility:						
Drainage Revenue Bonds	\$ 53,518,000	\$ 14,075,000	\$ 1,850,000	\$ 65,743,000	\$ 2,359,000	\$ 63,384,000
Unamortized premiums net of discounts	-	905,911	26,984	878,927	46,259	832,668
Accrued vacation	99,224	49,265	51,384	97,105	53,697	43,408
Other Post Employment Benefits	88,054	57,938	-	145,992	-	145,992
Total Long-term liabilities Municipal Drainage Utility	<u>\$ 53,705,278</u>	<u>\$ 15,088,114</u>	<u>\$ 1,928,368</u>	<u>\$ 66,865,024</u>	<u>\$ 2,458,956</u>	<u>\$ 64,406,068</u>

10. REVENUE BONDS

Water and Wastewater Utility

Water and Sewer Revenue Bonds payable for the Water and Wastewater Utility Fund, in the amount of \$492,250,000 and \$492,785,000, as of February 28, 2014 and 2013, respectively, are equally and ratably secured by and payable from an irrevocable first lien on and pledge of the net revenue of the Water and Wastewater Utility Fund which is presented in Note 14. The pledge of net revenue is in effect until the bonds are extinguished. The Revenue Bonds payable as of February 28, 2014 and 2013 include the following individual issues:

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

10. REVENUE BONDS (Continued)

	Amounts Outstanding 2/28/13	Issued	Retired/ Refunded	Amounts Outstanding 2/28/14	Due Within One Year
\$8,000,000 1990B Series due in annual installments of \$1,600,000, with interest at 0%. Final payment due in 2017.	\$ 8,000,000	\$ -	\$ 1,600,000	\$ 6,400,000	\$ 1,600,000
\$89,745,000 2003 Series final installment of \$2,155,000 with interest due at 4.15%. Refunded \$49,830,000 with the 2012 Bonds.	2,155,000	-	2,155,000	-	-
\$1,000,000 2003A Series due in annual installments of \$50,000 with interest at 0%. Final payment due 2024.	600,000	-	50,000	550,000	50,000
\$10,000,000 2003B Series due in annual installments of \$5,000 with interest due at 3.29%. Refunded \$9,955,000 with the 2012A Bonds. Final payment due 2014.	10,000	-	5,000	5,000	5,000
\$36,070,000 2004 Series with one more installment of \$1,940,000 with interest due at 5%. Refunded \$23,870,000 with the 2012A Bonds. Final payment due 2014.	3,810,000	-	1,870,000	1,940,000	1,940,000
\$14,360,000 2004A Series with one more installment of \$630,000 with interest due at 5%. Refunded \$9,550,000 with the 2012A Bonds. Final payment due in 2014.	1,230,000	-	600,000	630,000	630,000
\$45,660,000 2005A Series due in annual installments of \$1,020,000 to \$1,075,000 with interest due at 5%. Refunded \$40,335,000 with the 2014 Bonds. Final payment due in 2015.	43,400,000	-	41,305,000	2,095,000	1,020,000
\$36,515,000 2005B Series due in annual installments of \$930,000 to \$6,625,000 with interest due at 5% to 5.25%. Final payment due in 2021.	34,615,000	-	1,025,000	33,590,000	1,795,000

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

10. REVENUE BONDS (Continued)

	Amounts Outstanding 2/28/13	Issued	Retired/ Refunded	Amounts Outstanding 2/28/14	Due Within One Year
\$10,000,000 2005C Series due in annual installments of \$450,000 to \$675,000 with interest due at 3.0% to 3.8%. Final payment due in 2026.	7,595,000	-	435,000	7,160,000	450,000
\$37,745,000 2006 Series due in annual installments of \$780,000 to \$1,610,000 with interest due at 3.88% to 5%. Final payment due in 2030.	20,020,000	-	750,000	19,270,000	780,000
\$45,200,000 2006A Series due in annual installments of \$1,290,000 to \$3,690,000 with interest due at 4% to 5%. Final payment due in 2026.	30,555,000	-	3,020,000	27,535,000	3,175,000
\$35,500,000 2007 Series due in annual installments of \$1,645,000 to \$3,120,000 with interest due at 4.5% to 5%. Final payment due 2027.	33,990,000	-	1,575,000	32,415,000	1,645,000
\$30,520,000 2008 Series due in annual installments of \$430,000 to \$970,000 with interest due at 3.5% to 5%. Final payment due 2033.	15,465,000	-	2,460,000	13,005,000	430,000
\$14,000,000 2008A Series due in annual installments of \$5,000 to \$1,175,000 with interest due at 2.35% to 3.95%. Final payment due 2029.	13,985,000	-	5,000	13,980,000	5,000
\$22,000,000 2008B Series due in annual installments of \$5,000 to \$1,850,000 with interest due at 2.35% to 3.95%. Final payment due 2029.	21,985,000	-	5,000	21,980,000	5,000
\$35,000,000 2008C Series due in annual installments of \$1,470,000 to \$3,120,000 with interest due at 5% to 5.5%. Final payment due 2029.	35,000,000	-	-	35,000,000	1,470,000
\$22,115,000 2010 Series due in annual installments of \$555,000 to \$1,575,000 with interest due at 3.5% to 4.5%. Final payment due 2030.	19,615,000	-	2,120,000	17,495,000	1,455,000

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

10. REVENUE BONDS (Continued)

	Amounts Outstanding 2/28/13	Issued	Retired/ Refunded	Amounts Outstanding 2/28/14	Due Within One Year
\$15,000,000 2010 Taxable Series due in annual installments of \$565,000 to \$1,205,000 with interest due at 4.75%. Final payment due in 2030.	15,000,000	-	540,000	14,460,000	565,000
\$42,580,000 2010A Series due in annual installments of \$935,000 to \$5,855,000 with interest due at 3% to 5%. Final payment due in 2027.	42,580,000	-	3,760,000	38,820,000	4,100,000
\$14,680,000 2011 Series due in annual installments of \$100,000 to \$3,400,000 with interest due at 3% to 5%. Final payment due 2031.	14,680,000	-	100,000	14,580,000	540,000
\$52,780,000 2012 Series due in annual installments of \$1,120,000 to \$4,705,000 with interest due at 3% to 5%. Final payment due 2028.	52,780,000	-	-	52,780,000	2,310,000
\$75,715,000 2012A Series due in annual installments of \$1,180,000 to \$6,575,000 with interest due at 2% to 5%. Final payment due 2033.	75,715,000	-	2,055,000	73,660,000	1,180,000
\$64,900,000 2014 Series due in annual installments of \$865,000 to \$5,405,000 with interest due at 2% to 5%. Final payment due 2034.	-	64,900,000	-	64,900,000	-
Total bonds outstanding	492,785,000	<u>\$ 64,900,000</u>	<u>\$65,435,000</u>	492,250,000	<u>\$ 25,150,000</u>
Less current maturities	<u>25,100,000</u>			<u>25,150,000</u>	
Total long term portion	<u>\$467,685,000</u>			<u>\$ 467,100,000</u>	

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

10. REVENUE BONDS (Continued)

Interest costs incurred on revenue bonds totaled \$21,838,805 in 2014 of which \$475,960 was capitalized and \$22,331,710 in 2013 of which \$165,588 was capitalized.

Water and Wastewater Utility Fund Annual Revenue Bond Debt Service Requirements

Year Ending February	Principal	Interest	Total
2015	\$ 25,150,000	\$ 19,465,386	\$ 44,615,386
2016	27,345,000	19,776,933	47,121,933
2017	28,495,000	18,721,806	47,216,806
2018	30,685,000	17,591,896	48,276,896
2019	32,180,000	16,328,348	48,508,348
2020 - 2024	161,300,000	60,255,679	221,555,679
2025 - 2029	135,760,000	26,057,059	161,817,059
2030 - 2034	49,265,000	4,472,394	53,737,394
2035	2,070,000	42,694	2,112,694
	<u>\$ 492,250,000</u>	<u>\$ 182,712,195</u>	<u>\$ 674,962,195</u>

On February 24, 2012, the Public Service Board - El Paso Water Utilities issued \$52,780,000 in Water and Sewer Revenue Refunding Bonds, Series 2012 with an average interest rate of 4.53% to advance refund the following outstanding bonds:

Series	Amount	Average Coupon
2001A	\$ 3,995,000	5.69%
2002	4,260,000	3.25%
2003	49,830,000	5.05%

The liabilities associated with these bonds were removed from the related payables. As of February 28, 2014 and 2013, \$0 and \$49,830,000 of bonds remained outstanding with estimated related escrow balances of \$0 and \$51,073,457, respectively. The refunding of the 2001A, 2002, and 2003 reduced debt service by \$5,305,000 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$7,694,334.

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

10. REVENUE BONDS (Continued)

On November 15, 2012, the Public Service Board - El Paso Water Utilities issued \$75,715,000 in Water and Sewer Revenue Refunding and Improvement Bonds, Series 2012A with an average interest rate of 4.12% to refund \$15,000,000 of Water and Sewer Commercial Paper Notes with an average interest rate of .24%, \$25,000,000 to fund Emergency backup power generation, and advance refund the following outstanding bonds:

Series	Amount	Average Coupon
2003B	\$ 9,955,000	4.16%
2004	23,870,000	5.23%
2004A	9,550,000	5.41%

The liabilities associated with these bonds were removed from the related payables. As of February 28, 2014 and February 28, 2013 \$43,375,000 and \$43,375,000 of bonds remained outstanding with an estimated related escrow balance of \$ 44,376,525 and \$46,402,743, respectively. The refunding of the 2003B, 2004, and 2004A reduced debt service by \$7,283,471 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$6,521,301.

On February 5, 2014, the Public Service Board - El Paso Water Utilities issued \$64,900,000 in Water and Sewer Revenue Refunding Bonds, Series 2014 with an average interest rate of 4.83% to refund \$30,000,000 of Water and Sewer Commercial Paper Notes with an average interest rate of .12%, to advance refund \$40,335,000 of 2005A Water and Sewer Revenue Refunding bonds with an average interest rate of 5.11%. The liabilities associated with these bonds were removed from the related payables. As of February 28, 2014 \$40,335,000 of bonds remained outstanding with an estimated related escrow balance of \$43,285,533. The refunding of the 2005A reduced debt service by \$4,379,527 and resulted in an economic gain (difference between the present values of the old and new service payments) of \$3,060,590.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

10. REVENUE BONDS (Continued)

Municipal Drainage Utility

Municipal Drainage Revenue Bonds payable for the Municipal Drainage Utility Fund in the amount of \$63,384,000 and \$65,743,000 as of February 28, 2014 and 2013 are equally and ratably secured by and payable from an irrevocable first lien on and pledge of the net revenue of the Municipal Drainage Utility Fund which is presented in Note 14. The pledge of net revenue is in effect until the bonds are extinguished. The Revenue Bonds payable as of February 28, 2014 include the following individual issues:

	Amounts Outstanding 2/28/13	Issued	Retired/ Refunded	Amounts Outstanding 2/28/14	Due Within One Year
\$53,000,000 2009 Series due in annual installments of \$1,935,000 to \$4,335,000 with interest due at 5.38%. Final payment due 2029.	\$ 49,615,000	\$ -	\$ 1,835,000	\$ 47,780,000	\$ 1,935,000
\$2,163,000 2009A Series due in annual installments of \$107,000 to \$109,000 with interest at 0%. Final payment due 2031.	2,053,000	-	109,000	1,944,000	109,000
\$14,075,000 2012 Series due in annual installments of \$480,000 to \$995,000 with interest due at 2% to 5%. Final payment due 2032.	14,075,000	-	415,000	13,660,000	480,000
Total bonds outstanding	65,743,000	\$ -	\$ 2,359,000	63,384,000	\$ 2,524,000
Less current maturities	<u>2,359,000</u>			<u>2,524,000</u>	
Total long term portion	<u>\$ 63,384,000</u>			<u>\$ 60,860,000</u>	

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

10. REVENUE BONDS (Continued)

Interest costs incurred on revenue bonds totaled \$3,107,427 in 2014 of which \$285,533 was capitalized, and \$2,997,899 in 2013 of which \$455,990 was capitalized.

Municipal Drainage Utility Fund Annual Revenue Bond Debt Service Requirements

Year Ending February	Principal	Interest	Total
2015	\$ 2,524,000	\$ 2,169,096	\$ 4,693,096
2016	2,644,000	2,087,368	4,731,368
2017	2,774,000	1,996,393	4,770,393
2018	2,919,000	1,898,035	4,817,035
2019	3,069,000	1,791,592	4,860,592
2020 - 2024	17,922,000	7,106,341	25,028,341
2025 - 2029	23,096,000	3,460,245	26,556,245
2030 - 2033	8,436,000	346,172	8,782,172
	<u>\$ 63,384,000</u>	<u>\$ 20,855,242</u>	<u>\$ 84,239,242</u>

On June 15, 2012, the Public Service Board - El Paso Water Utilities issued \$14,075,000 in Municipal Drainage Utility System Revenue Bonds, Series 2012 Bonds with an average interest rate of 3.83% to finance drainage projects and improvements throughout the City of El Paso.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The company has estimated no liability for EPWU as of February 28, 2014.

EPWU is required to comply with various requirements in the ordinances authorizing the bond issuances. Management of EPWU has indicated they are in compliance with all significant requirements.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

11. LAND NOTES PAYABLE

During the fiscal year ending February 29, 2004, EPWU purchased two parcels of land totaling 8,865.15 acres that were financed through note instruments. The first note was for a total of \$401,692 with an interest rate of 3.95% for a period of ten years and payments of \$49,402 due in March of each year. This note was paid off in March 2013. The second note was for a total of \$9,971,186 with an interest rate of 5% for the first year and adjusted by the change in rate of a 10 year U.S. Treasury Note on September 1st of each year thereafter. This note is for a period of 15 years with payments due in September in the amount of \$960,648. The \$9,971,186 purchase also included a lease back of the property for a period of 15 years and an annual lease payment of \$400,000. The following is a list of the principal and interest payments due for the note payable:

Year Ending February	Principal	Interest	Total
2015	\$ 752,693	\$ 124,773	\$ 877,466
2016	790,328	102,192	892,520
2017	829,844	78,482	908,326
2018	871,337	53,587	924,924
2019	914,885	27,447	942,332
	\$ 4,159,087	\$ 386,481	\$ 4,545,568

12. COMMERCIAL PAPER

EPWU through the City of El Paso and JP Morgan Chase Bank (the “Bank”) entered into a revolving credit agreement (the “Credit Agreement”) in February 2009 pursuant to which the Bank is obligated under the Credit Agreement to loan to the City amounts not to exceed \$40,000,000 for the purpose of paying amounts due on the Commercial Paper Program. The purpose of the Commercial Paper Program is to provide funds for the interim financing of a portion of the costs of capital improvements to the system. On July 3, 2013, the parties amended (the “Credit Agreement”) to extend the Final Date to August 3, 2015. Any borrowing under the Credit Agreement is equally and ratably secured by and payable from the above-described sources pledged for payment of the Commercial Paper Program and from a pledge of the Net Revenues of the Water and Wastewater Utility, such pledge being subordinate to the pledge of Net Revenues securing all Senior Lien Obligations. Management intends to continue the remarketing of the tax exempt commercial paper notes as it intends to maintain a portion of its debt in variable rates.

The borrowings under the Commercial Paper Program are equally and ratably secured by and are payable from (i) the proceeds from the sale of bonds or additional borrowing under the Commercial Paper Program and (ii) borrowing under and pursuant to the revolving credit agreement.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

12. COMMERCIAL PAPER (Continued)

Since the commercial paper represents activity that is the result of EPWU's long term financing plan, the amounts outstanding are presented as long term. The "paper" can be sold in \$100,000 increments and matures from one to 270 days. As of February 28, 2013 there was \$8,000,000 outstanding and as of February 28, 2014 the following amount was outstanding:

2014	Maturity Date	Coupon Rate
\$ 5,000,000	04/08/2014	0.12%

13. OTHER GOVERNMENT PAYABLES

During the fiscal year ending February 28, 2010, EPWU entered into a wholesale contract with Fort Bliss to provide water services for a 20 year period effective June 1, 2009. The El Paso Water Utility is to credit Fort Bliss \$3,300,000 with an interest rate of 4.5% totaling \$5,010,583 over 20 years (\$20,877 monthly) for the engineering/environmental analysis in connection with the Desalination Plant. The following is a list of the principal and interest payments due to Fort Bliss as of February 28, 2014:

Year Ending February	Principal	Interest	Total
2015	\$ 128,931	\$ 121,598	\$ 250,529
2016	134,854	115,675	250,529
2017	141,049	109,480	250,529
2018	147,529	103,000	250,529
2019	154,307	96,222	250,529
2020 - 2024	884,608	368,038	1,252,646
2025 - 2029	1,107,348	145,298	1,252,646
2030	62,166	467	62,633
	\$ 2,760,792	\$ 1,059,778	\$ 3,820,570

14. DEBT SERVICE COVERAGE

Water and Wastewater Utility

The bond ordinances require the EPWU Water and Wastewater Utility Fund to maintain revenues in each fiscal year, after deductions for maintenance and operation expenses, in an amount equal to at least 1.5 times the debt service requirements in such year. The computations of this ratio are summarized below for the years ended February 28, 2014 and February 28, 2013.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

14. DEBT SERVICE COVERAGE (Continued)

	2014	Restated 2013
Revenues available for debt service	\$ 94,119,209	\$ 86,168,995
Debt service requirements		
Principal	25,100,000	22,935,000
Interest	19,946,447	19,878,548
Total requirements	45,046,447	42,813,548
Debt service ratio	2.09	2.01

Revenues available for debt service are determined as follows:

	2014	Restated 2013
Water and wastewater revenue	\$ 172,115,795	\$ 167,469,494
Operating revenue deductions	80,439,770	83,482,637
Net water and wastewater revenue	91,676,025	83,986,857
Other revenues available for debt service:		
Interest income	265,915	258,250
IRS Tax Credit Build America Bonds	221,332	249,428
Property rentals	2,019,831	1,929,652
Administration fees - City Solid Waste Management	608,171	599,350
Other miscellaneous operating revenue	1,615,576	1,658,802
Gain on sale of miscellaneous assets	314,473	122,773
Other miscellaneous operating expenses	(2,602,114)	(2,636,117)
Net other revenues available for debt service	2,443,184	2,182,138
Revenues available for debt service	\$ 94,119,209	\$ 86,168,995

Municipal Drainage Utility

The bond ordinances require the EPWU Municipal Drainage Utility Fund to maintain revenues in each fiscal year, after deductions for maintenance and operation expenses, in an amount equal to at least 1.25 times the debt service requirements in such year. The computations of this ratio are summarized below for the years ended February 28, 2014 and 2013.

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

14. DEBT SERVICE COVERAGE (Continued)

	2014	Restated 2013
Revenues available for debt service	\$ 9,562,270	\$ 10,508,216
Debt service requirements		
Principal	2,359,000	1,850,000
Interest	3,216,969	2,716,093
Total requirements	5,575,969	4,566,093
Debt service ratio	1.71	2.30

Revenues available for debt service are determined as follows:

	2014	Restated 2013
Municipal drainage utility revenue	\$ 15,162,459	\$ 15,066,412
Operating revenue deductions	6,918,000	6,035,460
Net municipal drainage utility revenue	8,244,459	9,030,952
Other revenues available for debt service:		
Interest income	89,659	104,278
IRS Tax Credit Build American Bonds	828,171	934,250
Property rentals	41,725	42,597
Gain on sale of miscellaneous assets	-	27,205
Other miscellaneous operating revenue	358,256	578,131
Other miscellaneous operating expenses	-	(209,197)
Other revenues available for debt service	1,317,811	1,477,264
Revenues available for debt service	\$ 9,562,270	\$ 10,508,216

15. RISK MANAGEMENT

EPWU is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Additionally, the Water and Wastewater Utility and the Municipal Drainage Utility, through the City of El Paso, maintain insurance policies acquired from independent insurance carriers covering all material structural property.

EPWU, in conjunction with the City of El Paso, provides health benefits, life insurance, and worker's compensation benefits under a self-insurance plan for eligible employees and retirees. EPWU and the City of El Paso fund these plans separately, and EPWU is responsible for the costs incurred related to the employees of EPWU.

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

15. RISK MANAGEMENT (Continued)

The City maintains a group health insurance plan for active and retired employees and their eligible dependents through a self-insured plan of benefits administered by Aetna. Reinsurance coverage limits the annual liability of EPWU to \$225,000 per claim per covered member. Contributions to the fund are provided by both EPWU and participating employees. The group life insurance plan is provided by a commercial carrier. Health expenses and liabilities are recorded separately by EPWU for any eligible EPWU members enrolled in these plans. Costs are recorded in the fund from which the employees' compensation is paid.

Claims Administrative Services administers the worker's compensation self insurance program. A separate bank account is used to pay all claims for worker's compensation, and EPWU accrues estimated future liabilities for worker's compensation claims filed as of the end of the year. Management feels that the contributions made during the year for worker's compensation will offset any claims paid during the year.

For the years ended February 28, 2014 and 2013, and February 29, 2012 the amount of settlements did not exceed insurance coverage and there were no significant reductions in the coverage from the prior year. The estimated liability for unpaid health claims is based upon the claim lag report. The estimated liability for unpaid worker's compensation claims, is the discounted future payments, as actuarially determined, of case reserves plus claims incurred but not reported as of the actuarial report date of February 28, 2014. Accrued liabilities for these self insurance programs are summarized below for the years ended February 28, 2014 and 2013, and February 29, 2012:

	2014	2013	2012
Health Insurance	\$ 513,047	\$ 206,704	\$ 205,195
Worker's Compensation	871,868	1,062,414	1,062,414
	1,384,915	1,269,118	1,267,609
Total payable	1,384,915	1,269,118	1,267,609
Less current portion	836,027	356,765	643,572
	\$ 548,888	\$ 912,353	\$ 624,037
Estimated Long-term portion	\$ 548,888	\$ 912,353	\$ 624,037

Changes in accrued liabilities for self insurance programs were as follows:

	2014	2013	2012
Total payable, beginning of year	\$ 1,269,118	\$ 1,267,609	\$ 1,060,795
Additional claims incurred	3,763,153	4,823,825	5,039,774
Claims paid during the year	(3,647,356)	(4,822,316)	(4,832,960)
	\$ 1,384,915	\$ 1,269,118	\$ 1,267,609
Total payable, end of year	\$ 1,384,915	\$ 1,269,118	\$ 1,267,609

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

16. PENSION AND RETIREMENT PLAN

General - The Public Service Board - El Paso Water Utilities contributes to the City Employees' Pension Fund (CEPF) which is a single-employer defined benefit pension plan. It is the responsibility of the CEPF to function as an investment and administrative agent for the City of El Paso and EPWU with respect to the pension plan. Stand-alone financial statements may be obtained from the City Employees' Pension Fund administrative office at City of El Paso, 400 W. San Antonio Ave., Suite B, El Paso, Texas 79901.

Basis of Accounting - The accounting policies for the CEPF have been established to conform to generally accepted accounting principles for state and local governments as promulgated by authoritative pronouncements issued by the Governmental Accounting Standards Board. The CEPF is accounted for on an economic resources measurement focus using the accrual basis of accounting.

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires the CEPF's management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the CEPF's financial statements and the reported changes in net assets during the reporting period. Actual results may differ from those estimates.

Valuation of Investments - Investments are stated at fair value. The fair value of marketable investments, including U.S. government securities, mutual funds, and corporate bonds and stocks, is determined by the latest bid price or by the closing exchange price at statement of plan net position dates (fair value). The fair value of investments in bank collective investment, commingled and real estate investment funds are determined by the investment funds based on the fair values of the underlying securities in the funds. Bank collective investment funds are governed by Section 9.18 of Regulation 9 issued by the Office of Comptroller of the Currency and by other applicable regulations as defined by the Mellon Bank, N.A. Employee Benefit Collective Investment Fund Plan.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net appreciation in fair value of investments reflected in the CEPF statements of changes in plan net position represents gains or losses realized during the year plus or minus the change in the net unrealized gains or losses on investments. The change in net unrealized gains or losses on investments represent the change in the difference between the cost and fair value of investments at the beginning versus the end of the year.

Concentration of Investments - The following table presents the fair value of investments that represent 5% or more of the CEPF's net position available for benefits at August 31, 2013. These investments are in bank collective investment funds which consist of diversified portfolios of investments as described previously.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

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16. PENSION AND RETIREMENT PLAN (Continued)

	<u>Shares</u>	<u>Fair Value</u>
EB MCM Aggregate Bond Index Fund		
Mellon Capital Management Corporation	158,695	\$ 54,994,655
Winslow Large Capital Growth Fund		
Wilmington Trust Company	1,718,267	45,379,431
Franklin Templeton Global Multisector Plus Trust		
Franklin Templeton Investments	3,017,241	35,452,586
MCM EB Daily Valued Treasury		
Mellon Capital Management Corporation	28,231	35,135,995
UBS Trumbull Property Fund		
UBS Realty Investors	3,856	33,787,948

Plan Description - The CEPF covers substantially all full-time employees of the City (including EPWU). Certain contract and permanent part-time employees have the option to participate, but they must sign an irrevocable election regarding membership in the plan. Non-employer contributions are limited to participating employees. The designated purpose of the CEPF is to provide retirement, death, and disability benefits to participants or their beneficiaries.

The CEPF is administered by the CEPF Board which is comprised of two citizens designated by the Mayor who are not officers or employees of the City, four elected City employees, a retiree, and two district representatives. The CEPF Board contracts with an independent pension custodian, investment managers, a pension consultant, and an actuary to assist in managing the CEPF.

The CEPF is not required to maintain any legally required reserves.

Participation is mandatory for classified employees (except permanent part-time employees). For non-classified employees, participation is mandatory for employees hired after July 1997. Classified employees include all persons who are permanent, full-time employees and are not otherwise excluded from the CEPF. There are two tiers of benefits, employees who became plan participants before September 1, 2011 are Tier 1, and those who became eligible after are Tier 2.

First Tier Plan

Participants who leave the plan before completion of five years of service receive a refund of their contributions. Participants leaving the plan with more than five years of service but less than ten years of service may receive a refund of their contributions plus interest at 5.5%, compounded annually, provided they are not eligible for normal retirement.

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

16. PENSION AND RETIREMENT PLAN (Continued)

Participants become fully vested after reaching forty years of age and ten years of service of forty-five years of age and seven years of service. Normal retirement is the earlier of (i) fifty-five years of age with ten years of service, or (ii) sixty years of age with seven years of service or (iii) thirty years of service regardless of age. Participants who have met the minimum vesting requirements may retire but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement which will provide an actuarially reduced pension benefit payment upon termination.

Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.5% of final wages defined as the greatest of (i) 2.5% of the average monthly gross earnings received by the employee during the three years immediately prior to retirement, (ii) 2.5% of the average monthly base salary received by the employee during the year immediately prior to retirement, or (iii) 2.5% of the monthly base salary for the month immediately prior to retirement, multiplied by the number of completed years of service, plus .2083 of 1% of such average for each additional completed or fractional part of a month of service.

Second Tier Plan

Participants who leave the plan before completion of seven years of service receive a refund of their contributions. Participants leaving the plan with more than seven years of service but less than ten years of service may receive a refund of their contributions plus interest at 3%, compounded annually, provided they are not eligible for normal retirement.

Participants become vested after reaching 45 years of age and 7 years of service. Normal retirement is the earlier of (i) sixty years of age with seven years of service, or (ii) thirty-five years of service regardless of age. Participants who have met the minimum vesting requirements may retire but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement which will provide an actuarially reduced pension benefit payment upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.25% of the average monthly gross earnings received by the employee during the three years immediately prior to retirement, plus .1875 of 1% of such average for each additional completed or fractional part of a month of service, limited to 90% of the three year average final pay.

A pension benefit is available to surviving spouses and dependents. The plan includes no automatic increase in retirement benefits; however, the Board, at its discretion after consideration of a recent actuarial review of the funding status, may provide ad hoc cost of living or other increases in retirement benefits.

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

16. PENSION AND RETIREMENT PLAN (Continued)

Membership in the above described pension plan is as follows as of August 31, 2013:

Retirees and beneficiaries receiving benefits	2,545
Terminated plan members entitled to but not yet receiving benefits	82
Active plan members	4,208
Total	6,835

Contributions - Contribution rates for the CEPF are based upon local statutes and are not actuarially determined. However, each time a new actuarial valuation is performed, contribution requirements are compared to the actuarially determined amount necessary to fund service costs and amortize the unfunded actuarial accrued liability (using entry-age-normal cost method) over 30 years. As of the most recent actuarial valuation, the contribution rate was 22.1% of annual covered payroll.

EPWU's gross payroll for fiscal years ended 2014, 2013, and 2012, were \$32,572,161, \$31,140,855, and \$30,608,423, respectively. The portion attributable to eligible employees covered by the pension plan for fiscal years ended 2014, 2013, and 2012 were \$31,870,410, \$30,838,768, and \$30,127,747, respectively. Covered payroll refers to all compensation paid by EPWU to active employees covered by the City PERS on which contributions to the pension are based.

Total contributions into the plan represent 22.1% of wages paid to eligible employees of which 13.45% was contributed by EPWU and 8.65% was contributed by the employees on a pre-tax basis. Total contributions for fiscal years ended 2014, 2013, and 2012 were \$6,888,257, \$6,391,868, and \$5,969,718, respectively. EPWU contributed a total of \$4,183,125, \$3,865,481, and \$3,593,168, and employees contributed \$2,705,132, \$2,526,387, and \$2,376,550, for fiscal years ended 2014, 2013, and 2012, respectively. EPWU contributed 100% of the annual required contributions in the City of El Paso Pension plan for each of the fiscal years ended 2014, 2013, and 2012.

Securities Lending - The CEPF enters into securities lending transactions with broker/dealers for which fees are paid to the CEPF. The CEPF Board may legally and contractually authorize the use of CEPF's securities for lending transactions. The securities involved in the lending transactions continue to be recorded at fair value. Parameters are established by the CEPF's investment guidelines for securities lending transactions. These guidelines require that all securities lending occur with specified broker/dealers and that securities be collateralized using U.S. issuer securities at 102% and non U.S. issuer securities at 105% of the fair value of the securities. U.S. issuer securities used as collateral are marked to fair value on a daily basis to evaluate whether the collateralization requirements of the fair value of investments is always maintained. The CEPF may not pledge or sell the collateral securities except on default of the borrower. Because of this, CEPF administration believes there is some minimal credit risk associated with securities lending transactions. There is no loss indemnification provided to the CEPF by the investment managers or broker/dealers. As of August 31, 2013, the fair value of securities loaned to others, consisted of:

Corporate Stocks	\$ 20,943,954
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(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

16. PENSION AND RETIREMENT PLAN (Continued)

Annual Pension Cost and Net Pension Obligation - The annual pension cost and net pension obligation to CEPF for the years ended August 31, 2013, 2012, and 2011 are shown below. Since the annual cost and obligation of the pension plan are the responsibility of the City of El Paso, these amounts are recorded in its financial statements. EPWU is a participant of the plan and contributes to the plan but does not have any liability associated with the pension plan.

Year	Annual Required Contribution (ARC)	Interest on NPO	Adjustment to ARC	Annual Pension Cost	Contributions Made	Increase (Decrease) in NPO	Net Pension Obligation
8/31/2013	21,075,292	98,880	(73,695)	21,100,477	20,502,828	597,649	1,916,045
8/31/2012	19,605,418	96,690	(67,408)	19,634,700	19,524,934	109,766	1,318,396
8/31/2011	18,356,531	62,556	(43,611)	18,375,476	17,948,799	426,677	1,208,630

The percentage of Annual Pension Cost Contributed for the above three years is 97.2%, 99.4%, and 97.7%, respectively.

Schedule of Funding Progress:

<u>Actuarial valuation date</u>	(1) <u>Actuarial value of assets</u> (dollars in thousands)	(2) <u>Actuarial liability (AAL) entry age</u> (dollars in thousands)	(3) <u>Unfunded AAL (UAAL) (2) - (1)</u> (dollars in thousands)	(4) <u>Funded ratio (1) : (2)</u>	(5) <u>Covered payroll</u> (dollars in thousands)	(6) <u>UAAL as a percentage of covered payroll (3) : (5)</u>
9-1-2012	581,725	788,204	206,479	73.8%	147,740	139.8%
9-1-2010	569,723	709,997	140,274	80.2%	143,107	98.0%
9-1-2008	552,815	631,591	78,776	87.5%	136,508	57.7%

The information presented in the schedule of funding progress was determined as part of actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows:

Actuarial Valuation Date	September 1, 2012
Actuarial Cost Method	Entry Age
Asset Valuation Method	Five-year smoothed
Assumed Inflation Rate	3.5%
Assumed Investment Rate of Return	7.5%
Assumed Projected Salary Increases	4.0% - 5.7%
Assumed Cost of Living Adjustment	Partial 13 th Check
Amortization Method	Level percent open
Remaining Amortization Period	21 years
Factors that significantly affect the identification of trends	None

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

16. PENSION AND RETIREMENT PLAN (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

17. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City (including the Public Service Board - El Paso Water Utilities) sponsors and administers an informal single-employer defined benefit healthcare plan. Texas statute provides that retirees from a municipality with a population of 25,000 or more and that receive retirement benefits from a municipal retirement plan are entitled to purchase continued health benefits coverage for the retiree and the retiree's dependents unless the retiree is eligible for group health benefits coverage through another employer. The State of Texas has the authority to establish and amend the requirements of this statute. The City does not issue stand alone financial statements of the healthcare plan but all required information is presented in this report.

The Plan provides certain health care benefits for retired employees, their spouses, and dependents. Substantially all of EPWU's employees may become eligible for those benefits if they reach normal retirement age while working for EPWU. Retiree coverage is the same as the coverage provided to active City employees and for retirees under 65. Retirees over 65 are covered through a Medicare Advantage Plan. The contribution requirements of plan members are established by City ordinance and may be amended as needed. Retirees pay premiums ranging from \$106 per month to \$1,319 per month depending on the coverage elected. The cost of retiree health care benefits is recognized as an expense as liabilities are incurred. Of 2,533 retirees eligible (including the City and EPWU), there were 868 retirees covered under this plan at August 31, 2013. Dependent coverage was provided for 390 of the retirees, respectively. Total benefits (including the City and EPWU) paid for retirees during the year ended August 31, 2013 and 2012 was approximately \$1,920,450 and \$6,227,298, respectively.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

17. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funding Policy

Permanent EPWU employees and retirees under 65 years of age have the same benefits as offered by the City of El Paso. The plan premium rates are determined annually by the City's OMB Department in collaboration with an outside benefits consulting firm and are approved by the El Paso City's Council. The City's adopted budget policy maintains that retirees must pay 45% of the cost of premiums. Retirees are responsible for the full cost of coverage for their dependents who participate in the plan. The City employs a pay-as-you-go method and adjusts the rates annually as needed. EPWU self-funds its benefits plan that is offered to its employees, and effective August 1, 2012 pays premiums to a fully insured plan for its retirees.

Annual OPEB costs and Net OPEB Obligation

EPWU's annual other post-employment benefit (OPEB) cost for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following tables show the components of the annual OPEB cost for the years ended February 28, 2014 and 2013, the amount actually contributed to the plan, and changes in the net OPEB obligation.

<u>February 28, 2014</u>	<u>Water and Wastewater Utility</u>	<u>Municipal Drainage Utility</u>
Annual Required Contribution	\$ 1,231,744	\$ 60,505
Interest on Net OPEB Obligation	264,898	6,570
Adjustment to Annual Required Contribution	<u>(245,425)</u>	<u>(6,087)</u>
Annual OPEB Cost	1,251,217	60,988
Less Contributions Made	<u>(417,244)</u>	<u>(9,993)</u>
Increase in Net OPEB Obligation	833,973	50,995
Net OPEB Obligation - Beginning of year	<u>5,886,619</u>	<u>145,992</u>
Net OPEB Obligation - End of year	<u><u>\$ 6,720,592</u></u>	<u><u>\$ 196,987</u></u>

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

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17. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

<u>February 28, 2013</u>	<u>Water and Wastewater Utility</u>	<u>Municipal Drainage Utility</u>
Annual Required Contribution	\$ 1,195,868	\$ 58,743
Interest on Net OPEB Obligation	227,484	3,962
Adjustment to Annual Required Contribution	<u>(210,761)</u>	<u>(3,671)</u>
Annual OPEB Cost	1,212,591	59,034
Less Contributions Made	<u>(381,162)</u>	<u>(1,096)</u>
Increase in Net OPEB Obligation	831,429	57,938
Net OPEB Obligation - Beginning of year	<u>5,055,190</u>	<u>88,054</u>
Net OPEB Obligation - End of year	<u>\$ 5,886,619</u>	<u>\$ 145,992</u>

The Water and Wastewater Utility's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 1,251,217	\$ 417,244	33.35%	\$ 6,720,592
2013	1,212,591	381,162	31.43%	5,886,619
2012	1,128,711	501,823	44.46%	5,055,190

The Municipal Drainage Utility's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 60,988	\$ 9,993	16.39%	\$ 196,987
2013	59,034	1,096	1.86%	145,992
2012	20,389	1,823	8.94%	88,054

Management feels that the contributions made during the year to other post employment benefits will offset any claims paid during the year. Therefore, the entire liability is estimated to be long term and recorded as such.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

17. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the plan was not funded as shown in the table below:

	Water and Wastewater Utility	Municipal Drainage Utility
Actuarial Accrued Liability (AAL)	\$ 13,411,767	\$ 372,081
Actuarial Value of Plan Assets	-	-
Unfunded actuarial accrued liability (UAAL)	\$ 13,411,767	\$ 372,081
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll	\$ 29,165,415	\$ 1,653,481
Unfunded actuarial accrued liability as a percentage of covered payroll	45.99%	22.50%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of health benefits are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant method and assumptions used for this fiscal year valuation were as follows:

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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

17. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Methods and Assumptions

Actuarial Valuation Date	January 1, 2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level as a percentage of employee payroll
Amortization Period	30 year, open amortization
Inflation Rate	3% per annum
Investment Rate of Return	4.5% net of expenses
Payroll Growth	3% per annum
Healthcare cost trend rate	Initial rate of 8% declining to an ultimate rate of 4.5% after 7 years

18. DEFERRED COMPENSATION

The EPWU through the City of El Paso offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457.

The plan, available to all EPWU employees, permits them to defer a portion of their salaries until future years. EPWU does not make any contributions to the plan. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death. The investments are managed by an outside administrator and investment options are made by participants.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants.

In management's opinion, EPWU has no liability for losses under the Plan. However, the City of El Paso and EPWU does have the duty of due care that would be required of an ordinary, prudent fiduciary.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

19. LEASING ARRANGEMENTS WITH EPWU AS LESSOR

EPWU leases real properties under various long-term lease agreements under the operating method of accounting for leases. Minimum future rentals to be received on non-cancelable leases as of February 28, 2014, for each of the next five years and in the aggregate are:

Water and Wastewater Utility

<u>Year ended February</u>	<u>Amount</u>
2015	\$ 1,823,807
2016	1,749,354
2017	1,720,112
2018	1,672,514
2019	1,479,854
2020 - 2024	4,911,491
2025 - 2029	2,889,766
2030 - 2034	1,865,491
2035 - 2038	<u>72,396</u>
Total minimum future rentals	<u><u>\$ 18,184,785</u></u>

Municipal Drainage Utility

<u>Year ended February</u>	<u>Amount</u>
2015	\$ 41,315
2016	21,000
2017	21,000
2018	16,500
2019	15,000
2020 - 2022	<u>31,250</u>
Total minimum future rentals	<u><u>\$ 146,065</u></u>

20. LEASING ARRANGEMENTS WITH EPWU AS LESSEE

EPWU leases buildings, land, computer equipment, and copiers for the Water and Wastewater Utility and the Municipal Drainage Utility under various long-term lease agreements which are recognized using the operating method of accounting for leases. Minimum future payments as of February 28, 2014 are as follows:

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

20. LEASING ARRANGEMENTS WITH EPWU AS LESSEE (Continued)

Water and Wastewater Utility

<u>Year ended February</u>	<u>Amount</u>
2015	\$ 802,320
2016	701,552
2017	611,251
2018	570,131
2019	431,923
2020 - 2024	2,087,720
2025 - 2029	2,047,500
2030 - 2034	2,047,500
2035 - 2039	2,047,500
2040 - 2044	2,047,500
2045 - 2049	2,047,500
2050 - 2054	2,047,500
2055 - 2059	2,047,500
2060	<u>102,375</u>
	<u><u>\$ 19,639,772</u></u>

Rental expense for the years ended February 28, 2014 and 2013 was \$1,203,109 and \$1,113,768, respectively.

Municipal Drainage Utility:

<u>Year ended February</u>	<u>Amount</u>
2015	\$ 19,221
2016	17,495
2017	12,381
2018	<u>12,381</u>
	<u><u>\$ 61,478</u></u>

Rental expense for the years ended February 28, 2014 and 2013 was \$17,089 and \$13,464, respectively.

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

21. WHOLESALE WATER SUPPLY AND WASTEWATER TREATMENT CONTRACTS

EPWU has entered into various wholesale water supply and wastewater treatment contracts to supply water and provide wastewater treatment to several Municipal Utility Districts and other entities who provide retail service to their customers. The contracts vary in length from 5 years to 20 years with renewal options available with the consent of both parties. The wholesale rates are updated annually based on cost of service including specific cost credits or offsets to specific entities due to grant proceeds related to specific water and wastewater service areas.

The following is a summary of wholesale water and wastewater rates to each entity served by EPWU:

<u>Name of Entity</u>	<u>Water Rate</u>	<u>Wastewater Rate</u>
Lower Valley Water District	\$1.04 per ccf	\$0.75 per ccf
County - East Montana	\$0.90 per ccf	N/A
Haciendas Del Norte MUD	\$1.42 per ccf	N/A
Ponderosa/Western Village	\$1.79 per ccf	N/A
Gaslight Square MHE	\$2.02 per ccf	\$1.41 per ccf
Paseo del Este MUD (includes fixed base differential rate of \$0.26 for water and \$0.33 for wastewater)	\$1.96 per ccf	\$1.71 per ccf
Fort Bliss	\$0.79 per ccf	\$1.38 per ccf
County - Mayfair/Nuway and Schuman	\$1.56 per ccf	N/A

Transactions with these entities are summarized below:

	<u>2014</u>	<u>2013</u>
Water Sales	<u>\$ 4,548,425</u>	<u>\$ 4,147,018</u>
Wastewater Services	<u>\$ 2,731,329</u>	<u>\$ 3,336,625</u>

22. SURFACE WATER CONTRACTS

The EPWU purchases all its Rio Grande Project surface water from the El Paso County Water Improvement District #1 (District) through various contracts, briefly described below, among the United States Department of Interior-Bureau of Reclamation, the Lower Valley Water District (LVWD), and the City of El Paso, through EPWU.

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

22. SURFACE WATER CONTRACTS (Continued)

In a full allocation year, EPWU is currently entitled to receive approximately 28,410 acre feet (AF) of District water under two contracts titled the "1941 Contract" and the "1962 Contract". The 1941 Contract authorizes EPWU to purchase up to 2,000 acres of water rights land and to receive the water appurtenant to such land. The 1962 Contract authorizes EPWU to lease the water rights from residential land tracts inside the city limits and to receive the annual water allotment up to a maximum of 3.50 AF per acre. Under these two contracts, EPWU currently receives water based on its full land purchase authorization of 2,000 acres and 6,163 acres of leased water rights, whose terms range from 25 years to 75 years. During calendar year 2013, the cost of the water purchased from the District for the water associated with the land owned was composed of two parts; a land assessment fee of \$25 per acre, plus a water assessment fee of \$20 per AF. These two charges plus a one-time administrative fee of \$100 and an account service charge of \$12 per lease also applies to the water acquired through leases. EPWU also receives water rights associated with land owned and leases on 3,568 acres obtained within the LVWD. During a full allocation year, these LVWD water rights are equivalent to 14,279 AF worth of raw surface water.

In April of 2001, EPWU executed a contract titled "2001 Implementing Third Party Contract" (ITPC) which allows EPWU to purchase up to 28,116 AF of District water, and as little as zero AF, based on the District's annual water allotment. EPWU, currently owns a total 3,095.92 acres of water rights land. Under the terms of the ITPC (as amended March 2010), EPWU pays \$15 per AF in the initial year of the contract for water allotted to EPWU owned acreage in excess of 2,000 acres, up to a 2,250 acre maximum. This price is adjusted annually by the "Consumer Price Index-All Urban Consumers, All Items". For all other water made available by the District under this contract, EPWU pays \$193.50 per AF for the calendar year commencing January 1, 2001, escalating to \$260 per AF for the calendar year commencing January 1, 2010. In March of 2010, the PSB and the District executed a First Amendment to the ITPC in which the parties agreed to increase said price by the CPI starting on January 1, 2013, with the price for the 2011 and 2012 calendar years set a \$260 per AF. This amendment also increased the quantity of water allotted pursuant to PSB owned acreage in excess of 3,000 acres to 3,250 acres.

Also under the terms of the ITPC, in any year when the Directors of the District determine that the annual water allotment is two AF or greater, then for each AF of usable sewage effluent discharged by EPWU from the Haskell Street Wastewater Treatment Plant into the American Canal, the District allows the City a credit against any charges of the District equal to the current year's price per AF multiplied by one-half. The maximum allowable credit for usable sewage effluent for any given year is 15,000 AF.

In addition to the price of District water, EPWU pays the federal revenue component on all District water delivered to EPWU. This federal revenue component is \$5 per AF or 5% of current year's contract price of the water, whichever is greater. In calendar year 2013, EPWU received an allotment of 0.88 AF per acre of surface water and treated 10,534 AF of this water for distribution to its customers.

This note is intended to summarize major components of the contracts; however, it is recommended that the contracts be reviewed, in their entirety, by interested parties.

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

23. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Through the ordinary course of its operations, EPWU becomes subject to various claims and litigation. As of the date of these financial statements, EPWU was named in various legal actions. To the extent the outcome of such litigation is determined to result in probable loss to the EPWU, such loss is accrued in the financial statements. However, as of February 28, 2014, no amounts have been accrued because legal counsel has not determined that the litigation will result in a probable loss to EPWU since the outcome cannot be determined at this time. Management and legal counsel are of the opinion that settlement of these claims and pending litigation will not have a materially adverse effect on EPWU's financial statements.

EPWU has received federal and state financial assistance for specific purposes that are subject to review and audit by the grantor agencies. Although management believes compliance with grant guidelines is adhered to, grantor audits could result in requests for reimbursement of expenditures determined to be disallowed. Management believes such disallowances, if any, will be immaterial.

EPWU has ongoing construction projects under non-cancelable contracts. At February 28, 2014, the Water and Wastewater Utility had appropriations and estimated commitments for services yet to be performed that totaled \$120,469,064. At February 28, 2014, the Municipal Drainage Utility had appropriations and estimated commitments for services yet to be performed totaling \$44,951,321.

24. RELATED PARTY TRANSACTIONS

The Public Service Board - El Paso Water Utilities makes payments to the City of El Paso based upon a percentage of water sales. In addition, EPWU acts as a billing and collecting agent for solid waste for the City. The following is a summary of those transactions:

	2014	2013
Revenues from City:		
Water and Wastewater Sales	\$ 3,268,002	\$ 3,478,737
Billing and Collecting Agent fees	868,815	856,214
Public Fire Protection	-	474,973
Drainage Fees	284,238	287,208
Expenses to City:		
10% of Water Sales	10,452,519	10,373,859
5% on gain on sale of land	100,697	8,835
Receivable:		
Accounts Receivable from City	599	9,982
Payable:		
Garbage collections fees payable to City	4,645,520	4,111,655
10% of water sales payable to City	626,634	557,850
Property and health insurance payable to City	806,094	405,137
City projects and other expenses payable to City	316,691	1,518,466

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO FINANCIAL STATEMENTS

February 28, 2014 and 2013

25. RESTRICTED NET POSITION

Amounts have been restricted for construction projects and for payment of bonded debt.

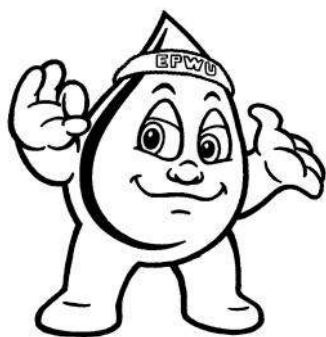
26. RECLASSIFICATIONS

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

27. PRIOR PERIOD RESTATEMENT AND ADJUSTMENTS

In fiscal year 2014, EPWU adopted GASB Statement No. 65 (GASB 65), *Items Previously Reported as Assets and Liabilities*. GASB 65 affects the way EPWU accounts for debt issue costs and reports losses associated with debt refunding. Previously, the applicable guidance dictated that EPWU capitalize debt issue costs and amortize them over the life of the debt. Debt issue costs are now treated as an expense in the period incurred. Loss on debt refunding is now reported as a deferred outflow of resource instead of a reduction to outstanding debt in the Statement of Net Position. GASB 65 requires all periods presented to be restated to conform to the new requirements. As such, the financial statements as of February 28, 2013 have been restated, and a prior period adjustment was made in fiscal year 2013 for prior years that reduced the net position for the Water and Wastewater Utility Fund by \$5,498,679 and the Municipal Drainage Fund by \$385,506.

In addition, the estimated gain on a land transfer was restated for the year ended February 28, 2013 which reduced the net position for the Water and Wastewater Utility Fund for fiscal year 2013 in the amount of \$913,442.



REQUIRED SUPPLEMENTARY INFORMATION
FOR
OTHER POST-EMPLOYMENT BENEFITS PLAN

REQUIRED SUPPLEMENTARY INFORMATION

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

WATER AND WASTEWATER UTILITY FUND

**Other Post-Employment Benefits Plan
Schedule of Funding Progress**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percent of Covered Payroll (4) / (5)
01/01/2013	\$ -	\$ 13,411,767	0.00%	\$ 13,411,767	\$ 29,165,415	45.99%
03/01/2010	\$ -	\$ 11,973,164	0.00%	\$ 11,973,164	\$ 28,099,784	42.61%
03/01/2008	\$ -	\$ 11,648,022	0.00%	\$ 11,648,022	\$ 27,927,053	41.71%

**Other Post-Employment Benefits Plan
Schedule of Employer Contributions**

Fiscal Year	(1) Actual Contribution	(2) Annual Required Contribution	(3) Percent Contributed (1)/(2)
2014	\$ 417,244	\$ 1,231,744	33.87%
2013	\$ 381,162	\$ 1,195,868	31.87%
2012	\$ 501,823	\$ 1,201,279	41.77%

REQUIRED SUPPLEMENTARY INFORMATION

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO**

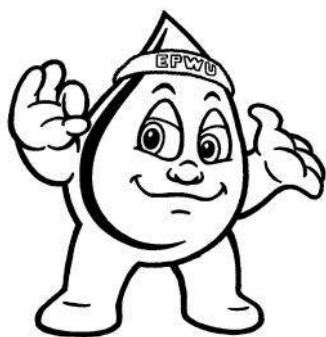
MUNICIPAL DRAINAGE UTILITY FUND

**Other Post-Employment Benefits Plan
Schedule of Funding Progress**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL)	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percent of Covered Payroll (4) / (5)
01/01/2013	\$ -	\$ 372,081	0.00%	\$ 372,081	\$ 1,653,481	22.50%
03/01/2010	\$ -	\$ 161,368	0.00%	\$ 161,368	\$ 1,415,325	11.40%

**Other Post-Employment Benefits Plan
Schedule of Employer Contributions**

Fiscal Year	(1) Actual Contribution	(2) Annual Required Contribution	(3) Percent Contributed (1)/(2)
2014	\$ 9,993	\$ 60,505	16.52%
2013	\$ 1,096	\$ 58,743	1.87%
2012	\$ 1,823	\$ 21,528	8.47%



SUPPLEMENTARY SCHEDULES

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

STATEMENTS OF NET POSITION

February 28, 2014 and February 28, 2013

	2014	RESTATED 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,586,724	\$ 20,268,842
Investments	13,455,855	2,891,206
Accounts receivable - customers	16,599,054	16,167,272
Accounts receivable - other	622,729	653,699
Accrued interest receivable	413,077	234,468
Inventory - materials and supplies	1,979,925	1,772,242
Other current assets	386,259	289,145
Prepaid expenses	2,016,389	1,921,004
Restricted current assets:		
Restricted for bond requirements:		
Cash and cash equivalents	34,504,077	35,194,988
Investments	15,220,319	18,478,376
Restricted for construction and improvements:		
Cash and cash equivalents	42,217,856	70,307,086
Investments	29,046,549	14,530,887
Accounts receivable government grants	509,463	787,557
Notes receivable	98,979	95,973
Total current assets	<u>169,657,255</u>	<u>183,592,745</u>
Noncurrent assets:		
Investments	5,021,763	5,821,764
Restricted noncurrent assets:		
Restricted for bond requirements:		
Investments	11,887,753	7,424,385
Restricted for construction and improvements:		
Investments	16,887,105	2,787,982
Capital assets:		
Water and Wastewater Utility capital assets	1,801,924,213	1,773,651,959
Land and right of way	71,029,203	71,003,959
Construction work in progress	119,354,839	58,084,002
Less accumulated depreciation	(809,281,469)	(760,658,889)
Total capital assets (net of accumulated depreciation)	<u>1,183,026,786</u>	<u>1,142,081,031</u>
Total noncurrent assets	<u>1,216,823,407</u>	<u>1,158,115,162</u>
Total assets	<u>1,386,480,662</u>	<u>1,341,707,907</u>
Deferred outflows of resources		
Losses on bond refunding	1,943,345	1,588,989
Total assets and deferred outflows of resources	<u>\$ 1,388,424,007</u>	<u>\$ 1,343,296,896</u>

	2014	RESTATED 2013
	<u>2014</u>	<u>2013</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 2,423,416	\$ 2,347,477
Contributions and Solid Waste Management collections due to City of El Paso	5,272,154	4,669,505
Customer deposits	7,678,096	6,779,136
Accrued vacation payable	1,749,273	1,626,310
Accrued payroll and benefits	1,534,580	1,409,094
Due to Municipal Drainage Utility	36,135	339,396
Unearned revenue on land leases	276,483	278,794
Other current liabilities	373,223	370,545
Self insurance worker's compensation and health claims	836,027	356,765
Other governments payable - current	128,931	123,268
Current liabilities payable from restricted assets:		
Revenue bonds payables and unamortized premiums net of discounts	27,423,256	27,220,807
Accrued interest on revenue bonds and commercial paper	9,213,487	9,736,455
Accounts payable	17,398,450	13,716,918
Land notes payable	752,693	764,375
Land notes interest payable	70,912	53,562
Customer advances for construction	7,019,249	1,861,000
Retainage payable on construction contracts	1,612,140	1,361,082
Total current liabilities	<u>83,798,505</u>	<u>73,014,489</u>
Noncurrent liabilities:		
Revenue bonds payables and unamortized premiums net of discounts	499,827,906	496,060,223
Land notes payable	3,406,394	4,159,088
Other governments payable	2,631,861	2,760,792
Commercial paper notes	5,000,000	8,000,000
Other Post-Employment Benefits	6,720,592	5,886,619
Accrued vacation payable	1,132,407	1,219,870
Self insurance worker's compensation claims	548,888	912,353
Total noncurrent liabilities	<u>519,268,048</u>	<u>518,998,945</u>
Total liabilities	<u>603,066,553</u>	<u>592,013,434</u>
Deferred inflows of resources		
Gains on bond refunding	<u>143,045</u>	<u>154,195</u>
NET POSITION		
Restricted:		
Restricted for debt service	52,398,662	51,361,293
Restricted for construction and improvements	27,034,464	21,406,703
Total restricted	<u>79,433,126</u>	<u>72,767,996</u>
Net investment in capital assets	681,280,780	656,156,693
Unrestricted	<u>24,500,503</u>	<u>22,204,578</u>
Total net position	<u>785,214,409</u>	<u>751,129,267</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,388,424,007</u>	<u>\$ 1,343,296,896</u>

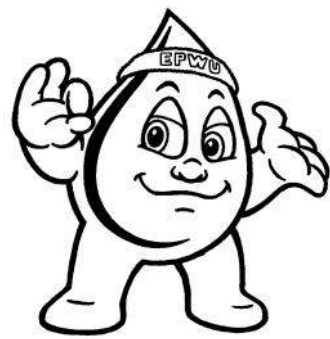
PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

For the Years Ended February 28, 2014 and February 28, 2013

	2014	RESTATED 2013
Operating revenues:		
Water	\$ 91,837,712	\$ 91,787,975
Water supply replacement charge	19,594,187	18,410,830
Reclaimed water	2,651,400	2,802,403
Wastewater	58,032,496	54,468,286
Customer connection fees	4,637,221	5,105,632
Billing fees - City Solid Waste Management	608,171	599,350
Rent revenue	2,019,831	1,929,652
Other operating revenue	1,615,576	1,658,802
Total operating revenues	180,996,594	176,762,930
Operating expenses:		
Operations and maintenance - water & reclaimed water	38,764,590	40,404,571
Operations and maintenance - wastewater	22,496,822	22,217,013
General, administrative and engineering expenses	19,178,358	20,861,053
Other operating expenses	2,602,114	2,636,117
Other Post-Employment Benefits expense	833,973	831,429
Depreciation	50,592,539	49,646,393
Payment to City of El Paso per bond covenants	10,553,216	10,382,694
Total operating expenses	145,021,612	146,979,270
Operating income	35,974,982	29,783,660
Nonoperating revenues (expenses):		
Interest earnings and net change in fair value of investments	265,915	258,250
IRS tax credit for Build America Bonds	221,332	249,428
Gain on land assets converted by sale	2,013,946	1,790,906
Gain on sale of miscellaneous assets	314,473	122,773
Interest on long term debt	(18,534,364)	(19,537,477)
Total nonoperating expenses	(15,718,698)	(17,116,120)
Increase in net position, before capital contributions	20,256,284	12,667,540
Federal grant contributions	830,034	694,852
Capital and non-federal grant contributions	12,998,824	11,663,713
Total contributions	13,828,858	12,358,565
Change in net position	34,085,142	25,026,105
Total net position - beginning	751,129,267	731,601,841
Prior period adjustment	-	(5,498,679)
Total net position - ending	\$ 785,214,409	\$ 751,129,267



PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

STATEMENTS OF CASH FLOWS

For the Years Ended February 28, 2014 and February 28, 2013

	2014	RESTATED 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 181,465,426	\$ 176,849,845
Cash received from Municipal Drainage Utility	1,042,321	1,779,349
Solid Waste Management fees collected for the City of El Paso	52,511,352	49,402,536
Cash payments to suppliers for goods and services	(46,865,900)	(50,367,318)
Cash payments to employees for services	(36,773,939)	(35,869,898)
Solid Waste Management fees paid to the City of El Paso	(51,977,487)	(49,409,566)
Payments to City of El Paso per bond covenants	(10,484,432)	(10,354,774)
Cash payments to Municipal Drainage Utility	(104,856)	(104,760)
Net cash provided by operating activities	88,812,485	81,925,414
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from:		
Revenue bonds	64,900,000	75,715,000
Premiums received on revenue bonds	7,540,774	10,691,701
Commercial paper	27,000,000	10,000,000
Cash receipts from grants	1,460,404	4,877,464
Acquisition and construction from capital grants	(1,182,310)	(1,300,565)
Acquisition and construction of capital assets net of disposals	(68,676,431)	(47,701,117)
Refunding revenue bonds	(40,335,000)	(43,375,000)
Refunding commercial paper	(30,000,000)	(15,000,000)
Principal payments on revenue bonds	(25,100,000)	(22,935,000)
Interest and fees on revenue bonds and commercial paper	(22,872,177)	(23,110,363)
Principal payments on land notes payable	(764,376)	(728,433)
IRS tax credit on Build America Bonds	221,332	249,428
Interest payments on notes and other long term debt	(232,508)	(286,442)
Proceeds from sale of assets net of related expenses	2,262,984	299,481
Net cash used by capital and related financing activities	(85,777,308)	(52,603,846)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale and maturities of investment securities	83,681,308	65,544,933
Purchase of investment securities	(123,318,773)	(73,585,991)
Interest received on investment securities	140,029	375,971
Net cash used by investing activities	(39,497,436)	(7,665,087)
 Net increase (decrease) in cash and cash equivalents	(36,462,259)	21,656,481
Cash and cash equivalents:		
Beginning of year	125,770,916	104,114,435
End of year	\$ 89,308,657	\$ 125,770,916

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

STATEMENTS OF CASH FLOWS

For the Years Ended February 28, 2014 and February 28, 2013

	<u>2014</u>	<u>RESTATED 2013</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 35,974,982	\$ 29,783,660
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	50,592,539	49,646,395
Bond issue expense	663,091	696,523
(Increase) decrease in assets:		
Accounts receivable	(403,817)	(297,125)
Inventory	(207,683)	143,411
Prepaid expenses	(95,385)	9,572
Other current assets	(97,114)	(100,716)
Increase (decrease) in liabilities:		
Accounts payable	75,939	(23,204)
Other current liabilities	1,502,438	464,844
Due to Municipal Drainage Utility	(303,261)	275,344
Accrued vacation payable	35,500	255,293
Accrued payroll and benefits	125,486	238,479
Other Post-Employment Benefits	833,973	831,429
Self insurance claims	115,797	1,509
Net cash provided by operating activities	<u>\$ 88,812,485</u>	<u>\$ 81,925,414</u>
 Noncash investing, capital, and financing activities:		
Contribution in aid of construction	\$ 12,646,548	\$ 11,058,000
Decrease in accounts receivable capital grants	(278,094)	(3,576,899)
Change in fair value of investments	52,721	114,029
	<u>\$ 12,421,175</u>	<u>\$ 7,595,130</u>

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY

OPERATING REVENUES

For the Years Ended February 28, 2014 and February 28, 2013

	<u>2014</u>	<u>2013</u>
Water & reclaimed water revenue		
Metered sales to general customers	\$ 78,815,461	\$ 78,958,581
Metered sales to City of El Paso	2,897,659	3,145,941
Metered sales to Lower Valley Water District	2,615,910	2,360,555
Metered sales to Mayfair/Nuway	61,573	12,963
Metered sales to El Paso County East Montana Water System	293,427	281,545
Metered sales to Haciendas Del Norte	103,348	64,312
Metered sales to Ponderosa	56,365	55,209
Metered sales to Gas Light Square	55,147	54,222
Metered sales to Paseo Del Este	875,944	680,595
Metered sales to Fort Bliss	486,711	637,616
Reclaimed water sales	2,651,400	2,802,403
Public fire protection	-	474,973
Private fire protection	587,999	536,715
El Paso Electric Company - well consumption	253,003	273,469
Outside city charges	1,501,458	1,357,277
New account set up fee	631,863	602,995
Service reinstallation and other fees	2,601,844	2,291,007
Total water & reclaimed water revenue	<u>94,489,112</u>	<u>94,590,378</u>
Water supply replacement charge	19,594,187	18,410,830
Total water revenue	<u>114,083,299</u>	<u>113,001,208</u>
Wastewater revenue		
General customers	54,480,467	50,299,519
City of El Paso	370,343	332,796
Lower Valley Water District Authority	685,836	687,568
Gaslight Square	28,510	26,070
Paseo Del Este	148,456	136,994
Fort Bliss	1,868,525	2,485,992
Industrial sewer surcharge	450,359	499,347
Total wastewater revenue	<u>58,032,496</u>	<u>54,468,286</u>
Other operating revenue		
Customer connection fees	4,637,221	5,105,632
Property rentals	2,019,831	1,929,652
Billing fees - City Solid Waste Management	608,171	599,350
Other operating revenue	1,615,576	1,658,802
Total other operating revenue	<u>8,880,799</u>	<u>9,293,436</u>
Total operating revenue	<u>\$ 180,996,594</u>	<u>\$ 176,762,930</u>

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO
WATER AND WASTEWATER UTILITY

OPERATING EXPENSES

For the Years Ended February 28, 2014 and February 28, 2013

	2014	RESTATED 2013
Water & Reclaimed Water Divisions		
Supply	\$ 14,552,479	\$ 13,000,199
Treatment	15,890,023	18,697,486
Distribution	7,921,723	8,213,665
Reclaimed Water System	400,365	493,221
Total water & reclaimed water divisions	<u>38,764,590</u>	<u>40,404,571</u>
 Wastewater Division		
Treatment	14,893,238	14,735,911
Lift stations	2,281,028	2,261,680
Collection lines	3,489,675	3,407,538
Sludge processing	1,832,881	1,811,884
Total wastewater division	<u>22,496,822</u>	<u>22,217,013</u>
 General and administrative	<u>19,178,358</u>	<u>20,861,053</u>
 Other operating expenses		
Depreciation	50,592,539	49,646,393
Other operating expenses	2,602,114	2,636,117
Other Post-Employment Benefits expenses	833,973	831,429
Payment to City of El Paso per bond covenants	10,553,216	10,382,694
Total other operating expenses	<u>64,581,842</u>	<u>63,496,633</u>
Total operating expenses	<u>\$ 145,021,612</u>	<u>\$ 146,979,270</u>

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY

NET OPERATING REVENUE - WATER & RECLAIMED WATER

For the Years Ended February 28, 2014 and February 28, 2013

	<u>2014</u>	<u>2013</u>
Operating revenue	<u>\$ 94,489,112</u>	<u>\$ 94,590,378</u>
Operating revenue deductions		
Operating expenses	38,764,590	40,404,571
General and administrative	<u>12,166,540</u>	<u>13,476,715</u>
Total operating expense deductions	<u>50,931,130</u>	<u>53,881,286</u>
Net operating revenue - water and reclaimed water	<u>\$ 43,557,982</u>	<u>\$ 40,709,092</u>

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO
WATER AND WASTEWATER UTILITY

NET OPERATING REVENUE - WASTEWATER

For the Years Ended February 28, 2014 and February 28, 2013

	2014	2013
Operating revenue	<u>\$ 58,032,496</u>	<u>\$ 54,468,286</u>
Operating revenue deductions		
Operating expenses	22,496,822	22,217,013
General and administrative	<u>7,011,818</u>	<u>7,384,338</u>
Total operating expense deductions	<u>29,508,640</u>	<u>29,601,351</u>
Net operating revenue - wastewater	<u>\$ 28,523,856</u>	<u>\$ 24,866,935</u>

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

ACCOUNTS RECEIVABLE GOVERNMENT GRANTS-OTHER ACCOUNTS RECEIVABLE

February 28, 2014 and February 28, 2013

ACCOUNTS RECEIVABLE-GOVERNMENT GRANTS

<u>Government Grant Projects</u>	<u>2014</u>	<u>2013</u>
<u>Federal Grants</u>		
North Central Reclaimed -EPA#XP96638401	\$ 25,599	\$ 506,360
Leak Detection - USBR #R12AP40018	80,000	34,250
<u>Non Federal Grants</u>		
Desalination Concentrate Management - WaterReuse Foundation WRF11-09	35,641	178,859
Turf Construction - TWDB	310,548	10,601
Canutillo 1st Time Users Area 1 - TWDB	16,609	22,609
Canutillo 1st Time Users Area 2 - TWDB	41,066	34,879
TOTALS	<u>\$ 509,463</u>	<u>\$ 787,557</u>

OTHER ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Charges to contractors and job damages	\$ 438,374	\$ 393,860
Local and State Governments	57,916	85,908
Lease revenue receivables	126,439	173,931
TOTALS	<u>\$ 622,729</u>	<u>\$ 653,699</u>

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

CHANGES IN REVENUE BONDS PAYABLE

For the Years Ended February 28, 2014 and February 28, 2013

<u>Bond Series</u>	<u>Bonds payable February 28, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Bonds payable February 28, 2014</u>
1990B Series	\$ 8,000,000	\$ -	\$ 1,600,000	\$ 6,400,000
2003 Refunding Series	2,155,000	-	2,155,000	-
2003A Series	600,000	-	50,000	550,000
2003B Series	10,000	-	5,000	5,000
2004 Refunding Series	3,810,000	-	1,870,000	1,940,000
2004A Refunding Series	1,230,000	-	600,000	630,000
2005A Series	43,400,000	-	41,305,000	2,095,000
2005B Refunding Series	34,615,000	-	1,025,000	33,590,000
2005C Series	7,595,000	-	435,000	7,160,000
2006 Refunding Series	20,020,000	-	750,000	19,270,000
2006A Refunding Series	30,555,000	-	3,020,000	27,535,000
2007 Refunding Series	33,990,000	-	1,575,000	32,415,000
2008 Refunding Series	15,465,000	-	2,460,000	13,005,000
2008A Series	13,985,000	-	5,000	13,980,000
2008B Series	21,985,000	-	5,000	21,980,000
2008C Refunding Series	35,000,000	-	-	35,000,000
2010 Refunding Series	19,615,000	-	2,120,000	17,495,000
2010 Taxable Series	15,000,000	-	540,000	14,460,000
2010A Refunding Series	42,580,000	-	3,760,000	38,820,000
2011 Refunding Series	14,680,000	-	100,000	14,580,000
2012 Refunding Series	52,780,000	-	-	52,780,000
2012A Refunding & Improvement Series	75,715,000	-	2,055,000	73,660,000
2014 Refunding Series	-	64,900,000	-	64,900,000
TOTALS	<u>\$ 492,785,000</u>	<u>\$ 64,900,000</u>	<u>\$ 65,435,000</u>	<u>\$ 492,250,000</u>

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

SUMMARY STATEMENT OF DEBT SERVICE REQUIREMENTS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2014

Calendar Year	Payment Due		Total Interest	Interest		Principal Due March 1	Total Net Requirements
	March 1	September 1		Tax Credit	Net Interest		
2014	9,212,336	10,488,800	19,701,136	(235,751)	19,465,386	25,150,000	44,615,386
2015	10,265,497	9,737,542	20,003,039	(226,106)	19,776,933	27,345,000	47,121,933
2016	9,737,542	9,200,227	18,937,769	(215,963)	18,721,806	28,495,000	47,216,806
2017	9,200,227	8,596,989	17,797,216	(205,320)	17,591,896	30,685,000	48,276,896
2018	8,596,991	7,925,536	16,522,527	(194,179)	16,328,348	32,180,000	48,508,348
2019	7,925,536	7,189,928	15,115,464	(182,498)	14,932,966	33,385,000	48,317,966
2020	7,189,929	6,468,354	13,658,283	(170,234)	13,488,049	33,675,000	47,163,049
2021	6,468,354	5,739,629	12,207,983	(157,389)	12,050,595	33,530,000	45,580,595
2022	5,739,629	5,004,179	10,743,809	(143,920)	10,599,889	31,350,000	41,949,889
2023	5,004,178	4,309,787	9,313,965	(129,785)	9,184,180	29,360,000	38,544,180
2024	4,309,787	3,584,468	7,894,255	(114,986)	7,779,269	30,730,000	38,509,269
2025	3,584,468	2,930,763	6,515,231	(99,480)	6,415,751	27,790,000	34,205,751
2026	2,930,765	2,305,977	5,236,741	(83,226)	5,153,515	28,525,000	33,678,515
2027	2,305,977	1,674,014	3,979,991	(66,181)	3,913,810	27,185,000	31,098,810
2028	1,674,014	1,169,005	2,843,020	(48,306)	2,794,714	21,530,000	24,324,714
2029	1,169,005	756,794	1,925,799	(29,599)	1,896,200	17,680,000	19,576,200
2030	756,794	474,175	1,230,969	(10,019)	1,220,950	12,090,000	13,310,950
2031	474,175	263,644	737,819	-	737,819	8,920,000	9,657,819
2032	263,644	155,544	419,188	-	419,188	5,175,000	5,594,188
2033	155,544	42,694	198,238	-	198,237	5,400,000	5,598,237
2034	42,694	-	42,694	-	42,694	2,070,000	2,112,694
	<u>\$ 97,007,086</u>	<u>\$ 88,018,049</u>	<u>\$ 185,025,134</u>	<u>\$ (2,312,941)</u>	<u>\$ 182,712,195</u>	<u>\$ 492,250,000</u>	<u>\$ 674,962,195</u>

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2014 REVENUE REFUNDING BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		March 1	September 1	Total		
2014	2.00	-	1,769,247	1,769,247	-	1,769,247
2015	2.00	1,545,944	1,537,294	3,083,238	865,000	3,948,238
2016	3.00	1,537,294	1,511,719	3,049,013	1,705,000	4,754,013
2017	4.00	1,511,719	1,476,519	2,988,238	1,760,000	4,748,238
2018	4.00	1,476,519	1,439,819	2,916,338	1,835,000	4,751,338
2019	5.00	1,439,819	1,391,819	2,831,638	1,920,000	4,751,638
2020	5.00	1,391,819	1,341,444	2,733,263	2,015,000	4,748,263
2021	5.00	1,341,444	1,248,694	2,590,138	3,710,000	6,300,138
2022	5.00	1,248,694	1,125,069	2,373,763	4,945,000	7,318,763
2023	5.00	1,125,069	1,034,444	2,159,513	3,625,000	5,784,513
2024	5.00	1,034,444	939,319	1,973,763	3,805,000	5,778,763
2025	5.00	939,319	839,069	1,778,388	4,010,000	5,788,388
2026	5.00	839,069	733,819	1,572,888	4,210,000	5,782,888
2027	5.00	733,819	623,194	1,357,013	4,425,000	5,782,013
2028	5.00	623,194	506,694	1,129,888	4,660,000	5,789,888
2029	5.00	506,694	384,444	891,138	4,890,000	5,781,138
2030	5.00	384,444	255,819	640,263	5,145,000	5,785,263
2031	5.00	255,819	120,694	376,513	5,405,000	5,781,513
2032	4.00	120,694	82,494	203,188	1,910,000	2,113,188
2033	4.00	82,494	42,694	125,188	1,990,000	2,115,188
2034	4.13	42,694	-	42,694	2,070,000	2,112,694
		<u>\$ 18,181,000</u>	<u>\$ 18,404,303</u>	<u>\$ 36,585,303</u>	<u>\$ 64,900,000</u>	<u>\$ 101,485,303</u>

Bonds dated: February 5, 2014

Original issue: \$64,900,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2025 may be redeemed on March 1, 2024 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2012A REVENUE REFUNDING AND IMPROVEMENT BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		Payment Due		Total		
		March 1	September 1			
2014	2.00	1,432,088	1,420,288	2,852,375	1,180,000	4,032,375
2015	3.00	1,420,288	1,364,638	2,784,925	3,710,000	6,494,925
2016	3.00	1,364,638	1,306,963	2,671,600	3,845,000	6,516,600
2017	3.00	1,306,963	1,231,963	2,538,925	5,000,000	7,538,925
2018	2.00	1,231,963	1,180,713	2,412,675	5,125,000	7,537,675
2019	4.00	1,180,713	1,074,913	2,255,625	5,290,000	7,545,625
2020	4.00	1,074,913	964,813	2,039,725	5,505,000	7,544,725
2021	3.44	964,813	865,813	1,830,625	5,750,000	7,580,625
2022	5.00	865,813	716,063	1,581,875	5,990,000	7,571,875
2023	5.00	716,063	558,938	1,275,000	6,285,000	7,560,000
2024	5.00	558,938	394,563	953,500	6,575,000	7,528,500
2025	5.00	394,563	336,313	730,875	2,330,000	3,060,875
2026	5.00	336,313	289,688	626,000	1,865,000	2,491,000
2027	2.50	289,688	265,500	555,188	1,935,000	2,490,188
2028	4.00	265,500	225,500	491,000	2,000,000	2,491,000
2029	4.00	225,500	183,900	409,400	2,080,000	2,489,400
2030	4.00	183,900	140,700	324,600	2,160,000	2,484,600
2031	4.00	140,700	95,700	236,400	2,250,000	2,486,400
2032	4.00	95,700	48,800	144,500	2,345,000	2,489,500
2033	4.00	48,800	-	48,800	2,440,000	2,488,800
		<u>\$ 14,097,850</u>	<u>\$ 12,665,763</u>	<u>\$ 26,763,613</u>	<u>\$ 73,660,000</u>	<u>\$ 100,423,613</u>

Bonds dated: November 15, 2012

Original issue: \$75,715,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2023 may be redeemed on March 1, 2022 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2012 REVENUE REFUNDING BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		Payment Due		Total		
		March 1	September 1			
2014	3.00	1,164,200	1,129,550	2,293,750	2,310,000	4,603,750
2015	3.00	1,129,550	1,112,750	2,242,300	1,120,000	3,362,300
2016	3.00	1,112,750	1,090,250	2,203,000	1,500,000	3,703,000
2017	5.00	1,090,250	1,040,250	2,130,500	2,000,000	4,130,500
2018	5.00	1,040,250	959,125	1,999,375	3,245,000	5,244,375
2019	4.00	959,125	884,225	1,843,350	3,745,000	5,588,350
2020	4.00	884,225	802,525	1,686,750	4,085,000	5,771,750
2021	4.00	802,525	717,725	1,520,250	4,240,000	5,760,250
2022	5.00	717,725	611,850	1,329,575	4,235,000	5,564,575
2023	5.00	611,850	513,350	1,125,200	3,940,000	5,065,200
2024	5.00	513,350	409,975	923,325	4,135,000	5,058,325
2025	5.00	409,975	301,475	711,450	4,340,000	5,051,450
2026	3.00	301,475	233,000	534,475	4,565,000	5,099,475
2027	5.00	233,000	115,375	348,375	4,705,000	5,053,375
2028	5.00	115,375	-	115,375	4,615,000	4,730,375
		<u>\$ 11,085,625</u>	<u>\$ 9,921,425</u>	<u>\$ 21,007,050</u>	<u>\$ 52,780,000</u>	<u>\$ 73,787,050</u>

Bonds dated: February 28, 2012

Original issue: \$52,780,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2023 may be redeemed on March 1, 2022 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2011 REVENUE REFUNDING BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		Payment Due March 1	September 1	Total		
2014	3.00	333,622	325,522	659,144	540,000	1,199,144
2015	3.00	325,522	318,022	643,544	500,000	1,143,544
2016	4.00	318,022	308,022	626,044	500,000	1,126,044
2017	3.00	308,022	306,522	614,544	100,000	714,544
2018	5.00	306,522	221,522	528,044	3,400,000	3,928,044
2019	5.00	221,522	146,522	368,044	3,000,000	3,368,044
2020	5.00	146,522	62,522	209,044	3,360,000	3,569,044
2021	3.00	62,522	58,397	120,919	275,000	395,919
2022	3.25	58,397	53,766	112,163	285,000	397,163
2023	3.50	53,766	52,016	105,781	100,000	205,781
2024	3.50	52,016	50,266	102,281	100,000	202,281
2025	4.00	50,266	44,166	94,431	305,000	399,431
2026	4.00	44,166	37,866	82,031	315,000	397,031
2027	4.00	37,866	31,266	69,131	330,000	399,131
2028	4.13	31,266	24,150	55,416	345,000	400,416
2029	4.25	24,150	16,500	40,650	360,000	400,650
2030	4.25	16,500	8,531	25,031	375,000	400,031
2031	4.38	8,531	-	8,531	390,000	398,531
		<u>\$ 2,399,197</u>	<u>\$ 2,065,575</u>	<u>\$ 4,464,772</u>	<u>\$ 14,580,000</u>	<u>\$ 19,044,772</u>

Bonds dated: August 15, 2011

Original issue: \$14,680,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2021 may be redeemed on March 1, 2020 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2010A REVENUE REFUNDING BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		March 1	September 1	Total		
2014	4.00	837,922	755,922	1,593,844	4,100,000	5,693,844
2015	4.00	755,922	741,897	1,497,819	935,000	2,432,819
2016	3.00	741,897	722,397	1,464,294	975,000	2,439,294
2017	4.00	722,397	707,322	1,429,719	1,005,000	2,434,719
2018	3.00	707,322	686,622	1,393,944	1,035,000	2,428,944
2019	4.00	686,622	670,497	1,357,119	1,075,000	2,432,119
2020	3.00	670,497	558,697	1,229,194	5,590,000	6,819,194
2021	4.00	558,697	412,322	971,019	5,855,000	6,826,019
2022	5.00	412,322	333,697	746,019	3,700,000	4,446,019
2023	4.25	333,697	275,838	609,534	2,645,000	3,254,534
2024	4.38	275,838	213,513	489,350	2,770,000	3,259,350
2025	4.50	213,513	148,150	361,663	2,905,000	3,266,663
2026	4.50	148,150	79,750	227,900	3,040,000	3,267,900
2027	4.50	79,750	-	79,750	3,190,000	3,269,750
		<u>\$ 7,144,544</u>	<u>\$ 6,306,622</u>	<u>\$ 13,451,166</u>	<u>\$ 38,820,000</u>	<u>\$ 52,271,166</u>

Bonds dated: November 2, 2010

Original issue: \$42,580,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2021 may be redeemed on March 1, 2020 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2010 TAXABLE SERIES (NADBANK) BUILD AMERICA BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Tax Credit			Net Interest	Principal Due March 1	Total Requirements
		Payment Due March 1	Payment Due September 1	Total Interest	March 1	September 1	Total			
2014	4.75	343,497	330,076	673,573	(120,224)	(115,527)	(235,751)	437,822	565,000	1,002,822
2015	4.75	330,076	315,942	646,017	(115,527)	(110,580)	(226,106)	419,911	595,000	1,014,911
2016	4.75	315,942	301,095	617,036	(110,580)	(105,383)	(215,963)	401,074	625,000	1,026,074
2017	4.75	301,095	285,535	586,630	(105,383)	(99,937)	(205,320)	381,309	655,000	1,036,309
2018	4.75	285,535	269,263	554,798	(99,937)	(94,242)	(194,179)	360,619	685,000	1,045,619
2019	4.75	269,263	252,159	521,422	(94,242)	(88,256)	(182,498)	338,924	720,000	1,058,924
2020	4.75	252,159	234,224	486,384	(88,256)	(81,979)	(170,234)	316,149	755,000	1,071,149
2021	4.75	234,224	215,458	449,682	(81,979)	(75,410)	(157,389)	292,293	790,000	1,082,293
2022	4.75	215,458	195,741	411,199	(75,410)	(68,509)	(143,920)	267,279	830,000	1,097,279
2023	4.75	195,741	175,074	370,816	(68,509)	(61,276)	(129,785)	241,030	870,000	1,111,030
2024	4.75	175,074	153,457	328,532	(61,276)	(53,710)	(114,986)	213,546	910,000	1,123,546
2025	4.75	153,457	130,771	284,229	(53,710)	(45,770)	(99,480)	184,749	955,000	1,139,749
2026	4.75	130,771	107,016	237,788	(45,770)	(37,456)	(83,226)	154,562	1,000,000	1,154,562
2027	4.75	107,016	82,074	189,090	(37,456)	(28,726)	(66,181)	122,908	1,050,000	1,172,908
2028	4.75	82,074	55,943	138,017	(28,726)	(19,580)	(48,306)	89,711	1,100,000	1,189,711
2029	4.75	55,943	28,625	84,568	(19,580)	(10,019)	(29,599)	54,969	1,150,000	1,204,969
2030	4.75	28,625	-	28,625	(10,019)	-	(10,019)	18,606	1,205,000	1,223,606
		<u>\$ 3,475,950</u>	<u>\$ 3,132,453</u>	<u>\$ 6,608,404</u>	<u>\$ (1,216,583)</u>	<u>\$ (1,096,359)</u>	<u>\$ (2,312,941)</u>	<u>\$ 4,295,462</u>	<u>\$ 14,460,000</u>	<u>\$ 18,755,462</u>

Bonds dated: August 12, 2010

Original issue: \$15,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds may be redeemed at any time.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2010 REVENUE REFUNDING BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		March 1	September 1	Total		
2014	3.50	339,141	313,678	652,819	1,455,000	2,107,819
2015	3.50	313,678	290,316	603,994	1,335,000	1,938,994
2016	3.50	290,316	266,253	556,569	1,375,000	1,931,569
2017	4.00	266,253	237,953	504,206	1,415,000	1,919,206
2018	4.00	237,953	208,853	446,806	1,455,000	1,901,806
2019	3.50	208,853	182,516	391,369	1,505,000	1,896,369
2020	4.00	182,516	152,116	334,631	1,520,000	1,854,631
2021	4.00	152,116	120,616	272,731	1,575,000	1,847,731
2022	3.75	120,616	110,209	230,825	555,000	785,825
2023	4.00	110,209	98,709	208,919	575,000	783,919
2024	4.00	98,709	86,709	185,419	600,000	785,419
2025	4.00	86,709	74,309	161,019	620,000	781,019
2026	4.00	74,309	61,409	135,719	645,000	780,719
2027	4.13	61,409	47,488	108,897	675,000	783,897
2028	4.25	47,488	32,613	80,100	700,000	780,100
2029	4.25	32,613	17,100	49,713	730,000	779,713
2030	4.50	17,100	-	17,100	760,000	777,100
		<u>\$ 2,639,988</u>	<u>\$ 2,300,847</u>	<u>\$ 4,940,835</u>	<u>\$ 17,495,000</u>	<u>\$ 22,435,835</u>

Bonds dated: January 19, 2010

Original issue: \$22,115,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2021 may be redeemed on March 1, 2020 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2008C REVENUE REFUNDING BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		Payment Due		Total		
		March 1	September 1			
2014	5.00	910,850	874,100	1,784,950	1,470,000	3,254,950
2015	5.00	874,100	835,600	1,709,700	1,540,000	3,249,700
2016	5.00	835,600	795,100	1,630,700	1,620,000	3,250,700
2017	5.00	795,100	752,600	1,547,700	1,700,000	3,247,700
2018	5.00	752,600	707,975	1,460,575	1,785,000	3,245,575
2019	5.00	707,975	661,100	1,369,075	1,875,000	3,244,075
2020	5.00	661,100	611,975	1,273,075	1,965,000	3,238,075
2021	5.00	611,975	560,350	1,172,325	2,065,000	3,237,325
2022	5.00	560,350	500,675	1,061,025	2,170,000	3,231,025
2023	5.50	500,675	437,700	938,375	2,290,000	3,228,375
2024	5.13	437,700	375,816	813,516	2,415,000	3,228,516
2025	5.25	375,816	309,141	684,957	2,540,000	3,224,957
2026	5.25	309,141	239,053	548,194	2,670,000	3,218,194
2027	5.38	239,053	163,534	402,587	2,810,000	3,212,587
2028	5.38	163,534	83,850	247,384	2,965,000	3,212,384
2029	5.38	83,850	-	83,850	3,120,000	3,203,850
		<u>\$ 8,819,419</u>	<u>\$ 7,908,569</u>	<u>\$ 16,727,988</u>	<u>\$ 35,000,000</u>	<u>\$ 51,727,988</u>

Bonds dated: November 15, 2008

Original issue: \$35,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2019 may be redeemed on March 1, 2018 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2008B REVENUE (CWSRF) BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		Payment Due		Total		
		March 1	September 1			
2014	2.35	375,144	375,085	750,229	5,000	755,229
2015	2.50	375,085	360,897	735,982	1,135,000	1,870,982
2016	2.65	360,897	345,329	706,226	1,175,000	1,881,226
2017	2.80	345,329	328,319	673,648	1,215,000	1,888,648
2018	2.90	328,319	310,049	638,368	1,260,000	1,898,368
2019	3.10	310,049	289,821	599,870	1,305,000	1,904,870
2020	3.20	289,821	268,221	558,042	1,350,000	1,908,042
2021	3.30	268,221	245,121	513,342	1,400,000	1,913,342
2022	3.40	245,121	220,556	465,677	1,445,000	1,910,677
2023	3.50	220,556	194,306	414,862	1,500,000	1,914,862
2024	3.65	194,306	165,927	360,233	1,555,000	1,915,233
2025	3.75	165,927	135,740	301,667	1,610,000	1,911,667
2026	3.80	135,740	104,105	239,845	1,665,000	1,904,845
2027	3.85	104,105	70,899	175,004	1,725,000	1,900,004
2028	3.85	70,899	36,538	107,437	1,785,000	1,892,437
2029	3.95	36,538	-	36,538	1,850,000	1,886,538
		<u>\$ 3,826,057</u>	<u>\$ 3,450,913</u>	<u>\$ 7,276,970</u>	<u>\$ 21,980,000</u>	<u>\$ 29,256,970</u>

Bonds dated: August 15, 2008

Original issue: \$22,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2019 may be redeemed on March 1, 2018 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2008A REVENUE (CWSRF) BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		Payment Due		Total		
		March 1	September 1			
2014	2.35	238,602	238,544	477,146	5,000	482,146
2015	2.50	238,544	229,544	468,088	720,000	1,188,088
2016	2.65	229,544	219,672	449,216	745,000	1,194,216
2017	2.80	219,672	208,823	428,495	775,000	1,203,495
2018	2.90	208,823	197,222	406,045	800,000	1,206,045
2019	3.10	197,222	184,358	381,580	830,000	1,211,580
2020	3.20	184,358	170,597	354,955	860,000	1,214,955
2021	3.30	170,597	155,913	326,510	890,000	1,216,510
2022	3.40	155,913	140,272	296,185	920,000	1,216,185
2023	3.50	140,272	123,560	263,832	955,000	1,218,832
2024	3.65	123,560	105,493	229,053	990,000	1,219,053
2025	3.75	105,493	86,274	191,767	1,025,000	1,216,767
2026	3.80	86,274	66,134	152,408	1,060,000	1,212,408
2027	3.85	66,134	45,055	111,189	1,095,000	1,206,189
2028	3.85	45,055	23,206	68,261	1,135,000	1,203,261
2029	3.95	23,206	-	23,206	1,175,000	1,198,206
		<u>\$ 2,433,269</u>	<u>\$ 2,194,667</u>	<u>\$ 4,627,936</u>	<u>\$ 13,980,000</u>	<u>\$ 18,607,936</u>

Bonds dated: August 15, 2008

Original issue: \$14,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2019 may be redeemed on March 1, 2018 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2008 REVENUE REFUNDING BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		Payment Due		Total		
		March 1	September 1			
2014	3.50	283,772	276,247	560,019	430,000	990,019
2015	3.63	276,247	268,090	544,337	450,000	994,337
2016	3.63	268,090	259,662	527,752	465,000	992,752
2017	3.63	259,662	250,962	510,624	480,000	990,624
2018	3.63	250,963	241,900	492,863	500,000	992,863
2019	4.00	241,900	231,500	473,400	520,000	993,400
2020	4.00	231,500	220,700	452,200	540,000	992,200
2021	4.00	220,700	209,500	430,200	560,000	990,200
2022	4.00	209,500	197,800	407,300	585,000	992,300
2023	4.13	197,800	185,219	383,019	610,000	993,019
2024	4.50	185,219	170,931	356,150	635,000	991,150
2025	4.50	170,931	155,969	326,900	665,000	991,900
2026	4.25	155,969	141,200	297,169	695,000	992,169
2027	4.25	141,200	125,794	266,994	725,000	991,994
2028	4.25	125,794	109,750	235,544	755,000	990,544
2029	4.25	109,750	90,000	199,750	790,000	989,750
2030	4.25	90,000	69,125	159,125	835,000	994,125
2031	4.25	69,125	47,250	116,375	875,000	991,375
2032	4.25	47,250	24,250	71,500	920,000	991,500
2033	5.00	24,250	-	24,250	970,000	994,250
		<u>\$ 3,559,622</u>	<u>\$ 3,275,849</u>	<u>\$ 6,835,471</u>	<u>\$ 13,005,000</u>	<u>\$ 19,840,471</u>

Bonds dated: February 20, 2008

Original issue: \$30,520,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2011 may be redeemed on March 1, 2010 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2007 REVENUE REFUNDING BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		March 1	September 1	Total		
2014	4.50	791,719	754,706	1,546,425	1,645,000	3,191,425
2015	5.00	754,706	711,581	1,466,287	1,725,000	3,191,287
2016	5.00	711,581	666,206	1,377,787	1,815,000	3,192,787
2017	5.00	666,206	618,456	1,284,662	1,910,000	3,194,662
2018	5.00	618,457	568,331	1,186,788	2,005,000	3,191,788
2019	5.00	568,331	515,581	1,083,912	2,110,000	3,193,912
2020	5.00	515,582	460,206	975,788	2,215,000	3,190,788
2021	5.00	460,206	401,956	862,162	2,330,000	3,192,162
2022	5.00	401,957	340,706	742,663	2,450,000	3,192,663
2023	5.00	340,706	276,331	617,037	2,575,000	3,192,037
2024	4.75	276,331	212,088	488,419	2,705,000	3,193,419
2025	4.75	212,088	144,756	356,844	2,835,000	3,191,844
2026	4.75	144,757	74,100	218,857	2,975,000	3,193,857
2027	4.75	74,100	-	74,100	3,120,000	3,194,100
		<u>\$ 6,536,727</u>	<u>\$ 5,745,004</u>	<u>\$ 12,281,731</u>	<u>\$ 32,415,000</u>	<u>\$ 44,696,731</u>

Bonds dated: August 28, 2007

Original issue: \$35,500,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2018 may be redeemed on March 1, 2017 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2006A REVENUE REFUNDING BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		March 1	September 1	Total		
2014	5.00	600,522	521,147	1,121,669	3,175,000	4,296,669
2015	5.00	521,147	437,397	958,544	3,350,000	4,308,544
2016	4.00	437,397	366,797	804,194	3,530,000	4,334,194
2017	4.00	366,797	292,997	659,794	3,690,000	4,349,794
2018	4.00	292,997	267,197	560,194	1,290,000	1,850,194
2019	4.00	267,197	240,397	507,594	1,340,000	1,847,594
2020	4.25	240,397	210,647	451,044	1,400,000	1,851,044
2021	4.25	210,647	179,622	390,269	1,460,000	1,850,269
2022	4.25	179,622	147,322	326,944	1,520,000	1,846,944
2023	4.25	147,322	113,640	260,962	1,585,000	1,845,962
2024	4.38	113,641	77,436	191,077	1,655,000	1,846,077
2025	4.38	77,437	39,593	117,030	1,730,000	1,847,030
2026	4.38	39,594	-	39,594	1,810,000	1,849,594
		<u>\$ 3,494,717</u>	<u>\$ 2,894,192</u>	<u>\$ 6,388,909</u>	<u>\$ 27,535,000</u>	<u>\$ 33,923,909</u>

Bonds dated: November 15, 2006

Original issue: \$45,200,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2016 may be redeemed on March 1, 2015 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2006 REVENUE REFUNDING BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		March 1	September 1	Total		
2014	3.88	440,731	425,619	866,350	780,000	1,646,350
2015	4.00	425,619	409,419	835,038	810,000	1,645,038
2016	4.00	409,419	392,519	801,938	845,000	1,646,938
2017	4.00	392,519	375,019	767,538	875,000	1,642,538
2018	4.00	375,019	356,719	731,738	915,000	1,646,738
2019	4.13	356,719	337,125	693,844	950,000	1,643,844
2020	4.25	337,125	316,087	653,212	990,000	1,643,212
2021	5.00	316,087	290,088	606,175	1,040,000	1,646,175
2022	5.00	290,087	262,838	552,925	1,090,000	1,642,925
2023	5.00	262,837	234,088	496,925	1,150,000	1,646,925
2024	5.00	234,087	203,963	438,050	1,205,000	1,643,050
2025	5.00	203,962	172,212	376,174	1,270,000	1,646,174
2026	5.00	172,212	138,837	311,049	1,335,000	1,646,049
2027	5.00	138,837	103,837	242,674	1,400,000	1,642,674
2028	4.50	103,837	70,762	174,599	1,470,000	1,644,599
2029	4.50	70,762	36,225	106,987	1,535,000	1,641,987
2030	4.50	36,225	-	36,225	1,610,000	1,646,225
		<u>\$ 4,566,084</u>	<u>\$ 4,125,357</u>	<u>\$ 8,691,441</u>	<u>\$ 19,270,000</u>	<u>\$ 27,961,441</u>

Bonds dated: February 15, 2006

Original issue: \$37,745,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2017 may be redeemed on March 1, 2016 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2005C REVENUE (CWSRF) BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		March 1	September 1	Total		
2014	3.00	124,326	117,576	241,902	450,000	691,902
2015	3.10	117,576	110,369	227,945	465,000	692,945
2016	3.20	110,369	102,769	213,138	475,000	688,138
2017	3.25	102,769	94,725	197,494	495,000	692,494
2018	3.35	94,725	86,183	180,908	510,000	690,908
2019	3.40	86,183	77,258	163,441	525,000	688,441
2020	3.45	77,258	67,856	145,114	545,000	690,114
2021	3.50	67,856	58,056	125,912	560,000	685,912
2022	3.60	58,056	47,616	105,672	580,000	685,672
2023	3.65	47,616	36,575	84,191	605,000	689,191
2024	3.70	36,575	25,013	61,588	625,000	686,588
2025	3.75	25,013	12,825	37,838	650,000	687,838
2026	3.80	12,825	-	12,825	675,000	687,825
		<u>\$ 961,147</u>	<u>\$ 836,821</u>	<u>\$ 1,797,968</u>	<u>\$ 7,160,000</u>	<u>\$ 8,957,968</u>

Bonds dated: April 1, 2005

Original issue: \$10,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2015 may be redeemed on March 1, 2014 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2005B REVENUE REFUNDING BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		March 1	September 1	Total		
2014	5.00	879,494	834,619	1,714,113	1,795,000	3,509,113
2015	5.25	834,619	693,788	1,528,407	5,365,000	6,893,407
2016	5.25	693,788	545,475	1,239,263	5,650,000	6,889,263
2017	5.25	545,475	389,025	934,500	5,960,000	6,894,500
2018	5.25	389,025	224,044	613,069	6,285,000	6,898,069
2019	5.25	224,044	50,138	274,182	6,625,000	6,899,182
2020	5.25	50,138	25,725	75,863	930,000	1,005,863
2021	5.25	25,725	-	25,725	980,000	1,005,725
		<u>\$ 3,642,308</u>	<u>\$ 2,762,814</u>	<u>\$ 6,405,122</u>	<u>\$ 33,590,000</u>	<u>\$ 39,995,122</u>

Bonds dated: April 1, 2005

Original issue: \$36,515,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2016 may be redeemed on March 1, 2015 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2005A REVENUE BONDS
UNTIL MATURITY

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		Payment Due		Total		
		March 1	September 1			
2014	5.00	52,375	26,875	79,250	1,020,000	1,099,250
2015	5.00	26,875	-	26,875	1,075,000	1,101,875
		<u>\$ 79,250</u>	<u>\$ 26,875</u>	<u>\$ 106,125</u>	<u>\$ 2,095,000</u>	<u>\$ 2,201,125</u>

Bonds dated: March 1, 2005

Original issue: \$45,660,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2016 may be redeemed on March 1, 2015 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2004A REVENUE REFUNDING BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		Payment Due March 1	September 1	Total		
2014	5.00	15,750	-	15,750	630,000	645,750
		\$ 15,750	\$ -	\$ 15,750	\$ 630,000	\$ 645,750

Bonds dated: November 15, 2004

Original issue: \$14,360,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2015 may be redeemed on March 1, 2014 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2004 REVENUE REFUNDING BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		Payment Due		Total		
		March 1	September 1			
2014	5.00	48,500	-	48,500	1,940,000	1,988,500
		<u>\$ 48,500</u>	<u>\$ -</u>	<u>\$ 48,500</u>	<u>\$ 1,940,000</u>	<u>\$ 1,988,500</u>

Bonds dated: February 1, 2004

Original issue: \$36,070,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2015 may be redeemed on March 1, 2014 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2003B REVENUE (CWSRF) BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		Payment Due				
		March 1	September 1	Total		
2014	3.29	82	-	82	5,000	5,082
		\$ 82	\$ -	\$ 82	\$ 5,000	\$ 5,082

Bonds dated: December 1, 2003

Original issue: \$10,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2015 may be redeemed on March 1, 2014 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2003A REVENUE (DWSRF) BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		Payment Due March 1	September 1	Total		
2014	0.00	-	-	-	50,000	50,000
2015	0.00	-	-	-	50,000	50,000
2016	0.00	-	-	-	50,000	50,000
2017	0.00	-	-	-	50,000	50,000
2018	0.00	-	-	-	50,000	50,000
2019	0.00	-	-	-	50,000	50,000
2020	0.00	-	-	-	50,000	50,000
2021	0.00	-	-	-	50,000	50,000
2022	0.00	-	-	-	50,000	50,000
2023	0.00	-	-	-	50,000	50,000
2024	0.00	-	-	-	50,000	50,000
		\$ -	\$ -	\$ -	\$ 550,000	\$ 550,000

Bonds dated: August 15, 2003

Original issue: \$1,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2015 may be redeemed on March 1, 2014 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 1990B REVENUE BONDS
UNTIL MATURITY

February 28, 2014

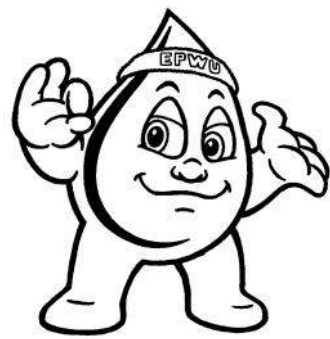
Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		March 1	September 1	Total		
2014	0.00	-	-	-	1,600,000	1,600,000
2015	0.00	-	-	-	1,600,000	1,600,000
2016	0.00	-	-	-	1,600,000	1,600,000
2017	0.00	-	-	-	1,600,000	1,600,000
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,400,000</u>	<u>\$ 6,400,000</u>

Bonds dated: December 1, 1990

Original Issue: \$8,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 1999
may be redeemed on March 1, 1998.



PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

STATEMENTS OF NET POSITION

February 28, 2014 and February 28, 2013

	2014	RESTATED 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,203,062	\$ 4,933,570
Accounts receivable - customers	789,597	873,855
Accounts receivable - other	7,243	7,582
Due from Water and Wastewater Utility	36,135	339,396
Accrued interest receivable	119,393	136,077
Restricted current assets:		
Restricted for bond requirements:		
Cash and cash equivalents	4,915,490	4,523,722
Investments	1,475,532	890,035
Restricted for construction and improvements:		
Cash and cash equivalents	26,237,859	32,466,892
Investments	23,298,384	18,366,068
Total current assets	<u>59,082,695</u>	<u>62,537,197</u>
Noncurrent assets:		
Restricted noncurrent assets:		
Restricted for bond requirements:		
Investments	977,238	1,023,809
Restricted for construction and improvements:		
Investments	4,412,307	1,317,813
Capital assets:		
Municipal Drainage Utility capital assets	58,998,666	46,402,321
Land and right of way	6,601,105	4,852,158
Construction work in progress	9,976,295	18,626,370
Less accumulated depreciation	<u>(9,231,298)</u>	<u>(7,747,760)</u>
Total capital assets (net of accumulated depreciation)	<u>66,344,768</u>	<u>62,133,089</u>
Total noncurrent assets	<u>71,734,313</u>	<u>64,474,711</u>
Total assets	<u>\$ 130,817,008</u>	<u>\$ 127,011,908</u>

	2014	RESTATED 2013
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 483,937	\$ 228,124
Accrued vacation payable	58,633	53,697
Accrued payroll and benefits	120,731	83,481
Unearned revenue on land leases	8,765	8,750
Retainage payable on operating contracts	-	24,090
Current liabilities payable from restricted assets:		
Revenue bonds payables and unamortized premiums net of discounts	2,570,259	2,405,259
Accrued interest on revenue bonds	1,553,713	1,663,255
Accounts payable	1,062,549	587,834
Retainage payable on construction contracts	76,133	316,710
Total current liabilities	<u>5,934,720</u>	<u>5,371,200</u>
Noncurrent liabilities:		
Revenue bonds payables and unamortized premiums net of discounts	61,646,408	64,216,668
Other Post-Employment Benefits	196,987	145,992
Accrued vacation payable	49,824	43,408
Total noncurrent liabilities	<u>61,893,219</u>	<u>64,406,068</u>
Total liabilities	<u>67,827,939</u>	<u>69,777,268</u>
NET POSITION		
Restricted:		
Restricted for debt service	5,814,548	4,774,311
Restricted for construction and improvements	8,717,102	4,040,922
Total restricted	<u>14,531,650</u>	<u>8,815,233</u>
Net investment in capital assets	46,220,867	42,716,469
Unrestricted	<u>2,236,552</u>	<u>5,702,938</u>
Total net position	<u>62,989,069</u>	<u>57,234,640</u>
Total liabilities and net position	<u>\$ 130,817,008</u>	<u>\$ 127,011,908</u>

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

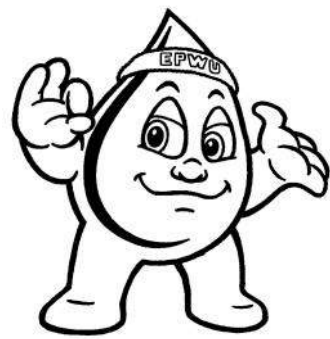
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

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

For the Years Ended February 28, 2014 and February 28, 2013

	2014	RESTATED 2013
Drainage operating revenues:		
Residential	\$ 6,235,938	\$ 6,147,697
Non residential	8,926,521	8,918,715
Billing fees - City Solid Waste Management	260,645	256,864
Other operating revenue	399,981	363,864
Total operating revenues	<u>15,823,085</u>	<u>15,687,140</u>
Drainage operating expenses:		
Operations and maintenance	5,613,000	4,563,460
Indirect cost allocation	1,305,000	1,472,000
Other operating expenses	-	209,197
Other Post-Employment Benefits expense	50,995	57,938
Depreciation	1,484,740	1,635,231
Total operating expenses	<u>8,453,735</u>	<u>7,937,826</u>
Operating income	<u>7,369,350</u>	<u>7,749,314</u>
Nonoperating revenues (expenses):		
Interest earnings and net change in fair value of investments	89,659	104,278
IRS tax credit for Build America Bonds	828,171	934,250
Gain on land assets converted by sale	256,595	793,398
Gain on sale of miscellaneous assets	-	27,205
Interest on long term debt	(2,775,634)	(2,514,924)
Total nonoperating expenses	<u>(1,601,209)</u>	<u>(655,793)</u>
Increase in net position, before capital contributions	<u>5,768,141</u>	<u>7,093,521</u>
Capital contributions to El Paso Electric	(13,712)	-
Total contributions	<u>(13,712)</u>	<u>-</u>
Change in net position	5,754,429	7,093,521
Total net position - beginning	57,234,640	50,526,625
Prior period adjustment	-	(385,506)
Total net position - ending	<u>\$ 62,989,069</u>	<u>\$ 57,234,640</u>



PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

STATEMENTS OF CASH FLOWS

For the Years Ended February 28, 2014 and February 28, 2013

	2014	RESTATED 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 15,802,839	\$ 15,503,936
Cash received from Water and Wastewater Utility	104,856	104,760
Cash payments to Water and Wastewater Utility	(1,042,321)	(1,779,349)
Cash payments to suppliers for goods and services	(4,153,559)	(3,612,138)
Cash payments to employees for services	(1,138,533)	(727,804)
Net cash provided by operating activities	9,573,282	9,489,405
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from:		
Revenue bonds	-	14,075,000
Premiums received on revenue bonds	-	905,911
Acquisition and construction of capital assets net of disposals	(5,475,993)	(8,309,541)
Proceeds from sale of assets net of related expenses	256,595	820,603
Interest and fees on revenue bonds	(2,931,435)	(2,469,299)
Principal payments on revenue bonds	(2,359,000)	(1,850,000)
IRS tax credit on Build America Bonds	828,171	934,250
Net cash provided (used) by capital and related financing activities	(9,681,662)	4,106,924
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale and maturities of investment securities	32,019,402	24,459,302
Purchase of investment securities	(40,591,561)	(26,158,179)
Interest received on investment securities	112,766	68,835
Net cash used by investing activities	(8,459,393)	(1,630,042)
 Net increase (decrease) in cash and cash equivalents	(8,567,773)	11,966,287
Cash and cash equivalents:		
Beginning of year	41,924,184	29,957,897
End of year	\$ 33,356,411	\$ 41,924,184

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

STATEMENTS OF CASH FLOWS

For the Years Ended February 28, 2014 and February 28, 2013

	2014	RESTATED 2013
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income	\$ 7,369,350	\$ 7,749,314
Adjustments to reconcile operating income to net		
cash provided by operating activities:		
Depreciation	1,484,740	1,635,231
Bond issue expense	-	209,197
(Increase) decrease in assets:		
Accounts receivable	84,597	(78,444)
Due from Water and Wastewater Utility	303,261	(275,344)
Increase (decrease) in liabilities:		
Accounts payable	255,812	168,530
Other Current Liabilities	15	-
Accrued vacation payable	11,352	(2,119)
Accrued payroll and benefits	37,250	21,058
Other Post-Employment Benefits	50,995	57,938
Retainage payable on operating contracts	(24,090)	4,044
Net cash provided by operating activities	\$ 9,573,282	\$ 9,489,405
 Noncash investing, capital, and financing activities:		
Contribution in aid of construction	\$ (13,712)	\$ -
Change in fair value of investments	6,423	918
	\$ (7,289)	\$ 918

PUBLIC SERVICE BOARD - EL PASO STORMWATER UTILITY
A COMPONENT UNIT OF THE CITY OF EL PASO
MUNICIPAL DRAINAGE UTILITY FUND

OPERATING REVENUES

For the Years Ended February 28, 2014 and February 28, 2013

	2014	2013
Drainage operating revenues:		
Residential	\$ 6,235,938	\$ 6,147,697
Non residential	8,926,521	8,918,715
Billing fees - City Solid Waste Management	260,645	256,864
Other operating revenue	399,981	363,864
Total drainage revenue	15,823,085	15,687,140
Total operating revenue	\$ 15,823,085	\$ 15,687,140

PUBLIC SERVICE BOARD - EL PASO STORMWATER UTILITY
A COMPONENT UNIT OF THE CITY OF EL PASO
MUNICIPAL DRAINAGE UTILITY FUND

OPERATING EXPENSES

For the Years Ended February 28, 2014 and February 28, 2013

	2014	RESTATED 2013
Drainage Division		
Emergency Response	\$ 371,341	\$ 220,589
Maintenance	3,493,107	2,932,241
Total drainage division	3,864,448	3,152,830
General and administrative	1,748,552	1,410,630
Indirect cost allocation	1,305,000	1,472,000
Other operating expenses		
Depreciation	1,484,740	1,635,231
Bond issue expense	-	209,197
Other Post-Employment Benefits expenses	50,995	57,938
Total other operating expenses	1,535,735	1,902,366
Total operating expenses	\$ 8,453,735	\$ 7,937,826

PUBLIC SERVICE BOARD - EL PASO STORMWATER UTILITY
A COMPONENT UNIT OF THE CITY OF EL PASO
MUNICIPAL DRAINAGE UTILITY FUND

NET OPERATING REVENUE - MUNICIPAL DRAINAGE UTILITY

For the Years Ended February 28, 2014 and February 28, 2013

	2014	2013
Operating revenue	\$ 15,823,085	\$ 15,687,140
Operating revenue deductions		
Operating expenses	3,864,448	3,152,830
General and administrative	1,748,551	1,410,630
Indirect cost allocation	1,305,000	1,472,000
Total operating expense deductions	6,917,999	6,035,460
Net operating revenue - drainage	\$ 8,905,086	\$ 9,651,680

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

CHANGES IN REVENUE BONDS PAYABLE

For the Years Ended February 28, 2014 and February 28, 2013

<u>Bond Series</u>	Bonds payable February 28, 2013	Additions	Retirements	Bonds payable February 28, 2014
2009 Series	\$ 49,615,000	\$ -	\$ 1,835,000	\$ 47,780,000
2009A Series	2,053,000	-	109,000	1,944,000
2012 Series	14,075,000	-	415,000	13,660,000
TOTALS	<u>\$ 65,743,000</u>	<u>\$ -</u>	<u>\$ 2,359,000</u>	<u>\$ 63,384,000</u>

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

**SUMMARY STATEMENT OF DEBT SERVICE REQUIREMENTS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest		Total Interest	Tax Credit	Net Interest	Principal Due March 1	Total Requirements
	Payment Due March 1	September 1					
2014	1,553,713	1,496,862	3,050,575	(881,479)	2,169,096	2,524,000	4,693,096
2015	1,496,862	1,434,561	2,931,423	(844,055)	2,087,368	2,644,000	4,731,368
2016	1,434,561	1,366,391	2,800,952	(804,559)	1,996,393	2,774,000	4,770,393
2017	1,366,391	1,294,494	2,660,885	(762,850)	1,898,035	2,919,000	4,817,035
2018	1,294,494	1,215,934	2,510,428	(718,835)	1,791,592	3,069,000	4,860,592
2019	1,215,934	1,133,252	2,349,186	(672,419)	1,676,766	3,224,000	4,900,766
2020	1,133,252	1,046,054	2,179,305	(623,461)	1,555,843	3,394,000	4,949,843
2021	1,046,054	953,946	2,000,000	(571,773)	1,428,227	3,578,000	5,006,227
2022	953,946	856,918	1,810,864	(517,213)	1,293,651	3,763,000	5,056,651
2023	856,918	754,577	1,611,495	(459,640)	1,151,854	3,963,000	5,114,854
2024	754,577	650,404	1,404,981	(398,866)	1,006,115	4,173,000	5,179,115
2025	650,404	536,763	1,187,167	(334,750)	852,417	4,387,000	5,239,417
2026	536,763	425,277	962,040	(267,104)	694,936	4,612,000	5,306,936
2027	425,277	307,377	732,654	(195,691)	536,963	4,842,000	5,378,963
2028	307,377	182,762	490,138	(120,324)	369,815	5,082,000	5,451,815
2029	182,762	50,488	233,249	(40,814)	192,435	5,337,000	5,529,435
2030	50,488	34,213	84,700	-	84,700	1,037,000	1,121,700
2031	34,213	17,413	51,625	-	51,625	1,067,000	1,118,625
2032	17,413	-	17,413	-	17,413	995,000	1,012,413
	<u>\$ 15,311,396</u>	<u>\$ 13,757,683</u>	<u>\$ 29,069,080</u>	<u>\$ (8,213,834)</u>	<u>\$ 20,855,242</u>	<u>\$ 63,384,000</u>	<u>\$ 84,239,242</u>

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2012 REVENUE BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest			Principal Due March 1	Total Requirements
		March 1	September 1	Total		
2014	2.00	268,431	263,631	532,063	480,000	1,012,063
2015	3.00	263,631	256,206	519,838	495,000	1,014,838
2016	4.00	256,206	246,006	502,213	510,000	1,012,213
2017	4.00	246,006	235,306	481,313	535,000	1,016,313
2018	5.00	235,306	221,306	456,613	560,000	1,016,613
2019	5.00	221,306	206,681	427,988	585,000	1,012,988
2020	5.00	206,681	191,306	397,988	615,000	1,012,988
2021	5.00	191,306	175,056	366,363	650,000	1,016,363
2022	5.00	175,056	158,056	333,113	680,000	1,013,113
2023	5.00	158,056	140,181	298,238	715,000	1,013,238
2024	4.00	140,181	125,181	265,363	750,000	1,015,363
2025	5.00	125,181	105,556	230,738	785,000	1,015,738
2026	3.00	105,556	93,331	198,888	815,000	1,013,888
2027	3.13	93,331	80,206	173,538	840,000	1,013,538
2028	3.25	80,206	66,150	146,356	865,000	1,011,356
2029	3.50	66,150	50,488	116,638	895,000	1,011,638
2030	3.50	50,488	34,213	84,700	930,000	1,014,700
2031	3.50	34,213	17,413	51,625	960,000	1,011,625
2032	3.50	17,413	-	17,413	995,000	1,012,413
		<u>\$ 2,934,706</u>	<u>\$ 2,666,275</u>	<u>\$ 5,600,981</u>	<u>\$ 13,660,000</u>	<u>\$ 19,260,981</u>

Bonds dated: June 15, 2012

Original issue: \$14,075,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2023 may be redeemed on March 1, 2022 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2009A REVENUE (CWSRF) ARRA BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest ----- Payment Due			Principal Due March 1	Total Requirements
		March 1	September 1	Total		
2014	0.00	-	-	-	109,000	109,000
2015	0.00	-	-	-	109,000	109,000
2016	0.00	-	-	-	109,000	109,000
2017	0.00	-	-	-	109,000	109,000
2018	0.00	-	-	-	109,000	109,000
2019	0.00	-	-	-	109,000	109,000
2020	0.00	-	-	-	109,000	109,000
2021	0.00	-	-	-	108,000	108,000
2022	0.00	-	-	-	108,000	108,000
2023	0.00	-	-	-	108,000	108,000
2024	0.00	-	-	-	108,000	108,000
2025	0.00	-	-	-	107,000	107,000
2026	0.00	-	-	-	107,000	107,000
2027	0.00	-	-	-	107,000	107,000
2028	0.00	-	-	-	107,000	107,000
2029	0.00	-	-	-	107,000	107,000
2030	0.00	-	-	-	107,000	107,000
2031	0.00	-	-	-	107,000	107,000
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,944,000</u>	<u>\$ 1,944,000</u>

Bonds dated: February 4, 2010

Original issue: \$2,163,000

Source of funding requirements: Net revenues only

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

**DEBT SERVICE REQUIREMENTS - 2009 REVENUE (NADBANK) BUILD AMERICA BONDS
UNTIL MATURITY**

February 28, 2014

Calendar Year	Interest Rate	Interest		Total Interest	Tax Credit			Net Interest	Principal Due March 1	Total Requirements
		Payment Due March 1	September 1		March 1	September 1	Total			
2014	5.38	1,285,282	1,233,231	2,518,513	(449,849)	(431,631)	(881,479)	1,637,033	1,935,000	3,572,033
2015	5.38	1,233,231	1,178,355	2,411,585	(431,631)	(412,424)	(844,055)	1,567,530	2,040,000	3,607,530
2016	5.38	1,178,355	1,120,385	2,298,740	(412,424)	(392,135)	(804,559)	1,494,181	2,155,000	3,649,181
2017	5.38	1,120,385	1,059,188	2,179,573	(392,135)	(370,716)	(762,850)	1,416,722	2,275,000	3,691,722
2018	5.38	1,059,188	994,628	2,053,815	(370,716)	(348,120)	(718,835)	1,334,980	2,400,000	3,734,980
2019	5.38	994,628	926,571	1,921,198	(348,120)	(324,300)	(672,419)	1,248,779	2,530,000	3,778,779
2020	5.38	926,571	854,748	1,781,318	(324,300)	(299,162)	(623,461)	1,157,857	2,670,000	3,827,857
2021	5.38	854,748	778,890	1,633,637	(299,162)	(272,611)	(571,773)	1,061,864	2,820,000	3,881,864
2022	5.38	778,890	698,862	1,477,752	(272,611)	(244,602)	(517,213)	960,538	2,975,000	3,935,538
2023	5.38	698,862	614,396	1,313,258	(244,602)	(215,039)	(459,640)	853,618	3,140,000	3,993,618
2024	5.38	614,396	525,223	1,139,619	(215,039)	(183,828)	(398,866)	740,752	3,315,000	4,055,752
2025	5.38	525,223	431,207	956,430	(183,828)	(150,922)	(334,750)	621,679	3,495,000	4,116,679
2026	5.38	431,207	331,946	763,153	(150,922)	(116,181)	(267,104)	496,049	3,690,000	4,186,049
2027	5.38	331,946	227,171	559,117	(116,181)	(79,510)	(195,691)	363,426	3,895,000	4,258,426
2028	5.38	227,171	116,612	343,782	(79,510)	(40,814)	(120,324)	223,458	4,110,000	4,333,458
2029	5.38	116,612	-	116,612	(40,814)	-	(40,814)	75,797	4,335,000	4,410,797
		<u>\$ 12,376,690</u>	<u>\$ 11,091,408</u>	<u>\$ 23,468,098</u>	<u>\$ (4,331,841)</u>	<u>\$ (3,881,993)</u>	<u>\$ (8,213,834)</u>	<u>\$ 15,254,264</u>	<u>\$ 47,780,000</u>	<u>\$ 63,034,264</u>

Bonds dated: September 29, 2009

Original issue: \$53,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds may be redeemed at any time

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

INSURANCE COVERAGE

February 28, 2014

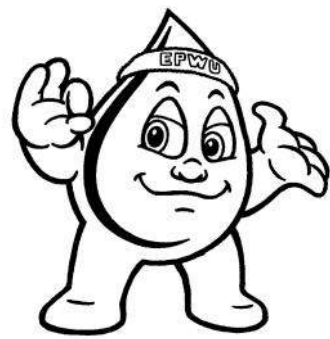
<u>Insurance Providers</u>	<u>Policy Number</u>	<u>Policy Period</u>
Affiliated FM Agent: Wells Fargo Insurance	GN013	01/03/14 to 01/03/15
Texas Municipal League	Entity ID# 889	10/01/13 to 10/01/14
Travelers Casualty & Surety Co. of America Agent: Wells Fargo Insurance	105715307	12/7/13 to 12/07/14
Texas Municipal League	Entity ID# 944	05/01/13 to 05/01/14
Litchfield Special Risk Agent: Wells Fargo Insurance	CPS1891813	11/11/13 to 11/11/14
Litchfield Special Risk Agent: Wells Fargo Insurance	CPS1784139	09/16/13 to 09/16/14
City of El Paso - El Paso Water Utilities Aetna	Self Insurance Plan	01/01/13 to 12/31/15
Aetna		01/01/11 to 12/31/14
Aetna	Fully Insured	07/01/12 to 06/30/15
Aetna	Fully Insured	07/01/12 to 06/30/15
Standard Insurance Company Underwriter ReliaStar Life Ins. Co.	647505-A	01/01/14 to 12/31/15
CAS, Inc. (Administrator)	Self Insurance Plan	11/13/13 to 11/12/18

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

INSURANCE COVERAGE

February 28, 2014

Type of Insurance	Property Insured	Insurance
Blanket coverages for Building, Boiler & Machinery, & Personal Property	Buildings, Boiler & Machinery, and Personal Property (Policy covers City of El Paso and EPWU assets)	\$600,000,000 \$250,000 Deductible
Auto Liability	Six Vehicles	\$500,000 \$10,000 Deductible
Inside/Outside Theft and Disappearance	Property and Cash	\$100,000 \$5,000 Deductible
Computer Fraud	Non-authorized access of computer information	\$3,000,000 \$50,000 Deductible
Employee Dishonesty	Covers against financial loss of money, securities, and other property	\$3,000,000 \$50,000 Deductible
Misc. Professional Liability	Errors & Omissions For Public Officials & Employees	\$5,000,000 \$10,000,000 \$50,000 Deductible
Special Event General Liability	TECH2O and Desalination Plant	\$2,000,000 Aggregate No Deductible
General Liability	Palisades & Trailheads	\$2,000,000 Aggregate No Deductible
Choice POS II	Employees, Family	Annual Deductible Co-insurance 80% or 90% High Deductible Plan 100%
Specific And Aggregate Stop Loss Insurance	Employees, Family & Retirees under 65	Individual Claims over \$225,000
Choice POS II	Retirees under 65	Annual Deductible Co-insurance 80% or 90% High Deductible Plan 100%
Medicare Advantage Plan	Retirees over 65 - Part A & Part B Required	\$0 Deductible 90% Co-Insurance
Employee Basic Life Insurance	Active Employees Only	\$50,000 per employee \$2,000 for spouse
Accidental Death & Dismemberment	Active Employees Only	\$1,000 per child
Supplemental/Optional Life	Active Employees and Family Only	\$200,000 per employe \$100,000 for spouse \$10,000 per child
Worker's Compensation	Self Insured	



STATISTICAL SECTION



STATISTICAL SECTION - CONTENTS AND EXPLANATIONS (Unaudited)

This part of The Public Service Board - El Paso Water Utilities (EPWU) comprehensive annual financial report, presents summary information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Public Service Board - El Paso Water Utilities (EPWU) financial health

PAGE

A - FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how Water and Wastewater Utility Fund financial performance and well-being have changed over time. Along with the first six years of operations for the Municipal Drainage Utility Fund.

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Water and Wastewater Utility Fund Statements of Revenues, Expenses and Changes in Net Position	A-4
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B - REVENUE CAPACITY INFORMATION

These schedules contain information to help the reader assess the Water and Wastewater Utility Fund primary revenue sources. Along with the Municipal Drainage Utility Fund revenue information, for the first six years of operations.

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Municipal Drainage Utility Fund ten largest drainage customers	B-10
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C - DEBT CAPACITY INFORMATION

This schedule presents information to help the reader assess the affordability of the Public Service Board - El Paso Water Utilities' current levels of outstanding debt and its ability to issue additional debt in the future for the Water and Wastewater Utility and the Municipal Drainage Utility funds

Water and Wastewater Utility Fund debt service coverage	C-1
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the Public Service Board - El Paso Water Utilities' financial activities take place.

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Top 10 Private Employers in the City of El Paso	D-4

E - OPERATING INFORMATION

These schedules contain information about the Public Service Board - El Paso Water Utilities' operations and resources, to help the reader understand how each utility's financial information relate to the services they provide and the activities they perform.

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A - FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how Water and Wastewater Utility's financial performance and well-being have changed over time.

Along with the first six years of operations for the Municipal Drainage Utility Fund.



**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
ENTERPRISE FUNDS**

NET POSITION

2005 thru 2014¹
(accrual basis of accounting)
(amounts expressed in thousands)

	2014	Restated 2013 ⁴	Restated 2012 ⁵	2011	2010	2009	2008	2007	Restated 2006 ³	Restated 2005 ²
NET POSITION										
Restricted:										
Restricted for debt service	\$58,213	\$56,136	\$53,650	\$58,423	\$53,190	\$53,169	\$45,721	\$46,297	\$38,950	\$31,576
Restricted for construction and improvements	35,752	25,448	22,149	19,314	15,094	6,429	-	4,116	27,948	4,067
Total restricted	93,965	81,583	75,799	77,737	68,284	59,598	45,721	50,413	66,898	35,643
Net investment in capital assets	727,502	698,873	676,369	651,543	636,126	629,341	601,284	579,931	528,297	500,712
Unrestricted	26,737	27,908	24,076	21,396	16,809	17,708	4,366	10,107	10,469	15,527
Total net position	\$848,203	\$808,364	\$776,244	\$750,676	\$721,219	\$706,648	\$651,372	\$640,452	\$605,664	\$551,883

Note: Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted when constraints placed on net position use is either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

¹Fiscal year March 1 thru last day of February of year shown

²Fiscal year 2005 restated to properly present amortization of bond premiums

³Fiscal year 2006 restated to properly present change in method of depreciation and capitalized interest

⁴Fiscal year 2013 has been restated as a result of a change in estimates and the adoption of GASB 65. *Items Previously Reported as Assets and Liabilities*

⁵Fiscal year 2012 has been restated as a result of the adoption of GASB 65. *Items Previously Reported as Assets and Liabilities*

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND**

NET POSITION

2005 thru 2014¹
(accrual basis of accounting)
(amounts expressed in thousands)

	2014	Restated 2013 ⁴	Restated 2012 ⁵	2011	2010	2009	2008	2007	Restated 2006 ³	Restated 2005 ²
NET POSITION										
Restricted:										
Restricted for debt service	\$52,399	\$51,361	\$49,999	\$54,964	\$52,087	\$53,169	\$45,721	\$46,297	\$38,950	\$31,576
Restricted for construction and improvements	27,034	21,407	19,822	17,594	8,490	6,429	-	4,116	27,948	4,067
Total restricted	79,433	72,768	69,821	72,558	60,577	59,598	45,721	50,413	66,898	35,643
Net investment in capital assets	681,281	656,157	635,023	614,995	608,413	601,695	601,284	579,931	528,297	500,712
Unrestricted	24,501	22,205	21,259	18,594	13,569	12,873	4,366	10,107	10,469	15,527
Total net position	\$785,214	\$751,129	\$726,103	\$706,147	\$682,559	\$674,166	\$651,372	\$640,452	\$605,664	\$551,883

Note: Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted when constraints placed on net position use is either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
ENTERPRISE FUNDS**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

2005 thru 2014*
(accrual basis of accounting)
(amounts expressed in thousands)

	2014	Restated 2013 ¹	Restated 2012 ²	2011	2010	2009	2008	2007	Restated 2006 ³	Restated 2005 ⁴
Revenue										
Water and reclaimed water	\$114,083	\$113,001	\$112,289	\$106,468	\$101,087	\$98,854	\$92,847	\$85,746	\$90,388	\$82,821
Wastewater	58,032	54,468	53,711	51,564	51,568	50,233	46,247	45,349	43,003	44,208
Drainage fees	15,058	14,962	14,830	14,741	14,556	17,373	-	-	-	-
Other operating revenue	9,517	9,890	9,903	9,804	8,457	10,593	10,613	7,909	6,657	4,964
Total operating revenue	196,691	192,321	190,733	182,577	175,667	177,053	149,707	139,004	140,049	131,992
Expenses										
Operations and maintenance - water and reclaimed water	38,692	40,365	42,164	39,352	40,026	41,710	39,354	36,983	30,527	27,168
Operations and maintenance - wastewater	22,444	22,165	22,478	21,510	22,948	22,114	20,840	20,989	18,761	17,777
General, administrative and engineering expenses	20,473	22,323	20,602	19,088	20,364	16,766	18,220	16,634	15,551	17,216
Operations and maintenance - drainage	5,620	4,536	5,083	5,339	5,786	6,193	-	-	-	-
Other operating expenses	2,602	2,845	2,766	2,300	2,516	2,410	2,556	2,700	393	409
Other Post-Employment Benefits expense	885	889	645	938	899	1,367	1,294	-	-	-
Depreciation	52,077	51,282	49,644	48,606	47,404	46,655	41,209	36,554	33,866	32,149
Payment to City of El Paso per bond covenants	10,553	10,383	10,509	9,931	9,614	9,301	8,602	7,981	9,330	7,783
Total operating expenses	153,346	154,788	153,892	147,064	149,557	146,517	132,075	121,840	108,427	102,501
Operating income	43,344	37,533	36,842	35,513	26,109.61	30,536	17,632	17,164	31,621	29,491
Nonoperating revenues (expenses)										
Interest earnings and net change in fair value of investments	356	363	480	815	654	1,737	3,677	6,260	5,219	1,945
IRS Tax Credit for Build America Bonds	1,050	1,184	1,216	1,136	421	-	-	-	-	-
Net gain on forfeited earnest money	-	-	-	-	-	3,255	-	-	-	-
Gain on land assets converted by sale	2,271	2,584	1,893	617	3,733	2,121	301	137	17,318	1,963
Gain on sale of miscellaneous assets	314	150	143	205	87	110	186	122	174	140
Interest on bonds, commercial paper, and land notes payable	(21,310)	(22,052)	(22,823)	(27,697)	(24,977)	(22,039)	(20,327)	(18,724)	(17,621)	(16,556)
Total nonoperating revenues (expenses)	(17,320)	(17,772)	(19,091)	(24,925)	(20,081)	(14,816)	(16,163)	(12,205)	5,090	(12,507)
Federal grant and capital contributions	13,815	12,359	14,862	18,869	8,542	39,557	9,451	29,829	14,762	11,196
Change in net position	39,840	32,120	32,612	29,456	14,571	55,276	10,920	34,788	51,473	28,180
Total net position - beginning of year	808,364	776,244	750,676	721,219	706,648	651,372	640,452	605,664	551,883	524,835
Prior period adjustment	-	-	(7,044)	-	-	-	-	-	2,308	(1,132)
Total net position - end of year	\$848,203	\$808,364	\$776,244	\$750,676	\$721,219	\$706,648	\$651,372	\$640,452	\$605,664	\$551,883

* Fiscal year March 1 thru last day of February of year shown

¹Fiscal year 2013 has been restated as a result of a change in estimates and the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

²Fiscal year 2012 has been restated as a result of the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

³Fiscal year 2005 restated to properly present amortization of bond premiums

⁴Fiscal year 2006 restated to properly present change in method of depreciation and capitalized interest

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

2005 thru 2014*
(accrual basis of accounting)
(amounts expressed in thousands)

	2014	Restated 2013 ¹	Restated 2012 ²	2011	2010	2009	2008	2007	Restated 2006 ³	Restated 2005 ⁴
Revenue										
Water and reclaimed water	\$114,083	\$113,001	\$112,289	\$106,468	\$101,087	\$98,854	\$92,847	\$85,746	\$90,388	\$82,821
Wastewater	58,032	54,468	53,711	51,564	51,568	50,233	46,247	45,349	43,003	44,208
Other operating revenue	8,881	9,293	9,447	9,366	8,000	10,593	10,613	7,909	6,657	4,964
Total operating revenue	180,997	176,763	175,448	167,398	160,655	159,680	149,707	139,004	140,049	131,992
Expenses										
Operations and maintenance - water and reclaimed water	38,765	40,405	42,204	39,390	40,059	39,618	39,354	36,983	30,527	27,168
Operations and maintenance - wastewater	22,497	22,217	22,535	21,569	23,008	21,730	20,840	20,989	18,761	17,777
General, administrative and engineering expenses	19,178	20,861	19,259	17,738	18,993	17,886	18,220	16,634	15,551	17,216
Other operating expenses	2,602	2,636	2,766	2,277	2,507	2,410	2,556	2,700	393	409
Other Post-Employment Benefits expense	834	831	627	869	899	1,367	1,294	-	-	-
Depreciation and amortization	50,593	49,646	48,088	47,108	45,761	45,177	41,209	36,554	33,866	32,149
Payment to City of El Paso per bond covenants	10,553	10,383	10,509	9,931	9,614	9,301	8,602	7,981	9,330	7,783
Total operating expenses	145,022	146,979	145,987	138,882	140,841	137,491	132,075	121,840	108,427	102,501
Operating income	35,975	29,784	29,461	28,516	19,814	22,189	17,632	17,164	31,621	29,491
Nonoperating revenues (expenses)										
Interest earnings and net change in fair value of investments	266	258	358	597	589	1,693	3,677	6,260	5,219	1,945
IRS Tax Credit for Build America Bonds	221	249	249	138	-	-	-	-	-	-
Net gain on forfeited earnest money	-	-	-	-	-	3,255	-	-	-	-
Gain on land assets converted by sale	2,014	1,791	1,893	617	3,733	2,121	301	137	17,318	1,963
Gain on sale of miscellaneous assets	314	123	143	205	87	110	186	122	174	140
Interest on bonds, commercial paper, and land notes payable	(18,534)	(19,537)	(20,373)	(24,845)	(23,773)	(22,039)	(20,327)	(18,724)	(17,621)	(16,556)
Total nonoperating revenues (expenses)	(15,719)	(17,116)	(17,731)	(23,289)	(19,363)	(14,861)	(16,163)	(12,205)	5,090	(12,507)
Federal grant and capital contributions	13,829	12,359	14,862	18,360	7,943	15,466	9,451	29,829	14,762	11,196
Change in net position	34,085	25,026	26,592	23,588	8,394	22,794	10,920	34,788	51,473	28,180
Total net position - beginning of year	751,129	726,103	706,147	682,559	674,166	651,372	640,452	605,664	551,883	524,835
Prior period adjustment	-	-	(6,635)	-	-	-	-	-	2,308	(1,132)
Total net position - end of year	\$785,214	\$751,129	\$726,103	\$706,147	\$682,559	\$674,166	\$651,372	\$640,452	\$605,664	\$551,883

* Fiscal year March 1 thru last day of February of year shown

¹Fiscal year 2013 has been restated as a result of a change in estimates and the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

²Fiscal year 2012 has been restated as a result of the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

³Fiscal year 2005 restated to properly present amortization of bond premiums

⁴Fiscal year 2006 restated to properly present change in method of depreciation and capitalized interest

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND**

NET POSITION

2009 thru 2014*

(accrual basis of accounting)

	2014	Restated 2013 ¹	Restated 2012 ²	2011	2010	2009
NET ASSETS						
Restricted:						
Restricted for debt service	\$5,814,548	\$4,774,311	\$3,651,258	\$3,458,747	\$1,102,944	\$395
Restricted for construction and improvements	8,717,102	4,040,922	2,326,931	1,719,314	6,604,228	-
Total Restricted	14,531,650	8,815,233	5,978,189	5,178,061	7,707,172	395
Net investment in capital assets	46,220,867	42,716,469	41,345,926	36,548,507	27,712,473	27,646,708
Unrestricted	2,236,552	5,702,938	2,817,004	2,801,828	3,240,365	4,835,279
Total net position	\$62,989,069	\$57,234,640	\$50,141,119	\$44,528,396	\$38,660,010	\$32,482,382

* Fiscal year March 1 thru last day of February of year shown

Note¹: Municipal Drainage Utility was created and started operations in fiscal year 2009

Note²: Accounting standards require that net position be reported in three components in the financial statements: net investments in capital assets; restricted; and unrestricted. Net position is considered restricted when constraints placed on net position use is either:

- (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments,
- or (b) imposed by law through constitutional provisions or enabling legislation.

¹Fiscal year 2013 has been restated as a result of a change in the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

²Fiscal year 2012 has been restated as a result of the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
2009 thru 2014*
(accrual basis of accounting)

	2014	Restated 2013 ¹	Restated 2012 ²	2011	2010	2009
Revenue						
Residential	\$6,235,938	\$6,147,697	\$6,057,512	\$5,975,720	\$5,857,191	\$6,575,449
Non residential	8,926,521	8,918,715	8,881,591	8,876,317	8,815,413	10,797,716
Billing fees - City Solid Waste Management	260,645	256,864	253,153	249,075	267,133	-
Other operating revenue	399,981	363,864	213,034	188,962	189,404	-
Total operating revenue	15,823,085	15,687,140	15,405,290	15,290,074	15,129,141	17,373,165
Expenses						
Operations and maintenance	5,613,000	4,563,460	5,098,949	5,341,479	5,788,192	6,193,464
Indirect cost allocation	1,305,000	1,472,000	1,350,000	1,363,000	1,392,100	1,355,500
Other operating expenses	-	209,197	-	22,677	8,319	-
Other Post-Employment benefits expense	50,995	57,938	18,566	69,488	-	-
Depreciation	1,484,740	1,635,231	1,556,485	1,497,840	1,644,195	1,477,944
Total operating expenses	8,453,735	7,937,826	8,024,000	8,294,484	8,832,806	9,026,908
Operating income	7,369,350	7,749,314	7,381,290	6,995,590	6,296,335	8,346,257
Nonoperating revenues (expenses)						
Interest earnings and net change in fair value of investments	89,659	104,278	122,488	217,392	65,227	44,677
IRS tax credit for Build America Bonds	828,171	934,250	967,015	997,990	421,374	-
Gain on land assets converted by sale	256,595	793,398	-	-	-	-
Gain on sale of miscellaneous assets	-	27,205	-	-	-	-
Interest on long term debt	(2,775,634)	(2,514,924)	(2,449,887)	(2,851,400)	(1,203,924)	-
Total nonoperating revenues (expenses)	(1,601,209)	(655,793)	(1,360,384)	(1,636,018)	(717,323)	44,677
Federal grants and capital contributions	(13,712)	-	-	508,814	598,616	24,091,448
Total federal grants and capital contributions from (to)	(13,712)	-	-	508,814	598,616	24,091,448
Change in net position	5,754,429	7,093,521	6,020,906	5,868,386	6,177,628	32,482,382
Total net position - beginning of year	57,234,640	50,141,119	44,528,396	38,660,010	32,482,382	-
Prior period adjustment	-	-	(408,183)	-	-	-
Total net position - end of year	\$62,989,069	\$57,234,640	\$50,141,119	\$44,528,396	\$38,660,010	\$32,482,382

* Fiscal year March 1 thru last day of February of year shown

Note: Municipal Drainage Utility was created and started operations in fiscal year 2009

¹Fiscal year 2013 has been restated as a result of a change in the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

²Fiscal year 2012 has been restated as a result of the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND**

**SELECTED FINANCIAL RATIOS
2005 thru 2014***

	2014	Restated 2013 ¹	Restated 2012 ²	2011	2010	2009	2008	2007	Restated 2006 ³	Restated 2005 ⁴
FINANCIAL RATIOS*										
Current Ratio (Current Assets/Current Liabilities)	2.02	2.51	2.24	2.56	2.58	2.51	1.66	2.02	3.05	1.76
Acid Test Ratio (Cash & Cash Equivalents/ Current Liabilities)	1.07	1.72	1.57	1.80	1.75	1.64	1.13	1.55	1.47	1.31
Operating Ratio ((O&M-Depreciation)/Total Operating Revenue)	0.52	0.55	0.55	0.55	0.59	0.58	0.60	0.61	0.53	0.53
Net Take-Down Ratio ((Total Operating Income+Depreciation)/(Gross Revenue)	0.47	0.44	0.44	0.45	0.40	0.41	0.39	0.38	0.40	0.46
Total Liabilities to Total Assets	0.43	0.44	0.44	0.45	0.46	0.46	0.46	0.45	0.46	0.44
Debt to Equity Ratio ((Bonds payable+Commercial paper notes)/Equity)	0.63	0.67	0.68	0.73	0.75	0.78	0.74	0.71	0.73	0.68
Debt Ratio ((Bonds payable+Commercial paper notes)/Total Assets)	0.36	0.37	0.38	0.40	0.41	0.42	0.40	0.39	0.40	0.38
Debt Service Safety Margin ((Net Operating Income-Debt Service)/(Total Operating Revenue+Interest Earnings))	0.24	0.21	0.19	0.19	0.13	0.18	0.10	0.11	0.24	0.25
Current Restricted Assets/Current Restricted Liabilities	1.92	2.55	2.15	2.56	2.61	2.77	1.74	2.10	3.46	2.83

* Fiscal year March 1 thru last day of February of year shown

¹Fiscal year 2013 has been restated as a result of a change in estimates and the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

²Fiscal year 2012 has been restated as a result of the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

³Fiscal year 2005 restated to properly present amortization of bond premiums

⁴Fiscal year 2006 restated to properly present change in method of depreciation and capitalized interest

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND**

**SELECTED FINANCIAL RATIOS
2009 thru 2014***

FINANCIAL RATIOS	2014	Restated 2013 ¹	Restated 2012 ²	2011	2010	2009
Current Ratio (Current Assets/Current Liabilities)	9.96	11.64	8.00	11.43	32.03	5.40
Acid Test Ratio (Cash & Cash Equivalents/ Current Liabilities)	5.62	7.81	4.88	6.42	20.38	4.08
Operating Ratio ((O&M-Depreciation)/Total Operating Revenue)	0.44	0.40	0.42	0.44	0.47	0.43
Net Take-Down Ratio ((Total Operating Income+Depreciation)/Gross Revenue)	0.52	0.53	0.54	0.52	0.52	0.56
Total Liabilities to Total Assets	0.52	0.55	0.54	0.57	0.60	0.03
Debt to Equity Ratio (Bonds payable/Equity)	1.01	1.15	1.07	1.24	1.43	-
Debt Ratio (Bonds payable/Total Assets)	0.48	0.52	0.50	0.53	0.58	-
Debt Service Safety Margin ((Net Operating Income-Debt Service)/(Total Operating Revenue+Interest Earnings))	0.16	0.28	0.26	0.36	0.49	0.56
Current Restricted Assets/Current Restricted Liabilities	10.63	11.31	7.74	11.90	39.24	N/A

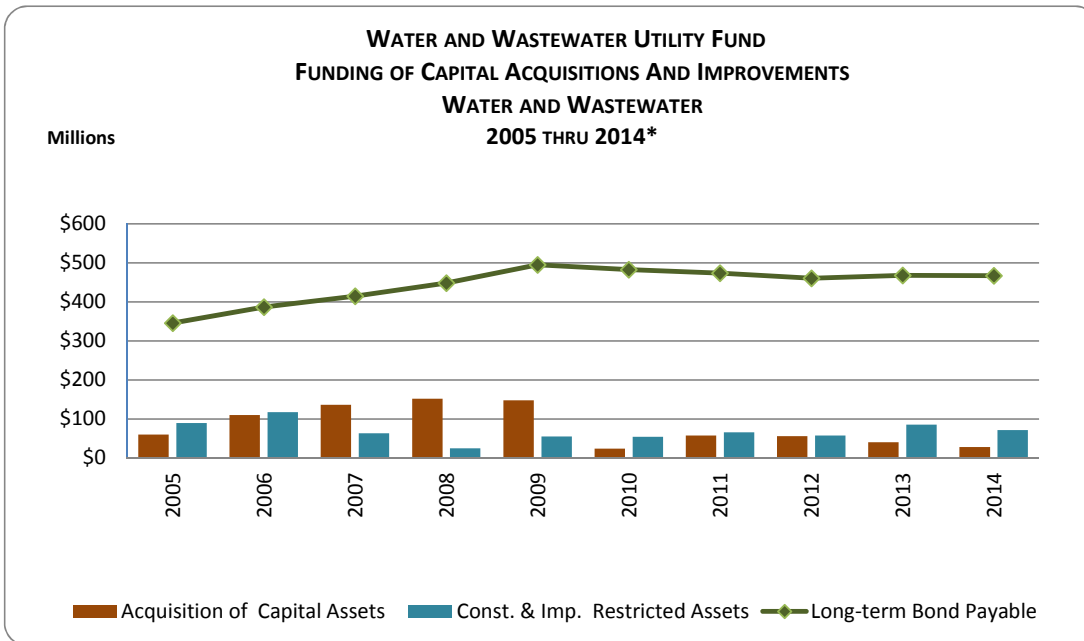
* Fiscal year March 1 thru last day of February of year shown

Note: Municipal Drainage Utility was created and started operations in fiscal year 2009

¹Fiscal year 2013 has been restated as a result of a change in the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

²Fiscal year 2012 has been restated as a result of the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

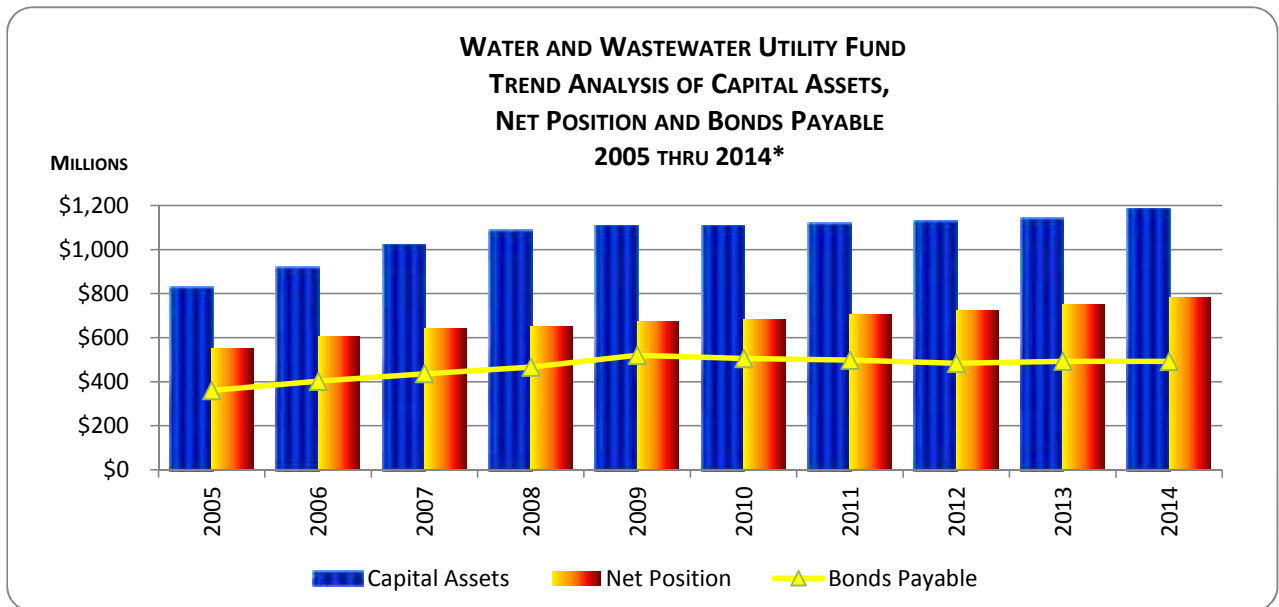


* Fiscal year March 1 thru last day of February of year shown

Funding of Capital Acquisitions and Improvements Data 2005 thru 2014*			
(amounts expressed in millions)			
Year	Acquisition of Capital Assets	Const. & Imp. Restricted Assets	Long-term Bonds Payable
2005	60.6	89.5	345.9
2006	110.3	117.4	386.8
2007	136.2	63.4	414.9
2008	152.0	24.8	448.3
2009	147.7	55.5	495.3
2010	24.0	54.8	482.9
2011	58.2	66.0	474.0
2012	56.0	58.2	460.4
2013	40.5	85.7	467.7
2014	28.2	71.9	467.1

* Fiscal year March 1 thru last day of February

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES



* Fiscal year March 1 thru last day of February of year shown

Trend Analysis of Capital Assets, Net Assets and Bonds Payable Data 2005 thru 2014* (amounts expressed in millions)			
Year	Capital Assets	Net Position	Bonds Payable
2005	827.1	551.9	359.7
2006	918.3	605.7	402.0
2007	1,019.4	640.5	436.4
2008	1,088.0	651.4	465.5
2009	1,104.5	674.2	519.3
2010	1,103.9	682.6	505.0
2011	1,115.3	706.1	497.7
2012 ²	1,126.9	726.1	483.4
2013 ¹	1,142.1	751.1	492.8
2014	1,183.0	785.2	492.3

* Fiscal year March 1 thru last day of February of year shown

¹Fiscal year 2013 has been restated as a result of a change in estimates and the adoption of GASB 65,

Items Previously Reported as Assets and Liabilities

²Fiscal year 2012 has been restated as a result of the adoption of GASB 65,

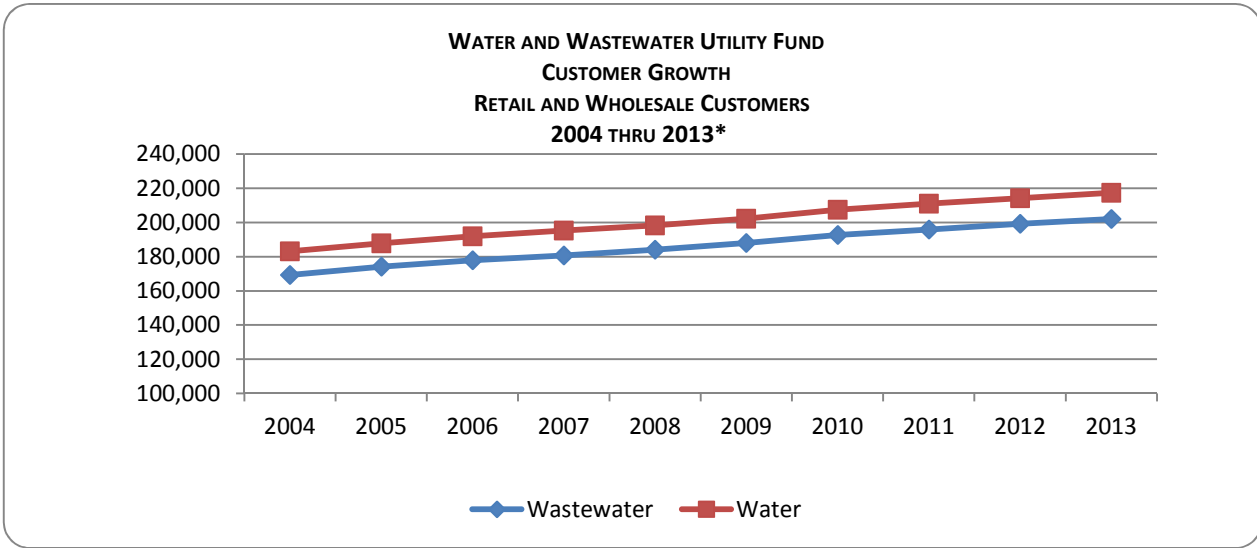
Items Previously Reported as Assets and Liabilities

B - REVENUE CAPACITY INFORMATION

These schedules contain information to help the reader assess the Water and Wastewater Utility's primary revenue sources. Along with the Municipal Drainage Utility's revenue information, for the first six years of operations.



PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES



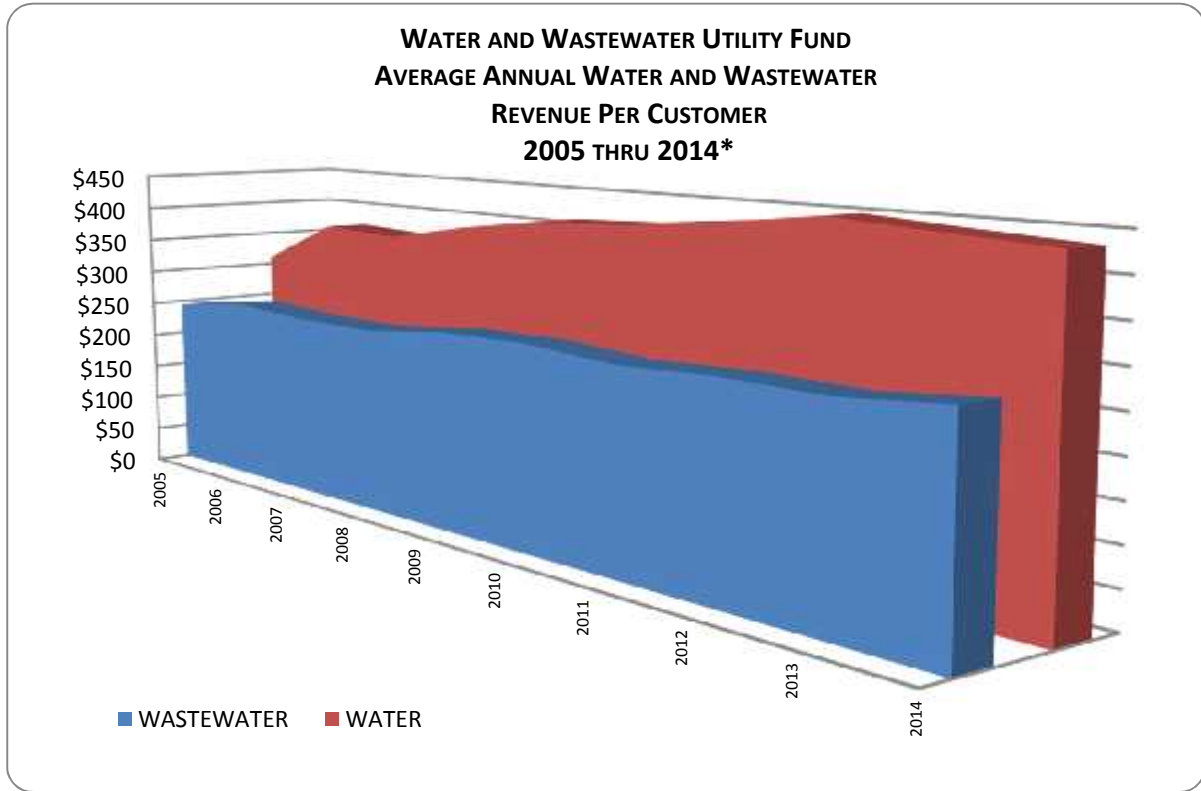
* Calendar Year

Source: Selected Operating Statistical Data page E-3

Water and Wastewater Customer Growth Data Retail and Wholesale Customers 2004 thru 2013*					
Year	Water	Wastewater	Year	Water	Wastewater
2004	183,210	169,283	2009	202,150	187,992
2005	187,794	174,195	2010	207,563	192,765
2006	191,849	177,845	2011	210,987	195,875
2007	195,389	180,795	2012	214,254	199,181
2008	198,390	183,990	2013	217,406	202,068

* Calendar Year

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

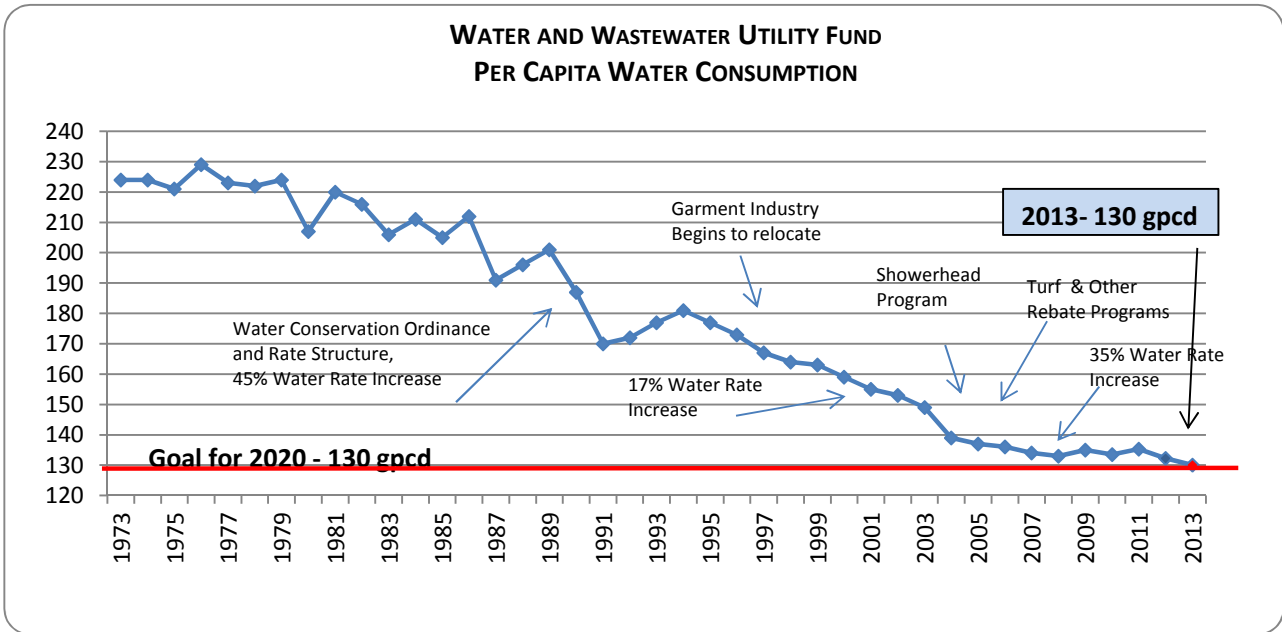


* Fiscal year March 1 thru last day of February of year shown
Note: retail & wholesale customers are included

Average Annual Water & Wastewater Revenue per Customer Data 2005 thru 2014*					
Year	Water	Wastewater	Year	Water	Wastewater
2005	311.03	244.61	2010	416.58	274.31
2006	371.66	261.15	2011	430.63	267.11
2007	366.59	254.99	2012	449.04	273.96
2008	391.59	255.80	2013	441.12	273.03
2009	411.03	270.83	2014	434.56	286.96

* Fiscal year March 1 thru last day of February

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES



Calendar Year

Per Capita Consumption Data					
Year	gpcd*	Year	gpcd	Year	gpcd
1973	224	1987	191	2001	155
1974	224	1988	196	2002	153
1975	221	1989	201	2003	149
1976	229	1990	187	2004	139
1977	223	1991	170	2005	137
1978	222	1992	172	2006	136
1979	224	1993	177	2007	134
1980	207	1994	181	2008	133
1981	220	1995	177	2009	135
1982	216	1996	173	2010	134
1983	206	1997	167	2011	135
1984	211	1998	164	2012	132
1985	205	1999	163	2013	130
1986	212	2000	159		

Calendar Year

* gpcd=gallons per capita daily

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND**

WATER BILLED BY TYPE OF CUSTOMER
2005 thru 2014*

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
WATER CUSTOMERS BY TYPE AT END OF FISCAL YEAR										
Residential	178,211	176,254	174,199	168,699	165,723	163,016	160,474	157,486	154,940	151,240
Schools	806	798	798	784	761	738	726	700	659	627
Churches	459	456	458	456	449	448	411	410	408	404
Industrial	155	163	169	162	163	161	176	181	190	187
Commercial	13,455	12,267	12,153	14,608	14,205	13,023	12,814	12,566	12,404	12,144
Government	1,676	1,623	1,599	2,690	2,599	2,700	2,647	2,556	2,517	2,506
Very Large Water Users	6	7	6	6	8	8	9	9	9	12
Wholesale Customers***	20,846	20,085	18,725	19,025	18,227	17,590	17,346	17,039	16,216	15,505
Other	1,821	2,779	2,759	1,154	1,130	1,121	1,107	851	904	848
Total Water Customers	217,435	214,432	210,866	207,584	203,265	198,805	195,710	191,798	188,247	183,473
WATER BILLED BY TYPE OF CUSTOMER (1000 ccf's)										
Residential	25,536	26,602	27,410	25,870	25,360	24,248	25,101	24,547	25,450	24,561
Schools	1,657	1,717	1,808	1,680	1,558	1,492	1,537	1,565	1,483	1,483
Churches	161	170	179	174	171	164	168	164	182	187
Industrial	1,413	1,365	452	341	310	376	399	665	609	544
Commercial	9,441	9,673	10,284	9,927	9,572	8,560	9,266	9,227	9,247	9,186
Government	3,363	3,869	4,203	2,887	3,283	3,932	3,420	3,118	2,969	2,558
Very Large Water Users	1,002	1,056	1,402	1,295	1,138	979	877	888	876	1,007
Wholesale Customers	4,091	4,148	4,265	3,349	3,051	2,868	2,982	2,681	2,731	2,606
Other	327	639	160	352	523	532	186	337	314	284
Total Water Billed in CCFs	46,990	49,239	50,164	45,873	44,966	43,151	43,935	43,193	43,860	42,416
WATER REVENUE **	\$114,083	\$113,001	\$112,289	\$106,468	\$101,087	\$98,854	\$92,847	\$85,746	\$90,388	\$82,821
WASTEWATER RETAIL CUSTOMERS										
WASTEWATER WHOLESALER CUSTOMERS***	187,003	184,868	182,595	180,204	176,755	173,489	170,623	167,357	164,771	160,666
TREATED WASTEWATER BILLED (1000 gallons)****	15,219	14,625	13,462	13,126	12,437	11,991	10,644	10,488	10,009	9,298
WASTEWATER REVENUE **	21,572	23,543	22,458	22,028	21,411	21,253	21,163	21,254	20,385	21,283
	\$58,032	\$54,468	\$53,711	\$51,564	\$51,568	\$50,233	\$46,247	\$45,349	\$43,003	\$44,208

* Fiscal year March 1 thru last day of February of year shown

** Water and Wastewater Revenue expressed in thousands

*** Includes total number of EPWU's wholesale customers and their retail customers

**** Wastewater treated by calendar year

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND**

Fiscal Year 2014*

TEN LARGEST WATER CUSTOMERS

Rank	Name of Employer	Type of Industry	Water Usage (000's)	% of Total Water Usage	Water Revenue	Water Revenue
1	Lower Valley Water District Authority	Wholesale Customer	1,877,608	5.3%	\$2,615,910	2.8%
2	El Paso Electric Company	Utility	1,778,746	5.0%	1,924,700	2.1%
3	El Paso City	City Government	1,412,956	4.0%	3,092,765	3.4%
4	Federal Government	US Government	526,402	1.5%	600,941	0.7%
5	El Paso County	County Government	525,191	1.5%	1,189,429	1.3%
6	El Paso Housing Authority	Housing Authority	515,712	1.5%	1,155,469	1.3%
7	Western Refining	Industrial	493,801	1.4%	1,977,743	2.2%
8	El Paso Independent School District	Public Schools	476,152	1.3%	1,650,748	1.8%
9	Paseo del Este MUD	Wholesale Customer	335,247	0.9%	875,944	1.0%
10	Ysleta Independent School District	Public Schools	<u>331,717</u>	<u>0.9%</u>	<u>1,355,258</u>	<u>1.5%</u>
			<u>8,273,532</u>	<u>23.3%</u>	<u>\$16,438,907</u>	<u>17.9%</u>

* Fiscal year March 1 thru last day of February of year shown

** Based on gallons consumed

Note: The above list of the top ten largest water customers was not the same for the previous nine years, therefore, a ten year comparison for these customers is not presented.

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND**

Fiscal Year 2014*

TEN LARGEST WASTEWATER CUSTOMERS

Rank	Name of Employer	Type of Industry	Wastewater Revenue	% of Total Wastewater Revenue
1	Federal Government	U.S. Government	\$1,630,078	2.8%
2	Western Refining	Industrial	928,649	1.6%
3	El Paso Housing Authority	Housing Authority	687,615	1.2%
4	Lower Valley Water District Authority	Wholesale Customer	685,839	1.2%
5	El Paso County	County Government	348,904	0.6%
6	El Paso Independent School District	Public Schools	297,162	0.5%
7	State Accounts	State Government	202,587	0.3%
8	Ysleta Independent School District	Public Schools	191,819	0.3%
9	Eagle Family Foods	Industrial	176,828	0.3%
10	UTEF	University	<u>169,641</u>	<u>0.3%</u>
			<u>\$5,319,122</u>	<u>9.2%</u>

* Fiscal year March 1 thru last day of February

Note: The above list of the top ten largest wastewater customers was not the same for the previous nine years, therefore, a ten year comparison for these customers is not presented.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

2005 thru 2014*

Monthly Minimum Charge by
Meter Size

WATER RATES									
2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
¾	5.18	4.93	4.79	4.79	4.79	4.48	4.31	4.31	4.31
1	8.06	7.68	7.46	7.46	7.46	6.97	6.70	6.70	6.70
1½	13.82	13.16	12.78	12.78	12.78	11.94	11.48	11.48	11.48
2	16.63	15.84	15.38	15.38	15.38	14.37	13.82	13.82	13.82
3	33.21	31.63	30.71	30.71	30.71	28.70	27.90	27.90	27.90
4	49.58	47.22	45.84	45.84	45.84	42.84	41.19	41.19	41.19
6	75.18	71.60	69.51	69.51	69.51	64.96	62.46	62.46	62.46
8	128.77	122.64	119.07	119.07	119.07	111.28	107.00	107.00	107.00

Volume Charges

Residential Customers

Block 1 - Over 4ccfs - 150% of AWC*	1.56	1.49	1.45	1.45	1.45	1.22	1.17	1.17	1.17
Block 2 - 150% - 250% of AWC	3.68	3.50	3.40	3.40	3.40	3.40	3.27	3.27	3.27
Block 3 - over 250% of AWC **	5.27	5.02	4.87	4.87	4.87	4.87	4.68	4.68	4.68

Non-Residential Customers

Block 1 - 150% of AWC*	1.56	1.49	1.45	1.45	1.45	1.22	1.17	1.17	1.17
Block 2 - 150% - 250% of AWC	3.68	3.50	3.40	3.40	3.40	3.40	3.27	3.27	3.27
Block 3 - over 250% of AWC **	5.27	5.02	4.87	4.87	4.87	4.87	4.68	4.68	4.68

Water Supply Replacement Charge

Meter Size

¾	6.39	6.09	5.91	5.91	5.91	5.91	5.68	5.68	5.68
1	15.97	15.21	14.77	14.77	14.77	14.77	14.20	14.20	14.20
1½	31.94	30.42	29.53	29.53	29.53	29.53	28.39	28.39	28.39
2	51.10	48.67	47.25	47.25	47.25	47.25	45.43	45.43	45.43
3	102.18	97.31	94.48	94.48	94.48	94.48	90.85	90.85	90.85
4	159.67	152.07	147.64	147.64	147.64	147.64	141.96	141.96	141.96
6	319.34	304.13	295.27	295.27	295.27	295.27	283.91	283.91	283.91
8	593.95	565.67	549.19	549.19	549.19	549.19	528.07	528.07	528.07
Rate Increase (By Design)	5.0%	3.0%	0.0%	0.0%	0.0%	7.0%	4.0%	0.0%	35.0%

* Fiscal year March 1 thru last day of February of year shown

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

WATER AND WASTEWATER UTILITY FUND

2005 thru 2014*

Monthly Minimum Charge by

Meter Size

Less than 1

1

1½

2

3

4

6

8

WASTEWATER RATES									
2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
10.93	10.41	10.11	10.11	10.11	10.11	9.45	9.09	9.09	9.09
25.14	23.94	23.24	23.24	23.24	23.24	21.72	20.88	20.88	20.88
53.51	50.96	49.48	49.48	49.48	49.48	46.24	44.46	44.46	44.46
67.32	64.11	62.24	62.24	62.24	62.24	58.17	55.93	55.93	55.93
148.83	141.74	137.61	137.61	137.61	137.61	128.61	123.66	123.66	123.66
229.23	218.31	211.95	211.95	211.95	211.95	198.08	190.46	190.46	190.46
355.04	338.13	328.28	328.28	328.28	328.28	306.80	295.00	295.00	295.00
618.66	589.20	572.04	572.04	572.04	572.04	534.62	514.06	514.06	514.06

Volume Charges

Residential Customers

Over 4 ccfs - 90% of

Average Winter Consumption

1.38 1.31 1.27 1.27 1.27 1.27 1.19 1.14 1.14 1.14

Non-Residential Customers

90% of Average Winter Consumption

1.38 1.31 1.27 1.27 1.27 1.27 1.19 1.14 1.14 1.14

Rate Increase (By Design)

5.0% 3.0% 0.0% 0.0% 0.0% 7.0% 4.0% 0.0% 0.0% 9.0%

* Fiscal year March 1 thru last day of February of year shown

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

MUNICIPAL DRAINAGE CUSTOMERS
BY TYPE
2009 thru 2014*

	Number of Customers					
	2014	2013	2012	2011	2010	2009
Residential	172,241	169,806	167,450	165,493	162,522	159,831
Non-residential						
Apartments	2,020	2,032	2,046	2,056	2,051	2,083
Churches	444	445	446	444	440	437
Industrial	154	157	160	160	161	163
Commercial	10,435	10,393	10,315	10,369	10,204	10,087
Government	375	493	489	370	260	413
Other	381	354	362	699	679	1,085
Total Non-Residential	13,809	13,874	13,818	14,098	13,795	14,268
Total Drainage Customers	186,050	183,680	181,268	179,591	176,317	174,099

* Fiscal year March 1 thru last day of February of year shown

Note: Municipal Drainage Utility was created and started operations in fiscal year 2009

MUNICIPAL DRAINAGE REVENUE BY TYPE
2009 thru 2014*

	Revenue					
	2014	2013	2012	2011	2010	2009
Residential	\$6,235,938	\$6,147,697	\$6,057,512	\$5,975,720	\$5,857,191	\$6,575,449
Non residential	8,926,521	8,918,715	8,881,591	8,876,317	8,815,413	10,797,716
Billing Fees - City Solid Waste Management	260,645	256,864	253,153	249,075	267,133	-
Other operating revenue	399,981	363,864	213,034	188,962	189,404	-
Total Revenue	<u>\$15,823,085</u>	<u>\$15,687,140</u>	<u>\$15,405,290</u>	<u>\$15,290,074</u>	<u>\$15,129,141</u>	<u>\$17,373,165</u>

* Fiscal year March 1 thru last day of February of year shown

Note: Municipal Drainage Utility was created and started operations in fiscal year 2009

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND**

**Ten Largest Municipal Drainage Customers
Fiscal Year 2014***

Rank	Name of Customer	Type of Industry	Revenue	% of Total Stormwater Revenue
1	City of El Paso	City Government	\$261,704	1.65%
2	Southern Pacific	Railroad Line	132,282	0.84%
3	Walmart	Retail Sales	91,660	0.58%
4	EPT	Property Management	78,042	0.49%
5	BRE/ELPS (BRE/TX)	Manufacturing	59,989	0.38%
6	Texas Custodial Trust	Industrial	59,672	0.38%
7	Five Star Holding	Property Management	58,929	0.37%
8	Cemex	Concrete Producer	54,909	0.35%
9	Western Refining	Industrial	54,536	0.34%
10	River Oaks	Property Management	<u>42,672</u>	<u>0.27%</u>
			<u>\$894,395</u>	<u>4.00%</u>

* Fiscal year March 1 thru last day of February of year shown

Note¹: Municipal Drainage Utility was created and started operations in fiscal year 2009

Note²: The above list of the top ten largest drainage customers based on billed amounts.

Note³: The above list of the top ten largest drainage customers was not the same for the previous year, therefore, year comparison

**MUNICIPAL DRAINAGE UTILITY RATES
2010 thru 2014***

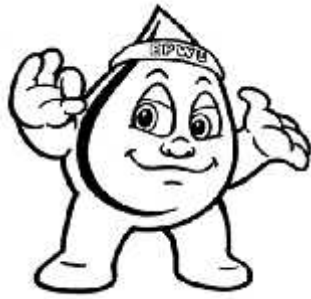
	2014	2013	2012	2011	2010	2009
Impervious area						
Residential Category						
Small	\$1.49	\$1.49	\$1.49	\$1.49	\$1.49	\$1.49
Typical	2.97	2.97	2.97	2.97	2.97	2.97
Large	5.94	5.94	5.94	5.94	5.94	5.94
Non-Residential Category						
Per 2,000 sq. ft.	\$3.03	\$3.03	\$3.03	\$3.03	\$3.03	\$3.03

* Fiscal year March 1 thru last day of February of year shown

Note: Municipal Drainage Utility was created and started operations in fiscal year 2009

C - DEBT CAPACITY INFORMATION

This schedule presents information to help the reader assess the affordability of the Public Service Board - El Paso Water Utilities' current levels of outstanding debt and its ability to issue additional debt in the future for the Water and Wastewater Utility and the Municipal Drainage Utility funds.



**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND**

DEBT SERVICE COVERAGE

2005 thru 2014*

(amounts expressed in thousands, except debt service coverage)

Fiscal Year	Water & Wastewater Revenue	Less: Operating Revenue Deductions	Net Water and Wastewater Revenue	Other Revenues Available for Debt Service	Revenues Available for Debt Service	Debt Service		Debt Service Coverage
						Principal	Interest	
2014	\$172,116	\$80,440	\$91,676	\$2,443	\$94,119	\$25,100	\$19,946	2.09
2013 ¹	167,469	83,483	83,987	2,182	86,169	22,935	19,879	2.01
2012 ²	166,001	83,998	82,003	3,170	85,173	23,715	21,632	1.86
2011	157,681	78,697	78,984	3,503	82,487	22,031	22,498	1.86
2010	152,655	82,061	70,594	3,201	73,795	23,940	22,781	1.58
2009	149,087	79,235	69,852	4,291	74,143	17,269	20,725	1.95
2008	139,094	78,414	60,680	6,099	66,779	21,473	19,878	1.61
2007	131,094	74,605	56,489	8,364	64,853	15,347	23,539	1.67
2006	133,392	64,838	68,553	7,324	75,877	13,857	18,502	2.34
2005	127,028	62,160	64,868	4,031	68,899	14,693	16,136	2.23

* Fiscal year March 1 thru last day of February of year shown

Note: Details regarding outstanding debt can be found in the notes to the financial statements. Operating expenses do not include payment to city per bond covenants, depreciation or amortization expenses. The bond ordinance requires debt service coverage of 1.5 times. See note 11 in the financial statement

¹Fiscal year 2013 has been restated as a result of a change in estimates and the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

²Fiscal year 2012 has been restated as a result of the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND**

TOTAL NET DEBT OUTSTANDING BY TYPE
2005 thru 2014*
(amounts expressed in thousands, except customers and debt per customer)

Fiscal Year	Revenue Bonds	Unamortized Premiums net of Discount	Commercial Paper Notes	Notes Payable	Other Government Payable	Total Net Debt**	Gross Revenue	Ratio of Total Debt to Gross Revenue	Water and Wastewater Customers	Total Debt per Customer
2014	\$492,250	\$35,001	\$5,000	\$4,159	\$2,761	\$539,171	\$181,263	2.97	419,657	\$1,285
2013 ¹	492,785	30,496	8,000	4,923	2,884	539,089	177,021	3.05	413,925	1,302
2012 ²	483,380	22,570	13,000	5,652	3,002	527,604	175,805	3.00	406,923	1,297
2011	497,720	15,724	19,000	6,346	3,115	541,904	167,995	3.23	400,914	1,352
2010	504,971	12,548	9,000	7,008	3,222	536,749	161,244	3.33	392,457	1,368
2009	519,273	12,093	9,000	7,638	-	548,004	161,373	3.40	384,285	1,426
2008	465,542	12,138	14,000	8,239	-	499,919	153,384	3.26	376,977	1,326
2007	436,375	10,163	21,000	9,638	-	477,176	145,264	3.28	369,643	1,291
2006	402,017	9,363	40,000	11,010	-	462,390	145,268	3.18	363,027	1,274
2005	359,719	7,612	15,000	12,356	-	394,687	133,937	2.95	353,437	1,117

* Fiscal year March 1 thru last day of February of year shown

**Total Net Debt includes Revenue Bonds, Unamortized Premiums net of Discount, Commercial Paper Notes, Notes Payable and Other Government Payable

¹Fiscal year 2013 has been restated as a result of a change in estimates and the adoption of GASB 65. *Items Previously Reported as Assets and Liabilities*

²Fiscal year 2012 has been restated as a result of the adoption of GASB 65. *Items Previously Reported as Assets and Liabilities*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE COVERAGE
 Fiscal Year 2009 thru 2014*

(amounts expressed in thousands, except debt service coverage)

Fiscal Year ¹	Drainage Revenue	Less: Operating Revenue Deductions	Net Drainage Revenue	Other Revenues Available for Debt Service	Revenues Available for Debt Service	Debt Service		Debt Service Coverage ²
						Principal	Interest	
2014	\$15,162	\$6,918	\$8,244	\$1,578	\$9,823	\$2,359	\$3,217	1.71
2013 ²	15,066	6,035	9,031	1,686	10,717	1,850	2,716	2.30
2012	14,939	6,449	8,490	1,556	10,046	1,645	2,807	2.26
2011	14,852	6,704	8,148	1,653	9,801	-	2,630	3.73
2010	14,673	7,180	7,492	943	8,435	-	-	N/A
2009	17,373	7,931	9,442	45	9,487	-	-	N/A

* Fiscal year March 1 thru last day of February of year shown

Note¹: Municipal Drainage Utility was created and started operations in fiscal year 2009

Note²: Details regarding outstanding debt can be found in the notes to the financial statements. Operating expenses do not include depreciation or amortization expenses. The bond ordinance requires debt service coverage of 1.25 times.

²Fiscal year 2013 has been restated as a result of a change in the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND**

**TOTAL NET DEBT OUTSTANDING BY TYPE
2010 thru 2014***

(amounts expressed in thousands, except customers and debt per customer)

Fiscal Year	Revenue Bonds	Unamortized Premiums net of Discount	Total Net Debt**	Gross Revenues	Ratio of Total Debt to Gross Revenue	Drainage Customers	Total Debt per Customer
2014	\$63,384	\$833	\$64,217	\$15,913	4.04	186,050	\$345
2013 ¹	65,743	879	66,622	15,791	4.22	183,680	363
2012	53,518	-	53,518	15,528	3.45	181,268	295
2011	55,163	-	55,163	15,507	3.56	179,591	307
2010	55,163	-	55,163	15,194	3.63	176,317	313

* Fiscal year March 1 thru last day of February of year shown

**Total Net Debt includes Revenue Bonds and Unamortized Premium net of Discount

¹Fiscal year 2013 has been restated as a result of a change in the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

D - DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Public Service Board - El Paso Water Utilities' financial activities take place.



**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
DEMOGRAPHIC AND ECONOMIC STATISTICS**

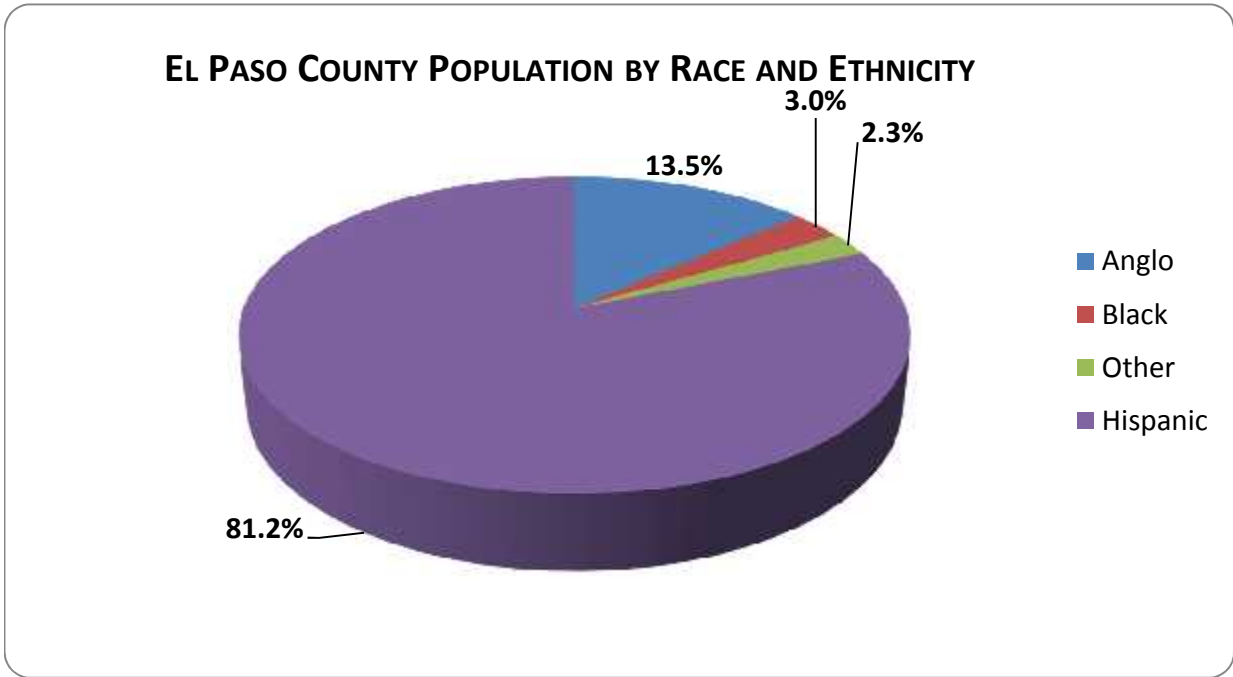
El Paso Demographic and Economic Statistics Last Ten Calendar Years				
Year	Metropolitan Statistical Area Population²	Personal Income (Billion \$)²	Per Capita Personal Income²	Unemployment Rate¹
2004	717,652	15.6	22,235	7.6
2005	730,094	17.2	23,421	7.0
2006	742,936	18.1	24,780	6.7
2007	755,578	19.4	26,013	5.9
2008	769,930	20.5	27,332	6.3
2009	786,759	21.6	27,270	8.8
2010	803,995	22.2	28,698	9.5
2011	821,850	24.0	29,165	10.3
2012	831,939	24.9	29,861	9.3
2013	831,036	25.1	30,186	7.4

Source: US Census Bureau

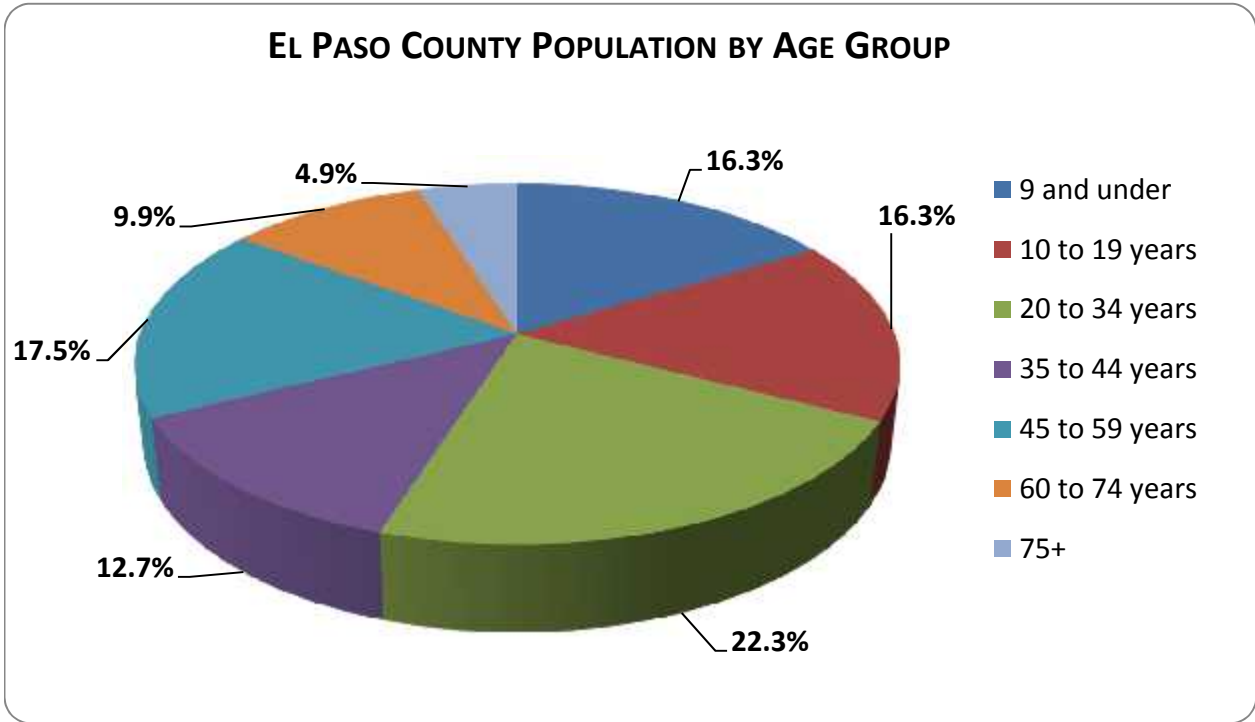
¹ Source: Bureau of Labor Statistics, U.S. Department of Labor

² Source: Border Region Modeling Project Outlook: Borderplex Long-term Economic Trends to 2014

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
DEMOGRAPHIC AND ECONOMIC STATISTICS**

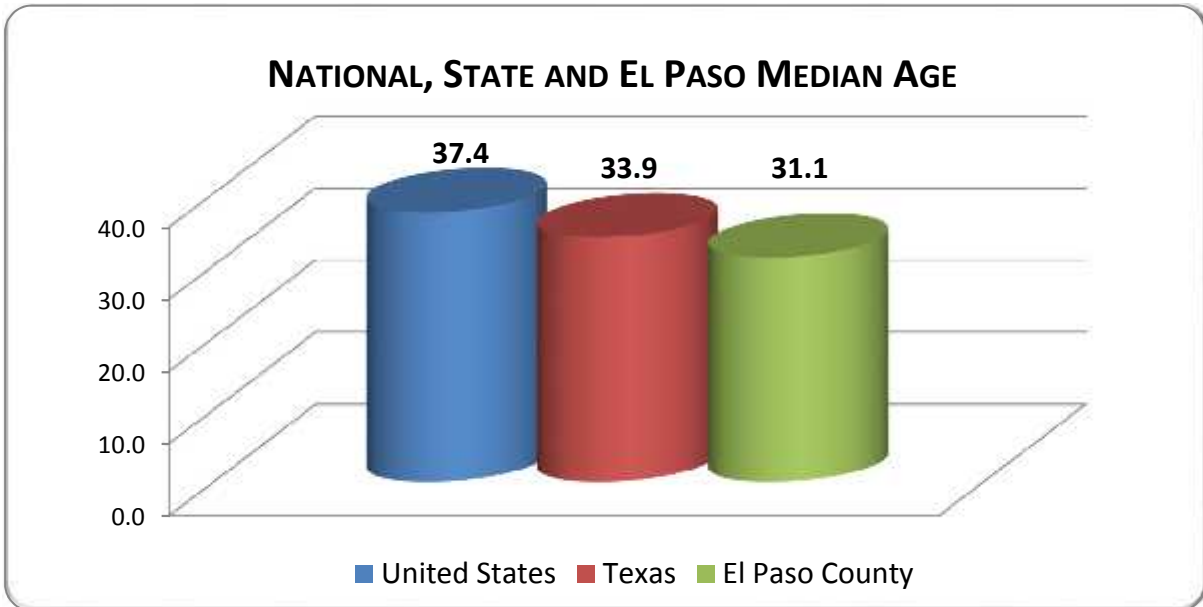


Source: U.S. Census Bureau, 2012 American Community Survey

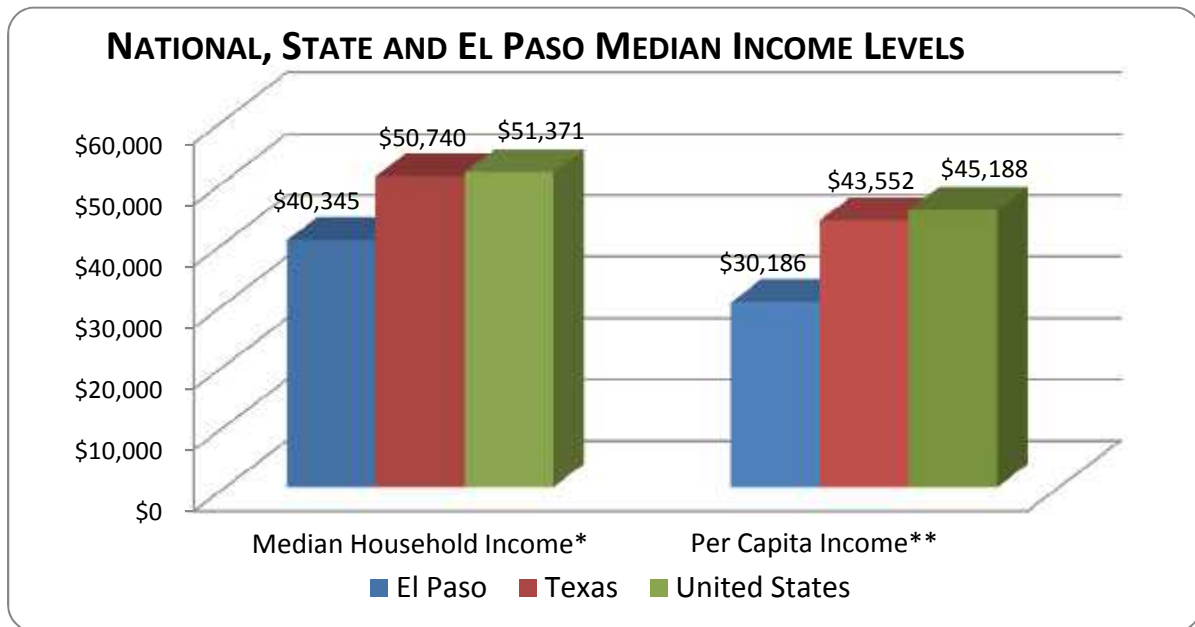


Source: U.S. Census Bureau, 2012 American Community Survey

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
DEMOGRAPHIC AND ECONOMIC STATISTICS**



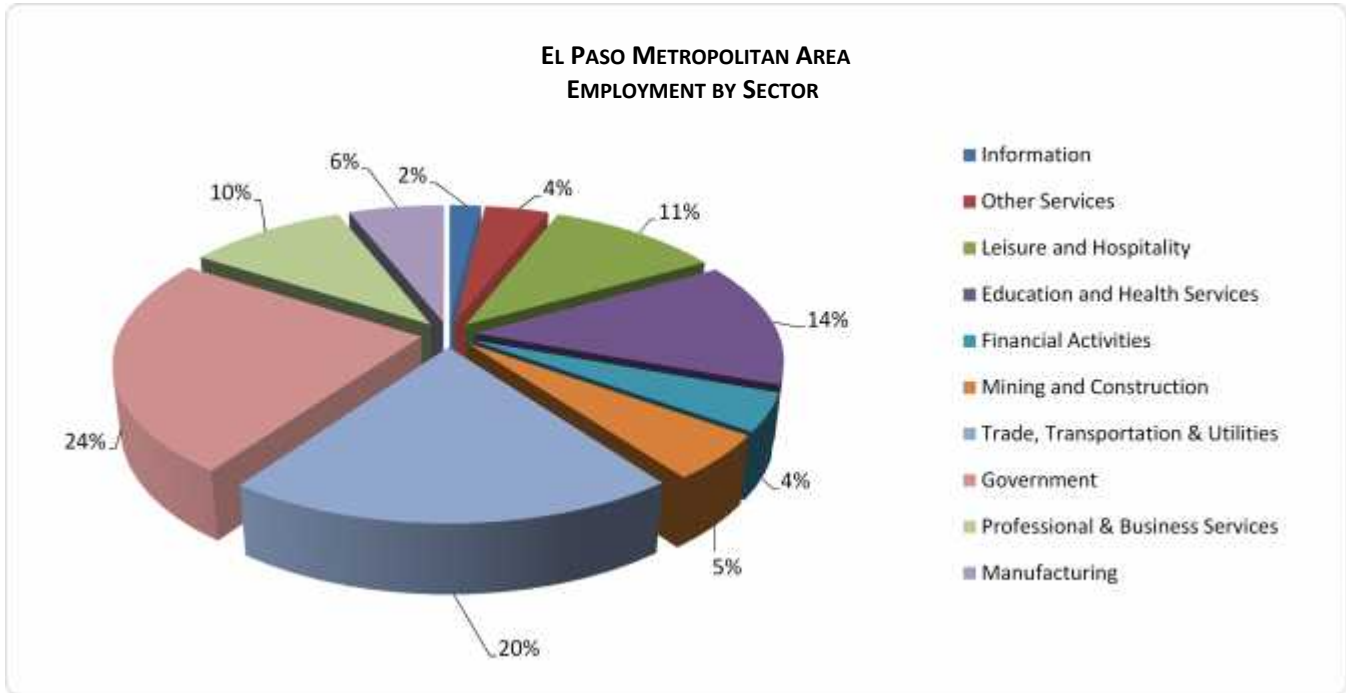
Source: U.S. Census Bureau, 2012 American Community Survey



*Source: U.S. Census Bureau, 2012 American Community Survey

**Source: Bureau of Economic Analysis, REIS: table CA1-3, June 2013

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
DEMOGRAPHIC AND ECONOMIC STATISTICS**



Source: Texas Workforce Commission, April 2014

Top 10 Private Employers in the City of El Paso

2013**				
Rank	Name of Employer	Type of Service	No. of Employees	% of Total Employment
1	T&T Staff Management LP	Employment Service	4,400	1.5%
2	Sierra Providence	Health Care	3,084	1.1%
3	RM Personnel	Employment Service	1,952	0.7%
4	Dish Network	Technical Support Center	1,800	0.6%
5	Alorica	Inbound Customer Service Center	1,755	0.6%
6	Ready One Industries	Apparel Manufacturing	1,300	0.5%
7	GC Services	Inbound Customer Service Center	1,200	0.4%
8	ADP	Contact Center	1,200	0.4%
9	Del Sol Medical	Health Care	1,100	0.4%
10	El Paso Electric Company	Electric Utilities	1,000	0.3%

Source: List generated by ReferenceUSA.com, verified by Regional Economic Development Corporation, Updated
** Excludes Retail

2003*				
Rank	Name of Employer	Type of Service	No. of Employee	% of Total Employment
1	Sierra Providence Health Network	Healthcare	3,761	1.5%
2	Wal-Mart	Retail	3,706	1.5%
3	Las Palms Del So Regional Hospital	Healthcare	2,244	0.9%
4	Echostar Satellite Corp.	Call center	2,012	0.8%
5	MCI/GC Services	Telemarketing	1,790	0.7%
6	West Teleservices Corp.	Telemarketing	1,500	0.6%
7	Sahara, Inc. (Nat. Cent. For Emp. Of Disabled)	Sheltered Workshop	1,369	0.5%
8	Big 8 Food Stores	Grocery	1,220	0.5%
9	Providian Financial	Finance	1,010	0.4%
10	Yazaki North America	Manufacturing	1,000	0.4%

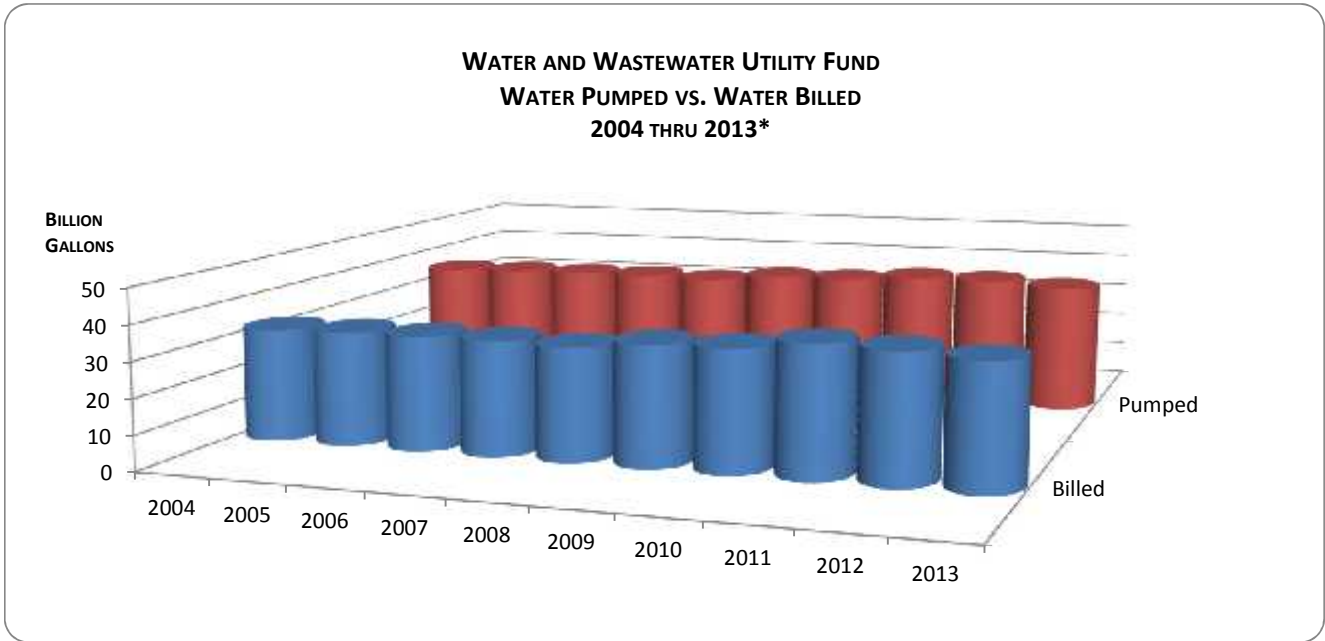
Source: City of El Paso, Economic Development Department
* Includes Retail

E - OPERATING INFORMATION

These schedules contain information about the Public Service Board - El Paso Water Utilities' operations and resources, to help the reader understand how each utility's financial information relate to the services they provide and the activities they perform.



PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

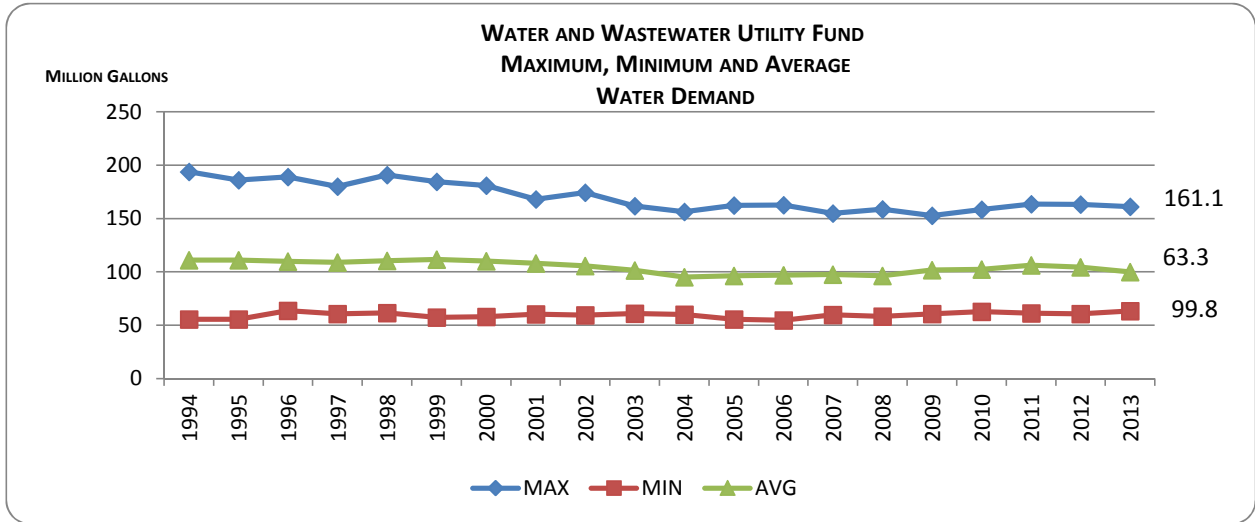


* Calendar Year

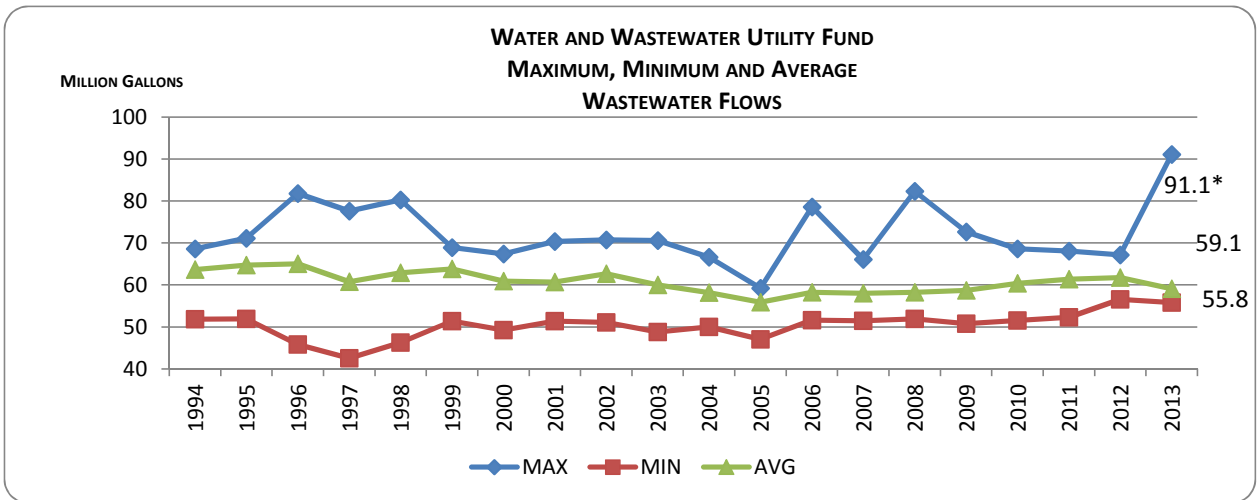
Water Pumped vs. Water Billed Data 2004 thru 2013*			
Calendar Year	Water Pumped Billion Gallons	Water Billed Billion Gallons	Unbilled Water
2004	34.66	32.04	7.6%
2005	35.17	32.57	7.4%
2006	35.46	32.60	8.1%
2007	35.64	32.66	8.3%
2008	35.32	32.07	9.2%
2009	37.07	34.15	7.9%
2010	37.37	34.41	7.9%
2011	38.83	37.02	4.7%
2012	38.82	36.32	6.4%
2013	37.45	35.08	6.3%

* Calendar Year

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES



Calendar Year
 Source: Selected Operating Statistical Data page E-3
 Utility's water conservation programs were initiated in 1991



Calendar Year
 Source: Selected Operating Statistical Data page E-3
 Note: sharp increase in maximum wastewater flows due to Storm 2006
 *Heavy rains on September 12, 2013 infiltrated the sewer mains causing the spike in sewer flows

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND**

SELECTED OPERATIONS AND STATISTICAL DATA
2004 thru 2013*

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
WATER PRODUCTION AND USAGE DATA*										
Water Customers Retail at End of Year	196,600	194,274	191,625	188,927	185,062	182,315	178,031	174,922	171,607	167,753
Water Customers Retail & Wholesale at End of Year	217,406	214,254	210,987	207,563	202,150	198,390	195,389	191,849	187,794	183,210
Water Pumped - Million Gallons	37,345	38,820	38,833	37,368	37,067	35,476	35,636	35,457	35,173	34,663
Water Metered - Million Gallons - Retail	31,815	33,669	34,336	31,570	31,871	30,481	31,123	30,600	30,510	30,066
Water Metered - Million Gallons - (Retail/Wholesale)	35,083	36,322	37,022	34,407	34,147	32,069	32,284	32,595	32,565	32,042
Percent of Water Billed vs. Water Pumped (R/W)	94%	94%	95%	92%	92%	90%	91%	92%	93%	92%
Annual Billed Water per Customer Retail - 1000 Gallons	162	173	179	167	172	167	175	172	178	179
Annual Billed Water per Customer (R/W) - 1000 Gallons	161	170	175	166	169	162	165	170	173	175
Average Daily Water Demand-Million Gallons	99.8	104.3	106.2	102.4	101.6	96.4	97.5	97.0	96.4	95.0
Maximum Daily Water Demand-Million Gallons	161.1	163.2	163.5	158.5	152.6	158.7	154.8	162.7	162.3	156.4
Minimum Daily Water Demand-Million Gallons	63.3	60.6	61.2	62.7	60.7	58.2	59.7	54.6	55.4	60.2
Daily Average Consumption in Peak Week-Million Gallons	149.8	152.5	155.6	147.7	138.7	144.0	138.0	144.0	152.2	141.5
Peak day	June 26	June 26	June 29	June 18	July 14	June 27	June 26	June 21	July 6	June 16
Miles of Water Mains Installed	35.58	37.75	35.34	21.68	28.69	38.84	42.82	22.00	34.10	60.87
Miles of Water Mains Replaced or Abandoned	2.88	7.50	10.72	5.14	7.74	2.94	12.75	2.70	4.05	11.13
Miles of Water Mains in Place	2,593	2,561	2,530	2,506	2,489	2,468	2,432	2,402	2,383	2,354
Number of Fire Hydrants Installed	123	102	136	168	226	287	270	435	152	208
Number of Fire Hydrants in Place	10,314	10,191	10,089	9,953	9,785	9,559	9,272	9,002	8,567	8,415
WASTEWATER SYSTEM DATA*										
Wastewater Customers Retail & Wholesale at End of Year	202,068	199,181	195,875	192,765	187,992	183,990	180,795	177,845	174,195	169,283
Average Daily Flow - Million Gallons	59.10	61.76	61.53	60.35	58.66	58.23	57.98	58.23	55.85	58.15
Maximum Daily Flow - Million Gallons	91.07	67.16	68.10	68.62	72.68	82.31	66.05	78.62	59.24	66.63
Minimum Daily Flow - Million Gallons	55.85	56.57	52.30	51.52	50.79	51.91	51.42	51.63	47.05	49.99
Average Daily Flow per Customer - Gallons	292	310	314	313	312	316	321	327	321	344
Miles of Wastewater Lines Installed	25.00	25.00	34.96	30.00	37.00	32.24	29.73	28.00	26.10	53.64
Miles of Wastewater Line in Place	2,235	2,210	2,185	2,150	2,120	2,083	2,051	2,021	1,993	1,967

* Calendar Year

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND**

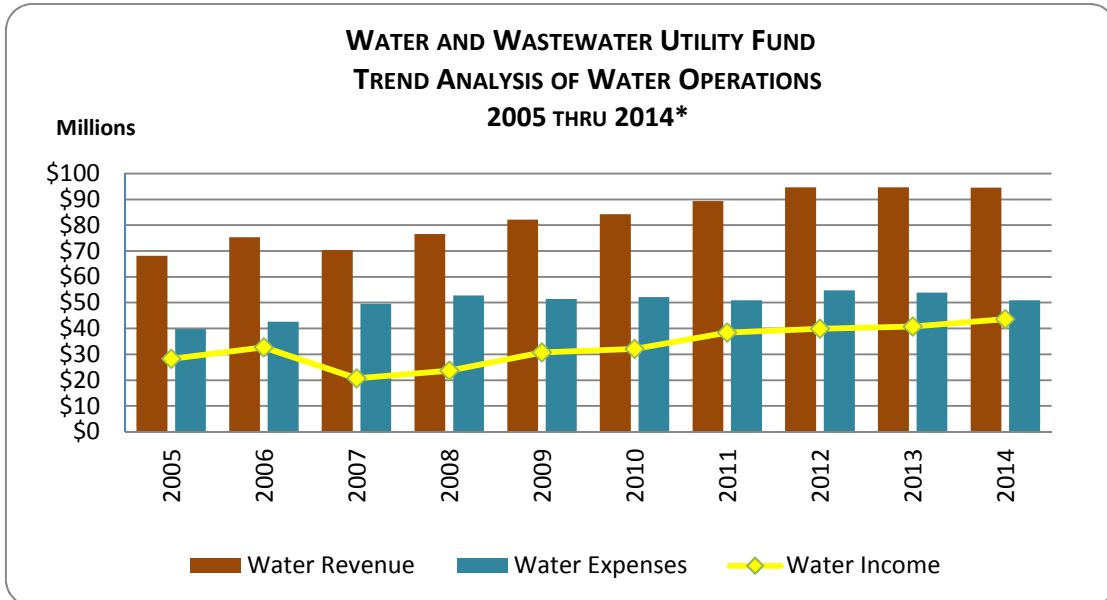
**SELECTED OPERATIONS AND STATISTICAL DATA
2009 thru 2014***

	2014	2013	2012	2011	2010	2009
DRAINAGE OPERATIONS						
Number of Ponds	361	361	361	310	277	277
Acres of Ponds Inventoried	904	904	1,020	904	983	983
Acres of Ponds Cleaned	82	917	461	650	500	3,429
Number of Dams/Basins	37	37	37	32	38	38
Acres of Dams/Basins Inventoried	2,430	2,430	2,417	2,430	2,390	2,390
Acres of Dams/Basins Cleaned	57	463	263	1,200	1,000	1,915
Miles of Channels Inventoried	74	74	72	74	68	68
Miles of Channels Cleaned	10	27	44	30	15	30
Miles of Agricultural Drains Inventoried	43	43	39	43	39	39
Miles of Agricultural Drains Cleaned	6	39	17	15	20	25
Miles of Drainage Conduits Inventoried	280	146	280	146	100	100
Miles of Drainage Conduits Cleaned	2	12	2	15	2	2
Drainage Inlets Inventoried	6,346	6,094	6,359	6,094	4,100	4,100
Drainage Inlets Cleaned	46	373	116	500	100	-

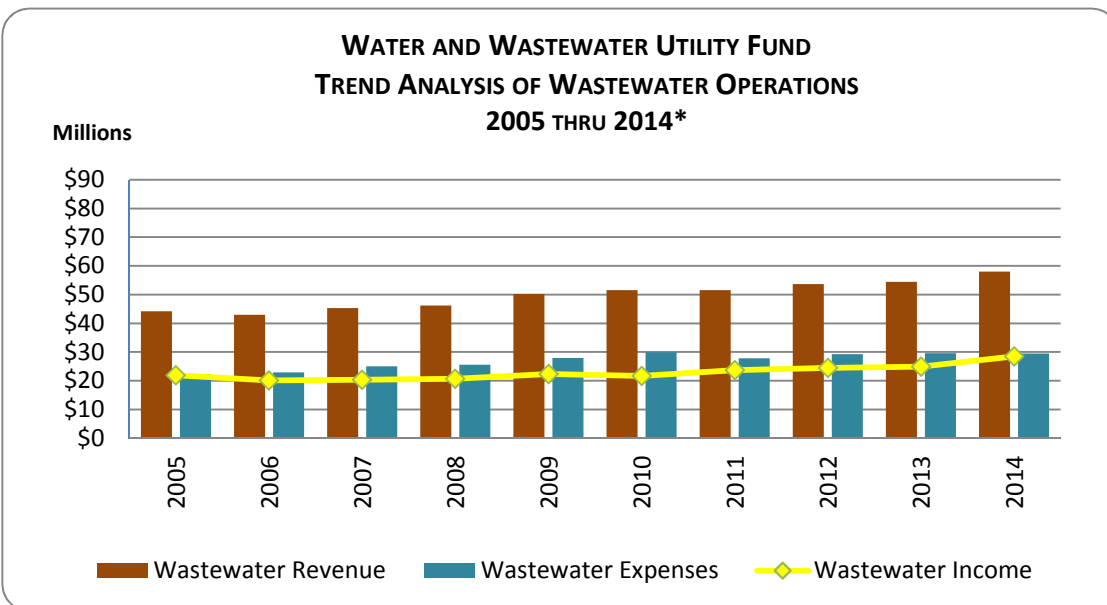
* Fiscal year March 1 thru last day of February of year shown

Note: Municipal Drainage Utility was created and started operations in fiscal year 2009

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES



* Fiscal year March 1 thru last day of February of year shown
 Source: Net Operating Revenue - Water & Reclaimed Water, page 107



* Fiscal year March 1 thru last day of February of year shown
 Source: Net Operating Revenue - Wastewater, page 108

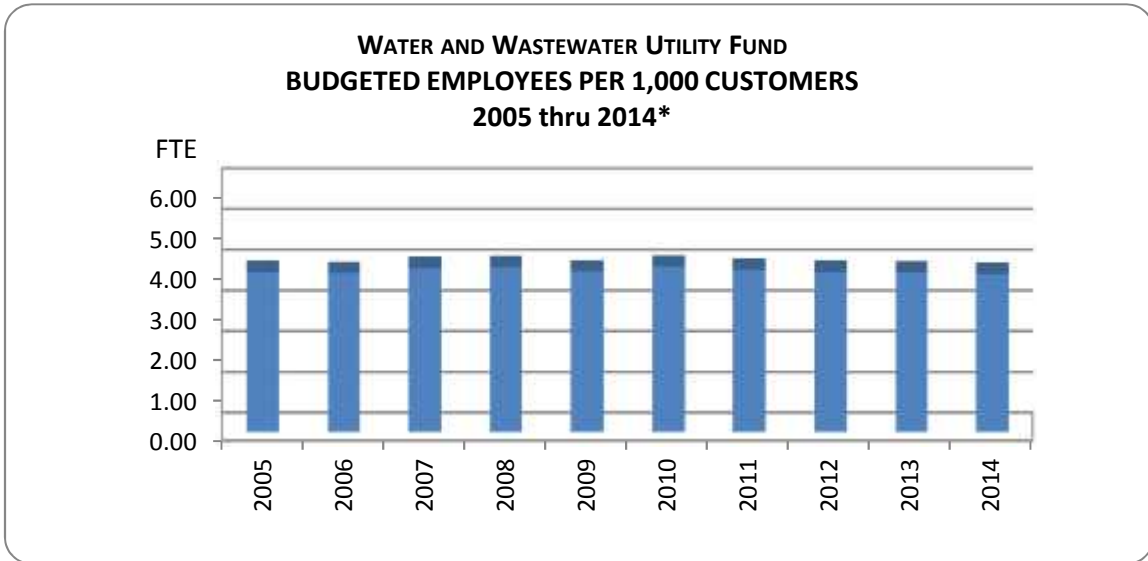
PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER, WASTEWATER AND MUNICIPAL DRAINAGE UTILITY FUNDS

STAFFING BY DIVISION AND SECTION
 Fiscal Year 2014*

		Budgeted FTE's					
Division/Section		2014	2013	2012	2011	2010	2009
Administration	Executive Services	15	15	15	14	10	9
	Legal Services	4	4	4	4	4	4
	Communications	2	2	2	2	2	2
	Human Resources	11	8	8	8	8	8
	Water Resources Management	4	4	4	5	5	6
	Land Management	8	7	7	7	7	7
	Tech20 Learning Center	10	10	10	10	10	5.5
	Total Division	54	50	50	50	46	41.5
Technical Services	Technical Services	5	4	4	3	3	3
	Water/Wastewater Engineering	15	14	14	14	14	15
	Planning and Development	32	32	32	33	34	34
	Project Management	8	8	8	8	6	6
	Stormwater Engineering	0	6	6	6	6	6
	Asset Management	0	0	0	0	1	1
	Total Division	60	64	64	64	64	65
Financial & Support Services	Finance	3	3	3	3	3	3
	Property and Treasury Management	14	14	13	13	13	13
	Customer Service	102	101	98	96	96	96
	Water Conservation	0	0	0	0	0	6.5
	Accounting	13	13	14	14	14	14
	Purchasing	10	10	9	9	9	10
	Meter Repair Shop	11	11	11	11	11	11
	Warehouse	9	9	9	9	9	8
	Total Division	162	161	157	155	155	161.5
Information Services	Information Services	27	26	24	24	24	23
	Instrumentation and Control	26	25	14	13	13	13
	Total Division	53	51	38	37	37	36
Operations (Water System)	Water Division Office	3	3	3	3	3	4
	Well Production	43	44	43	43	43	43
	Robertson/Umbenhauer Water Treatment Plant	20	20	20	20	20	20
	Water Distribution	98	96	96	96	96	96
	Jonathan W. Rogers Water Treatment Plant	18	18	18	18	19	19
	Upper Valley Water Treatment Plant	15	15	15	15	15	15
	Kay Bailey Hutchison Desalination Plant	14	14	14	14	14	14
	Total Division	211	210	209	209	210	211
Operations (Wastewater System)	Wastewater Division Office	5	5	5	5	5	5
	Wastewater Lift Stations	18	18	20	20	20	20
	Wastewater Collection System Maintenance	33	33	33	33	31	31
	Northwest Wastewater Treatment Plant	15	15	17	17	17	17
	Haskell R. Street Wastewater Treatment Plant	30	30	32	32	32	32
	Roberto R. Bustamante Wastewater Treatment Plant	29	29	31	31	31	31
	Fred Hervey Water Reclamation Plant	28	28	30	30	30	30
	Wastewater System Repair & Construction	20	20	20	20	20	20
Total Division	178	178	188	188	186	186	
Operations (Operations Support)	Operations Management	3	3	3	3	4	4
	Environmental Compliance/Industrial Pretreatment	10	10	10	11	11	11
	Laboratory Services	30	30	29	29	28	28
	Reclaimed Water System	1.5	1.5	1.5	1.5	1.5	1.5
	Biosolids Management	0.5	0.5	0.5	0.5	0.5	0.5
Total Division	45	45	44	45	45	45	
Operations (Equipment & Facilities Maintenance)	Fleet Maintenance	22.3	21.3	21.3	21.3	21.3	21.3
	Heavy Equipment Operations	42.3	42.3	42.3	42.3	41.3	41.3
	Facilities Maintenance	18.3	18.3	17.3	17.3	19.3	20.3
	Total Division	83	82	81	81	82	83
WATER AND WASTEWATER UTILITY'S TOTAL BUDGETED REQUIREMENTS		846	841	831	829	825	829
Stormwater	Stormwater	58	58	58	58	59	59
	Stormwater Engineering	6	0	0	0	0	0
	Total Division	64	58	58	58	59	59

* Fiscal year March 1 thru last day of February of year shown

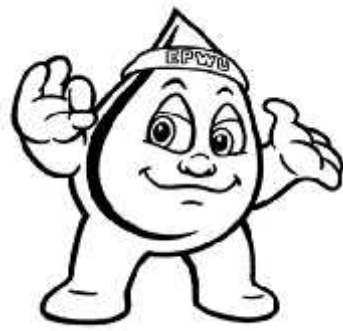
PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES



* Fiscal year March 1 thru last day of February of year shown

Budgeted Employees per 1,000 Customers Data			
Year	FTE*	Year	FTE
2005	3.9	2010	4.1
2006	3.9	2011	4.0
2007	4.0	2012	3.9
2008	4.1	2013	3.9
2009	4.0	2014	3.9

* FTE=full time equivalent



EL PASO WATER UTILITIES PUBLIC SERVICE BOARD
Part C49 (A)-General Obligation Debt Service

Part C 49 A

Fiscal Year Ending 8-31	Outstanding General Obligation Debt Service(1)					% of Principal Retired
	Principal	Interest	Total	2009B, 2009C and 2010B Subsidy	Total Net Debt Service	
2015	\$ 40,280,000	\$ 50,555,038	\$ 90,835,038	\$ (2,529,905)	\$ 88,305,134	
2016	44,100,000	48,220,924	92,320,924	(2,529,905)	89,791,019	
2017	45,030,000	46,577,417	91,607,417	(2,501,392)	89,106,026	
2018	46,825,000	44,762,082	91,587,082	(2,469,997)	89,117,086	
2019	44,730,000	42,833,099	87,563,099	(2,434,672)	85,128,427	21.12%
2020	46,805,000	40,910,212	87,715,212	(2,395,566)	85,319,647	
2021	48,680,000	38,826,298	87,506,298	(2,313,023)	85,193,275	
2022	49,965,000	36,595,828	86,560,828	(2,222,841)	84,337,986	
2023	52,220,000	34,212,084	86,432,084	(2,126,979)	84,305,105	
2024	50,780,000	31,682,011	82,462,011	(2,024,390)	80,437,621	44.86%
2025	49,805,000	29,234,238	79,039,238	(1,908,647)	77,130,591	
2026	48,585,000	26,817,610	75,402,610	(1,786,833)	73,615,777	
2027	49,055,000	24,410,313	73,465,313	(1,649,477)	71,815,836	
2028	51,375,000	21,938,246	73,313,246	(1,506,560)	71,806,685	
2029	50,615,000	19,355,601	69,970,601	(1,357,971)	68,612,630	68.69%
2030	53,505,000	16,756,664	70,261,664	(1,203,387)	69,058,277	
2031	56,055,000	14,035,945	70,090,945	(1,031,296)	69,059,650	
2032	54,685,000	11,189,535	65,874,535	(849,591)	65,024,944	
2033	41,580,000	8,365,516	49,945,516	(660,304)	49,285,212	
2034	39,595,000	6,121,954	45,716,954	(461,299)	45,255,654	92.15%
2035	24,310,000	3,947,097	28,257,097	(234,148)	28,022,948	
2036	17,715,000	2,649,250	20,364,250	(119,595)	20,244,655	
2037	13,170,000	1,753,975	14,923,975	-	14,923,975	
2038	13,745,000	1,175,569	14,920,569	-	14,920,569	
2039	9,060,000	571,350	9,631,350	-	9,631,350	99.60%
2040	4,170,000	166,800	4,336,800	-	4,336,800	100.00%
	<u>\$ 1,046,440,000</u>	<u>\$ 603,664,655</u>	<u>\$ 1,650,104,655</u>	<u>\$ (36,317,777)</u>	<u>\$ 1,613,786,878</u>	

(1) "Outstanding Debt Service" does not include the Water and Sewer Commercial Paper Notes, Series A, authorized to be outstanding from time to time in an amount up to \$40,000,000. Excludes the Refunded Bonds.

EL PASO WATER UTILITIES PUBLIC SERVICE BOARD
Part C49 (B) -Revenue Debt Service

Part C 49 B

Fiscal Year Ending 2/28	Outstanding Debt Service ⁽¹⁾			
	Principal	Interest	Series 2010 BAB Subsidy	Total
2017	\$ 28,025,000	\$ 19,000,032	\$ (215,963)	\$ 46,809,069
2018	30,040,000	18,046,760	(205,320)	47,881,439
2019	31,335,000	16,935,161	(194,179)	48,075,981
2020	32,415,000	15,672,175	(182,498)	47,904,678
2021	32,545,000	14,344,862	(170,234)	46,719,628
2022	34,495,000	12,957,378	(157,389)	47,294,990
2023	32,295,000	11,477,718	(143,920)	43,628,798
2024	30,360,000	9,990,614	(129,785)	40,220,828
2025	31,790,000	8,503,993	(114,986)	40,179,007
2026	28,920,000	7,049,275	(99,480)	35,869,795
2027	29,735,000	5,692,359	(83,226)	35,344,133
2028	28,475,000	4,364,392	(66,181)	32,773,210
2029	22,880,000	3,192,223	(48,306)	26,023,918
2030	19,045,000	2,267,249	(29,599)	21,282,650
2031	13,455,000	1,553,112	(10,019)	14,998,094
2032	10,325,000	1,021,263	-	11,346,263
2033	6,625,000	655,331	-	7,280,331
2034	6,900,000	372,413	-	7,272,413
2035	3,645,000	139,994	-	3,784,994
2036	1,655,000	28,963	-	1,683,963
	<u>\$ 454,960,000</u>	<u>\$ 153,265,266</u>	<u>\$ (1,851,084)</u>	<u>\$ 604,690,219</u>

(1) "Outstanding General Obligation Debt Service" does not include lease/purchase obligations, nor debt service for obligations secured by a pledge of revenues from certain proprietary operations of the City.

THIS INFORMATION IS CONFIDENTIAL. Please do not release the following information; it is to be redacted before releasing to the public. The information is protected under Section 552.105 of the Texas Open Records Act which protects information concerning price or location of property that the public entity seeks to acquire.

Part D 54 a. Description of Project

[Redacted]

[Redacted]

[Redacted]

[Redacted]

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- a) A map of the service area and drawings as necessary to locate and describe the project.

Map has been redacted

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b) A project schedule including proposed timing of funding needs for phases of the project.

Schedule should include:

- Estimated loan closing date: December 15, 2015
- Estimated date to complete planning (environmental only): October 1, 2015
- Estimated number of proposed Construction Contracts. None
- Estimated Construction start date for first contract: NA
- Estimated Construction end date for last contract: NA
- SWIFT applicants must complete a Projected Draw Schedule: see attachment D 54 c.

Map has been redacted

JB-1202
Revised 4/22/2011

PROJECTED DRAW SCHEDULE FOR

Template must be downloaded and saved prior to printing.

Entity Name: El Paso Water Utilities PSB

Project No.:

Date Prepared: 9/19/2014

Please complete all areas shaded in blue.
Gray shaded areas will compute automatically.

By my signature, I acknowledge I have reviewed the project draw schedule incorporated herein and to the best of my knowledge it is an accurate reflection of the anticipated project financial needs at this time.

Print Name: John E. Belliew P.E., CEO/President

Signature:  Date: 9/19/14

Engineer:

Financial Advisor:

Financial Advisor signature needed prior to closing only.

Entires must include all Fiscal Costs associated with the project except contingency. Show the contingency in the month immediately after completion of the project. Entires must match budgeted amounts.

Source of Funds	501(F)	EDAP	Other	Total	Total Draws	Cumulative Draws	Debt Service Maturities
Loan/Grant #							
Loan/Grant Amount	50000000 loan						
Actual or Estimated Closing Date	Feb-11						
	Mar-11						
	Apr-11						
	May-11						
	Jun-11						
	Jul-11						
	Aug-11						
	Sep-11						
	Oct-11						
	Nov-11						
	Dec-11						
	Jan-12						
	Feb-12						

Mar-12
Apr-12
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Jul-14
Aug-14
Sep-14
Oct-14
Nov-14
Dec-14
Jan-15
Feb-15
Mar-15
Apr-15
May-15

Jun-15	\$	-	\$	-
Jul-15	\$	-	\$	-
Aug-15	\$	-	\$	-
Sep-15	\$	-	\$	-
Oct-15	\$	-	\$	-
Nov-15	\$	-	\$	-
Dec-15	\$	50,000,000	\$	50,000,000
Jan-16	\$	-	\$	50,000,000
Feb-16	\$	-	\$	50,000,000
Mar-16	\$	-	\$	50,000,000
Apr-16	\$	-	\$	50,000,000
May-16	\$	-	\$	50,000,000
Jun-16	\$	-	\$	50,000,000
Jul-16	\$	-	\$	50,000,000
Aug-16	\$	-	\$	50,000,000
Sep-16	\$	-	\$	50,000,000
Oct-16	\$	-	\$	50,000,000
Nov-16	\$	-	\$	50,000,000
Dec-16	\$	-	\$	50,000,000
Jan-17	\$	-	\$	50,000,000
Feb-17	\$	-	\$	50,000,000
Mar-17	\$	-	\$	50,000,000
Apr-17	\$	-	\$	50,000,000

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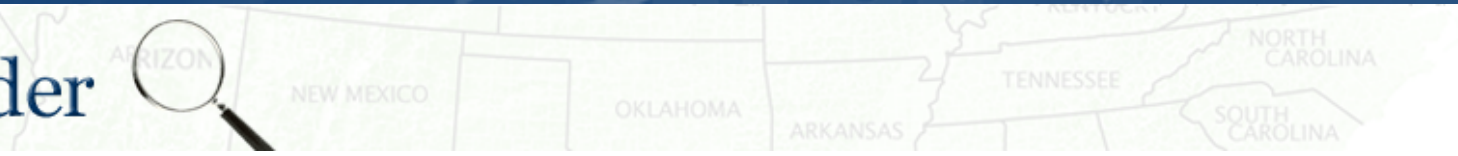
D 54 d

A description of alternatives the applicant has considered (or to be considered during detailed planning) and reasons for the selection of the project proposed:

[Redacted content]

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U.S. Census Bureau



PEPANRES

Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2014

2014 Population Estimates

Geography	April 1, 2010		Population Estimate (as of July 1)			
	Census	Estimates Base	2010	2011	2012	2013
El Paso, TX Metro Area	804,123	804,123	807,089	823,134	834,477	834,630

Geography	Population Estimate (as of July 1)
	2014
El Paso, TX Metro Area	836,698

Note: The estimates are based on the 2010 Census and reflect changes to the April 1, 2010 population due to the Count Question Resolution program and geographic program revisions. See Geographic Terms and Definitions at <http://www.census.gov/popest/about/geo/terms.html> for a list of the states that are included in each region and division. All geographic boundaries for the 2014 population estimates series except statistical area delineations are as of January 1, 2014. The Office of Management and Budget's statistical area delineations for metropolitan, micropolitan, and combined statistical areas, as well as metropolitan divisions, are those issued by that agency in February 2013 <http://www.whitehouse.gov/sites/default/files/omb/bulletins/2013/b13-01.pdf>. An "(X)" in the 2010 Census field indicates a locality that was formed or incorporated after the 2010 Census. Additional information on these localities can be found in the Geographic Boundary Change Notes (see <http://www.census.gov/geo/reference/boundary-changes.html>). For population estimates methodology statements, see <http://www.census.gov/popest/methodology/index.html>.

Suggested Citation:

Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2014

Source: U.S. Census Bureau, Population Division

Release Dates: For the United States, regions, divisions, states, and Puerto Rico Commonwealth, December 2014. For counties, municipios, metropolitan statistical areas, micropolitan statistical areas, metropolitan divisions, and combined statistical areas, March 2015. For Cities and Towns (Incorporated Places and Minor Civil Divisions), May 2015.

Entities to be served:

- City of El Paso
- Fort Bliss
- Clint
- Lower Valley Water District
- San Elizario
- Socorro
- Paseo del Este MUD1
- Haciendas del Norte
- Ponderosa and Western Village W5C
- East Montana Water System (County of El Paso)
- Gaslight Square Mobile Home Park

Populations to be served:

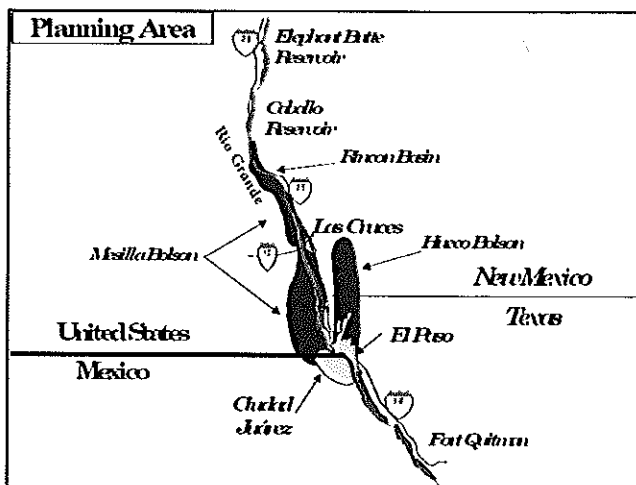
YEAR	2010	2012	2020	2030	2040	2050
El Paso County population	785,120	834,630	927,516	1,047,SS2	1,151,080	1,254,608
Est. water use, AF	116334	126687	134572	149257	161570	174043

Figures include all entities listed above. Years 2010, 2012 population numbers obtained from US Census Bureau; projected water use figures for 2020-2050 obtained from 2011 TWDB Regional Water Plan, Region E, Table 2.1.

Strategic Planning

Long-term water and wastewater planning continues to be a critical component in managing the region's water resources. EPWU continues to take a leadership role in working with various entities from throughout the region that are all devoted to regional planning efforts.

In 2013, EPWU along with other stakeholders in the Far West Texas Regional Plan attended meetings to begin work on the 2016 State Water Plan. The Region E State Water Plan is included as part of the State Water Plan that will be submitted to the Texas Legislature. The Plan will provide an evaluation of current and future water demands for all water-use categories, and water supplies available during drought-of-record conditions to meet those demands. Where future water demands exceed an entity's ability to supply that need, alternative strategies are considered to meet the potential water shortages. State water planning is updated every 5 years and covers a 50 year time period. Regional leadership is and has been an important consideration as the Utility implements long-term planning strategies aimed at ensuring a sustainable supply of water.



In 2013 EPWU's water resources manager advanced the knowledge of the city's three water sources (Rio Grande, Hueco Bolson groundwater and Mesilla Bolson groundwater) as well as potential future sources of water. Data collection continued in the Mesilla and Hueco Bolsons as part of an ongoing effort to update groundwater models. Groundwater models simulate potential future groundwater management scenarios, which can be helpful in evaluating the feasibility of proposed projects.

Climate change can affect the allotment of water from the Rio Grande. However, as an effective steward of El Paso's water resources, the Public Service Board incorporates possible climate change scenarios into the Utility's adaptive management water resources policies. The analysis demonstrates that the historic variability and predicted

changes associated with climate change are insignificant with respect to meeting municipal water demands in El Paso County. Thanks to proactive planning and sound management, El Paso is prepared for the extreme weather patterns that could occur.

The analysis also confirms that because of EPWU's water resource management policies, fresh groundwater storage in the El Paso portion of the Hueco Bolson will remain above 75 percent of 2002 fresh groundwater storage. This means that over the next 50 years, there will not be less than 7.05 million acre-feet of fresh water available in the Hueco Bolson, even under the worst case scenario.

The current management approach and infrastructure ensure that El Paso County's groundwater supply will not be significantly impacted by the worst-case climate change scenario. Future water demands will be met through the year 2060 and beyond.

The continued implementation of the County Water and Wastewater Master Plan previously developed by the Utility and El Paso County continues to serve as a guide for working with communities located outside the City limits of El Paso that require assistance in receiving water. In addition, efforts to adhere and consider smart growth principles within land use Master Plans developed for property owned by the Public Service Board are well underway. Such planning efforts are to be completed before development occurs and will ensure that the necessary infrastructure and quality of life amenities are in place before development occurs.

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Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
Construction						
Construction	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Construction	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Fees						
Planning +	\$0	\$0	\$0	\$0	\$0	\$0
Design	\$0	\$0	\$0	\$0	\$0	\$0
Construction Engineering	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$0	\$0	\$0	\$0	\$0	\$0
Special Services						
Application	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$0	\$0	\$0	\$0	\$15,000	\$15,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$0	\$0	\$0	\$0	\$0	\$0
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$0	\$0	\$0	\$0	\$15,000	\$15,000
Other						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services						
Fiscal Services						
Financial Advisor	\$0	\$0	\$0	\$0	\$60,000	\$60,000
Bond Counsel	\$0	\$0	\$0	\$0	\$60,000	\$60,000
Issuance Cost	\$0	\$0	\$0	\$0	\$0	\$0
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$0	\$0	\$0	\$0	\$120,000	\$120,000
Contingency						
Contingency	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Contingency	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL COSTS					\$135,000	

Other ** description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A	0		
Category B	0		
Category C	0		
Category D	0		
Total Planning Costs	0	0	0

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Do NOT RELEASE; REDACT BEFORE RELEASING TO PUBLIC

WRD-253d
10/10

Texas Water Development Board Water Project Information							
A. Project Name [REDACTED]		B. Project No. TWDB [REDACTED]		C. County [REDACTED]		D. Regional Planning Group (A-P) E	
E. Program(s) SWIFT		F. Loan <input checked="" type="checkbox"/> / Grant <input type="checkbox"/> Amount: [REDACTED]		G. Loan Term: [REDACTED]			
H. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc) [REDACTED] Please see map at Part D, 54 b.							
Attach map of service area affected by Project or other documentation.							
I. Is an Inter Basin Transfer potentially involved? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				J. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input checked="" type="checkbox"/> [REDACTED] No <input type="checkbox"/>			
K. Projected Population from application for at least a 20 year period. Attach justification and list service area populations if different from Planning Area.	Year	Reference Year	2010	2020	2030	2040	2050
	Population Projection		785,120	927,516	1047552	1151080	1254608
Project Design Year	2030		Design Population		1,151,080		
L. Is the proposed project included in a current Regional Water Plan? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes, please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: [REDACTED])							
M. What type of water source is associated directly with the proposed project? [REDACTED] Surface Water <input type="checkbox"/> Groundwater <input type="checkbox"/> Recycled <input type="checkbox"/>							
N. Will the project increase the volume of water supply? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>							
O. What volume of water is the project anticipated to deliver/ treat per year? [REDACTED] Acre-Feet/Year							
P. Current Water Supply Information							
Surface Water Supply Source / Provider Names Rio Grande		Certificate No. Rio Grande Project, administered by USBR		Source County El Paso		Annual Volume and Unit 60,000AF	
Groundwater Source Aquifer Hueco Bolson		Well Field location El Paso		Source County El Paso		Annual Volume and Unit 50,000 AF	
Q. Proposed Water Supply Associated Directly with the Proposed Project							
Surface Water Supply Source / Provider Names NA		Certificate No. NA		Source County NA		Annual Volume and Unit NA	
Groundwater Source Aquifer [REDACTED]		Well Field location: [REDACTED]		Source County [REDACTED]		Annual Volume and Unit [REDACTED]	
R. Consulting Engineer Name NA			Telephone No.		E-mail address		
S. Applicant Contact Name, Title Scott Reinert, Water Resources Mgr.			Telephone No. (915) 594-5579		E-mail address sreinert@epwu.org		

CONFIDENTIAL

PRIVATE PLACEMENT MEMORANDUM DATED OCTOBER 15, 2015

NEW ISSUE BOOK-ENTRY-ONLY

On the date of initial delivery of the Bonds (defined below), Issuer Bond Counsel (defined on page 2) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.

\$50,000,000
CITY OF EL PASO, TEXAS
WATER AND SEWER SYSTEM REVENUE BONDS,
SERIES 2015 (the "Bonds")

Dated: October 15, 2015 (Interest accrues from delivery date) Due: March 1, as shown in "APPENDIX A- MATURITY SCHEDULE"

- Interest Date: Interest on the Bonds will be payable on March 1 and September 1 each year, commencing March 1, 2016 (each an "Interest Payment Date").
Record Date: [The close of business on the last business day of the calendar month immediately preceding the applicable Maturity Date, commencing _____, ____.]
Date Interest Accrues: Each Bond shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the rate set forth, such interest payable semiannually on March 1 and September 1 of each year until the earliest of maturity or prior redemption, commencing on _____, or _____, immediately following the Delivery Date.
Redemption: The Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS - Redemption Provisions" herein.
Authorized Denominations: The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof.
Paying Agent/Registrar/Registrar: The paying agent ("Paying Agent/Registrar/Registrar") for the Bonds is Wells Fargo Bank, National Association, Minneapolis, Minnesota.
Book-Entry-Only System Upon initial issuance, the ownership of the Bonds will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") to which principal, redemption premium, if any, and interest payments on the Bonds will be made.
Issuer: City of El Paso, Texas
Official Action: [ORDER/ORDINANCE/RESOLUTION, AS APPROPRIATE,] dated _____, 20___.
Purpose: See "APPENDIX B - OFFICIAL ACTION."
Security for the Bonds: See APPENDIX B - OFFICIAL ACTION."
Ratings: See "OTHER INFORMATION - Ratings"
Delivery Date: November 15, 2015.

See "APPENDIX A - MATURITY SCHEDULE" for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers

CITY COUNCIL
 Oscar Leeser, Mayor
 Ann Morgan Lilly
 Larry E. Romero
 Emma Acosta
 Carl L. Robinson
 Michiel Noe
 Claudia Ordaz
 Lily Linón
 Cortney Niland

THE PUBLIC SERVICE BOARD
 Richard T. Schoephoerster, Chair
 Ruth Katherine Brenmand, Vice-Chair
 Bradley Roe, Secretary/Treasurer
 Oscar Leeser, Mayor – City of El Paso ^(a)
 Chris Antcliffé, Member
 Henry Gallardo, Member
 Terri Garcia, Member

(a) Ex-officio member.

CERTAIN ADMINISTRATIVE STAFF

Tommy Gonzalez City Manager
 Dr. Mark Sutter..... Chief Financial Officer
 Richarda Duffy Momseu City Clerk
 Sylvia Borunda Firth City Attorney
 Dr. David Childs Tax Assessor/Collector
 Denise Grizzle..... Interim Comptroller

CERTAIN ADMINISTRATIVE STAFF

John Balliew, P.E. President & CEO
 Marcela Navarrete, CPA Vice President
 Alan Shubert, P.E. Vice President
 Arturo Duran..... Chief Financial Officer
 Robert D. Andron, J.D..... General Counsel

CONSULTANTS AND ADVISORS (EL PASO WATER UTILITIES)

Auditors Gibson Ruddock Patterson LLC
 El Paso, Texas

Bond Counsel Norton Rose Fullbright US LLP
 Dallas, Texas

Financial Advisor First Southwest Company
 El Paso, Texas

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**Private Placement Memorandum
relating to**

\$50,000,000

**CITY OF EL PASO, TEXAS
WATER AND SEWER SYSTEM REVENUE BONDS,
SERIES 2015 (the "Bonds")
INTRODUCTION**

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the "Bonds" pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See "APPENDIX B – "FORM OF OFFICIAL ACTION" attached hereto.

APPENDIX A contains the maturity schedule for the Bonds. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Bonds. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Bonds. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE BONDS

General Description

The Bonds are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Bonds will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Interest on the Bonds is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Bonds will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

Purpose

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Authority for Issuance

The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Texas Government Code, Chapter 1207, as amended ("Chapter 1207"), Texas Government Code, Chapter 1371, as amended ("Chapter 1371"), and Texas Government Code, Chapter 1502, as amended, and an ordinance authorizing the issuance of the Bonds (the "Bond Ordinance"). In the Bond Ordinance, the City Council delegated to certain officers of the El Paso Water Utilities (the "El Paso Water Utilities"), pursuant to Texas Government Code, Chapters 1207 and 1371, authority to complete the sale of the Bonds. The terms of the sale are included in a "Pricing Certificate" which completed the sale of the Bonds (the Bond Ordinance and the Pricing Certificate are jointly referred to as the "Ordinance"). The Bonds are special obligations of the City payable, both as to principal and interest, solely from and, together with the outstanding Previously Issued Senior Lien Bonds and any Additional Bonds (as defined herein), secured by a first lien on and pledge of the Net Revenues of the City's Waterworks and Sewer System (the "System"). **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation (see "The Bonds – Authority for Issuance").**

Security for the Bonds

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Redemption Provisions

On _____, 20__, or on any date thereafter, the Bonds maturing on and after _____, 20__ may be redeemed prior to their scheduled maturities, upon the written direction of the Issuer, with funds provided by the Issuer, at par plus accrued interest to the date fixed for redemption as a whole, or in part, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in Authorized Denominations).

Notice of Redemption; Selection of Bonds to Be Redeemed

See "APPENDIX B - FORM OF OFFICIAL ACTION."

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption of the Bonds, notice of proposed amendment to the Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Issuer will reduce the outstanding principal amount of such Bonds held by DTC.

Book-Entry-Only System

The information in this caption concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and deposited with DTC. See APPENDIX B - "FORM OF OFFICIAL ACTION."

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearance Corporation, and Fixed Income Clearance Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: "AAA." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

TAX MATTERS

Opinion

Bond Counsel will deliver its opinion on the date of delivery of the Bonds substantially in the form as attached in "APPENDIX C - FORM OF OPINION OF BOND COUNSEL."

OTHER INFORMATION

Forward Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Bonds have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

Ratings

No application has been made to any ratings agency or municipal bond insurance company for qualification of the Bonds for ratings or municipal bond insurance, respectively.

LITIGATION

General

On the date of delivery of the Bonds to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Bonds.

The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Bonds, the security for, or the validity of, the Bonds or the financial condition of the Issuer.

CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. SEE APPENDIX B - "FORM OF OFFICIAL ACTION."

Compliance with Prior Undertakings

During the last five years, the Issuer has complied in all material respects with its continuing disclosure agreements in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Bonds and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

APPENDIX AMATURITY SCHEDULE

<u>Maturity 3/1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP ⁽¹⁾</u>
2016	\$ 2,120,000.00		
2017	1,935,000.00		
2018	1,950,000.00		
2019	1,970,000.00		
2020	1,990,000.00		
2021	2,010,000.00		
2022	2,040,000.00		
2023	2,070,000.00		
2024	2,100,000.00		
2025	2,135,000.00		
2026	2,175,000.00		
2027	2,220,000.00		
2028	2,265,000.00		
2029	2,315,000.00		
2030	2,370,000.00		
2031	2,430,000.00		
2032	2,490,000.00		
2033	2,550,000.00		
2034	2,615,000.00		
2035	2,680,000.00		
2036	2,750,000.00		
2037	2,820,000.00		

CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way to substitute for the CUSIP Services. Neither the City nor the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

APPENDIX B
FORM OF OFFICIAL ACTION
[ATTACH COPY OF OFFICIAL ACTION]

APPENDIX C

FORM OF OPINION OF BOND COUNSEL