

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: September 22, 2015

TEAM MANAGER: Luis Farias

APPLICANT	Caddo Lake Water Supply Corporation
TYPE OF ASSISTANCE	\$430,000 Taxable Loan
LEGAL PLEDGE	Parity Lien on the Gross Revenues of the System and Mortgage Deed of Trust

STAFF RECOMMENDATION

Approve No Action

ACTION REQUESTED

Approve, by resolution, a request from the **Caddo Lake Water Supply Corporation (Harrison County)** for a loan in the amount of \$430,000 from the Texas Water Development Fund to finance the design and construction of two ground storage tanks.

PROJECT

Ground Storage Tanks
Project Number 21755

BACKGROUND

Caddo Lake Water Supply Corporation (Corporation) is located in northeast Harrison County. The Corporation’s service area extends along several roadways in the area between Uncertain, Texas (unincorporated) and Caddo Lake Wildlife Management Area.

The Corporation has a ground storage tank (GST) at each of its water treatment plants (WTPs) that serve its system. The FM 2189 WTP, serving the southern area of the system, has a 100,000 gallon GST and the Mossy Acres WTP, which serves the northern portion, has a 43,000 gallon GST. Both tanks are old and deteriorating and are causing operational problems.

The Corporation proposes to erect new GSTs at the existing WTP sites. The FM 2189 WTP will receive a new 100,000 gallon GST, located on the existing GST site. The Mossy Acres WTP will receive a new 50,000 gallon GST (expanded from 43,000 gallons) that will be located beside the existing tank. Both existing GSTs will be demolished and new yard piping, allowing more flexibility in plant operations will be installed at both WTP sites.

COMMITMENT PERIOD: ONE (1) YEAR TO EXPIRE SEPTEMBER 30, 2016

FINANCIAL

Key Issues

See internal risk score.

Pledge and Repayment

The Corporation is pledging a first lien on the gross revenues of the system for repayment of the proposed loan. The Corporation raised base water rates by \$10 in February 2015 in anticipation of the proposed loan. This results in an additional \$4,000 per month in system revenue to be used for the repayment of the proposed loan. Based on staff's analysis of financial documentation received, current system revenues are sufficient to meet the proposed debt service.

Cost Savings

Based on a 20-year maturity schedule and current interest rates, the Corporation could save approximately \$63,826 over the life of the loan by utilizing Texas Water Development Board (TWDB) funding.

Internal Risk Score

Staff assigns a 2C to the Corporation, and the proposed project to be funded by the TWDB. A risk score of 2C means that the applicant's repayment capacity is sufficient to cover the existing and proposed debt.

The Corporation's socioeconomic indicators are lower than the State overall. The population in Harrison County, where the Corporation is located, has increased at an average annual rate of 0.76% from 2004 to 2013, compared to a rate of 2% for the population of the State of Texas overall during the same period. The median household income is \$37,903, 73% of the median for the State of Texas overall. The unemployment rate for Harrison County, was 5.2% in June 2015, compared to 4.4% in the State of Texas overall. The County's assessed valuation has remained stable over the last five years. Similarly, the number of water connections has experience little growth.

The Corporation does not currently have any debt outstanding. The per capita debt level, based on the population of the service area, would increase to \$356 with the proposed loan. The current household cost factor is 1.2%, which is above the Board's benchmark of 1% for one service. As of fiscal year-end 2014, the Corporation reported approximately 107 days of cash on hand and unrestricted net assets of the water system represented 10 months of operating expenses. This is a high level of liquidity.

Prior to 2014, net revenues of the system were positive, but have been decreasing over the last two years due to unforeseen repairs to its system. The Corporation has increased water rates to meet its operational and debt service requirements.

The Corporation's socioeconomic indicators are weaker than the State's; however, the Corporation has good liquidity and has proactively adjusted rates in preparation of the debt. The Corporation is assigned a risk score of 2C.

LEGAL

Key Issues

None.

Conditions

Standard Water Development Fund taxable, water supply corporation, revenue conditions, and further conditioned as follows:

- Notification prior to actions altering the legal status of the Corporation;
- TWDB approval of any conveyance and assumption of the Obligations;
- U.S. Iron and Steel

Attachments: 1. Project Data Summary
2. Debt Service Schedule
3. Engineering/Environmental Review
4. Project Budget
5. Resolution (15-)
6. Water Conservation Review
7. Location Map

Project Data Summary

Authority	Caddo Lake Water Supply Corporation
Program	Water Development Fund
Commitment Code	L1000451
Project Number	21755
Intended Use Plan Year	2015
Fund Number	371
Type of Pledge	2- Revenue
Revenue Pledge Level	First
Legal Description	\$430,000 Loan Agreement
Tax-exempt or Taxable	Taxable
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	N/A
Population	1200
Rural	Yes
Water Connections	406
Wastewater Connections	N/A
Qualifies as Disadvantaged	No
Disadvantaged Level	9
Clean Water State Revolving Fund Type	N/A
SWIFT Financing Type	N/A
SWIFT Characteristic	N/A
Financial Managerial & Technical Complete	N/A
Funding Phase Code	Design and Construction
Pre-Design	Yes
Project Consistent with Water Plan	Yes
Water Conservation Plan	Exempt (Less than \$500,000)
Water Rights Certification Required	No
Internal Risk Score	2C
External Ratings (for SRF rates)	
Standard and Poor's	Non-Rated
Moody's	Non-Rated
Fitch	Non-Rated
Special Issues	None

Project Team

Team Manager	Luis Farias
Financial Analyst	Ben Munguia
Engineering Reviewer	Joel Smith
Environmental Reviewer	Kathy Calnan
Attorney	Annette Mass

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Caddo Lake Water Supply Corporation

\$430,000 Loan Agreement

Dated Date: 1/15/2016
Delivery Date: 1/15/2016
First Interest: 7/15/2016
First Principal: 1/15/2017
Last Principal: 1/15/2036
Fiscal Year End: 09/30
Required Coverage: 1.0

Source: WDF
Rate: 4.13%
Insurance: No
Case: Revenue
Admin.Fee: \$ -
Admin. Fee Payment Date: N/A

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	PRINCIPAL PAYMENT	INTEREST RATE	\$430,000 ISSUE		TOTAL DEBT SERVICE	COVERAGE
					INTEREST PAYMENT	TOTAL PAYMENT		
2016	40,000	-	-		8,880	8,880	8,880	4.50
2017	40,000	-	15,000	4.13%	17,449	32,449	32,449	1.23
2018	40,000	-	15,000	4.13%	16,830	31,830	31,830	1.26
2019	40,000	-	15,000	4.13%	16,210	31,210	31,210	1.28
2020	40,000	-	15,000	4.13%	15,591	30,591	30,591	1.31
2021	40,000	-	15,000	4.13%	14,971	29,971	29,971	1.33
2022	40,000	-	15,000	4.13%	14,352	29,352	29,352	1.36
2023	40,000	-	20,000	4.13%	13,629	33,629	33,629	1.19
2024	40,000	-	20,000	4.13%	12,803	32,803	32,803	1.22
2025	40,000	-	20,000	4.13%	11,977	31,977	31,977	1.25
2026	40,000	-	20,000	4.13%	11,151	31,151	31,151	1.28
2027	40,000	-	20,000	4.13%	10,325	30,325	30,325	1.32
2028	40,000	-	20,000	4.13%	9,499	29,499	29,499	1.36
2029	40,000	-	25,000	4.13%	8,570	33,570	33,570	1.19
2030	40,000	-	25,000	4.13%	7,537	32,537	32,537	1.23
2031	40,000	-	25,000	4.13%	6,505	31,505	31,505	1.27
2032	40,000	-	25,000	4.13%	5,472	30,472	30,472	1.31
2033	40,000	-	25,000	4.13%	4,440	29,440	29,440	1.36
2034	40,000	-	30,000	4.13%	3,304	33,304	33,304	1.20
2035	40,000	-	30,000	4.13%	2,065	32,065	32,065	1.25
2036	40,000	-	35,000	4.13%	723	35,723	35,723	1.12
		\$ -	\$ 430,000		\$ 212,282	\$ 642,282	\$ 642,282	

AVERAGE (MATURITY) LIFE	11.95 YEARS
NET INTEREST RATE	4.130%
COST SAVINGS	\$63,826
AVERAGE ANNUAL REQUIREMENT	\$30,585

Caddo Lake WSC Engineering and Environmental Review

Engineering:

Key Issues

None.

Need:

Caddo Lake Water Supply Corporation (Corporation) has a ground storage tank (GST) at each of its water treatment plants (WTP) that serve its system. The FM 2189 WTP, serving the southern area of the system, has a 100,000 gallon GST and the Mossy acres plant, which serves the northern portion, has a 43,000 gallon GST. Both tanks are old and deteriorating and are causing operational problems.

Project:

The Corporation proposes to erect new GSTs at the existing WTP sites. The FM 2189 WTP will receive a new 100,000 gallon GST, located on the existing GST site. The Mossy Acres WTP will receive a new 50,000 gallon GST (expanded from 43,000 gallons) that will be located beside the existing tank. Both existing GSTs will be demolished and new yard piping, allowing more flexibility in plant operations will be installed at both WTP sites.

Project Schedule

Project Task	Schedule Date
Engineering Feasibility Report Completion (End of Planning Phase)	11/2/2015
Design Phase Complete	11/2/2015
Start of Construction	1/1/2015
Closing	1/15/2016
Construction Completion	5/2/2016

Environmental:

Key Issues

None known at this time.

Environmental Summary

As set forth in the preliminary environmental information submitted by the applicant, there are no known environmental, social, or permitting issues that would preclude construction of the project. Based on this initial environmental review, it is not anticipated that the proposed project's primary environmental impacts should be significant or adverse, nor should they affect project implementation.

Pursuant to the requirements of 31 Texas Administrative Code §363.14 all financial assistance shall be conditioned to read that funding for design and construction costs for specific project elements will not be released until the environmental review has been completed and a favorable environmental determination has been issued.

**Caddo Lake WSC
21755 - Ground Storage Tanks**

Budget Items	TWDB Funds	Local & Other Funds	Total Cost
Construction			
Construction	\$307,500	\$0	\$307,500
Construction Total	\$307,500	\$0	\$307,500
Basic Engineering Services			
Construction			
Engineering	\$6,200	\$0	\$6,200
Design	\$24,800	\$0	\$24,800
Basic Engineering Services Total	\$31,000	\$0	\$31,000
Special Services			
Geotechnical	\$6,000	\$0	\$6,000
Inspection	\$9,600	\$0	\$9,600
Surveying	\$2,000	\$0	\$2,000
Testing	\$5,000	\$0	\$5,000
Special Services Total	\$22,600	\$0	\$22,600
Contingency			
Contingency	\$60,900	\$0	\$60,900
Contingency Total	\$60,900	\$0	\$60,900
Other			
Project Legal Expenses	\$8,000	\$0	\$8,000
Other Total	\$8,000	\$0	\$8,000
Grand Total	\$430,000	\$0	\$430,000

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
 APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO
 CADDO LAKE WATER SUPPLY CORPORATION
 FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
 THE TEXAS WATER DEVELOPMENT FUND II
 THROUGH THE PROPOSED PURCHASE OF
 A PROMISSORY NOTE IN THE AMOUNT OF \$430,000
 AND EXECUTION OF A LOAN AGREEMENT

(15-)

WHEREAS, the Caddo Lake Water Supply Corporation, located in Harrison County, Texas, (Corporation), has filed an application for financial assistance in the amount of \$430,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959 to finance water system improvements, identified as Project No. 21755; and

WHEREAS, the Corporation seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$430,000 through the TWDB's purchase of a Promissory Note in the amount of \$430,000 and execution of a Loan Agreement (together with all authorizing documents "Obligations"), all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the Corporation has offered a pledge of a first lien on the gross revenue of the system and a mortgage deed of trust on the system as sufficient security for the repayment of the Obligations; and

WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC Chapter 363; and

WHEREAS, in accordance with Texas Water Code § 17.124, the TWDB has considered all matters required by law and in particular the following:

1. the needs of the area to be served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans; and
2. the availability of revenue to the Corporation, from all sources, for the ultimate repayment of the cost of the water supply project, including interest.

WHEREAS, the TWDB hereby finds:

1. that the public interest requires state assistance in the water supply project, in accordance with Texas Water Code § 17.125(a)(1);

2. that in its opinion the revenue pledged by the Corporation will be sufficient to meet all the Obligations assumed by the Corporation during the succeeding period of not more than 50 years, in accordance with Texas Water Code § 17.125(a)(2);
3. that the Corporation is exempt from requirements to adopt a water conservation program because the TWDB's financial assistance will be \$500,000 or less;
4. that the application and financial assistance requested meet the requirements of Chapter 17, Subchapters D, E, and L, Water Code, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A;
5. that the TWDB has approved a regional water plan for the region of the state that includes the area benefiting from the project and the needs to be addressed by the project will be addressed in a manner that is consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j); and
6. that the current water audit required by Texas Water Code § 16.0121 has been completed by the Corporation and filed with the TWDB if the Corporation is a retail public utility providing potable water, in accordance with Texas Water Code § 16.053(j).

NOW THEREFORE, based on these considerations and findings, the Texas Water Development Board resolves as follows:

A commitment is made by the TWDB to Caddo Lake Water Supply Corporation for financial assistance in the amount of \$430,000 from the Financial Assistance Account, to be evidenced by the Board's execution of a Promissory Note in the amount of \$430,000 and execution of a Loan Agreement. This commitment will expire on September 30, 2016.

Such commitment is conditioned as follows:

Standard Conditions

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. prior to closing, the Corporation must submit to the Executive Administrator an attorney's opinion confirming the legal authority for the Corporation to incur the debt;
3. this commitment is contingent upon the Corporation's compliance with all applicable requirements contained in 31 TAC Chapter 363;
4. the Obligations must provide that the Corporation may prepay all or part of the amounts of principal and interest then due on the loan on any regularly scheduled payment date as specified in the Repayment Schedule, as revised, beginning no earlier than the first

interest payment date that is 10 years from the date of the first delivery of funds from the TWDB to the Corporation pursuant to this Agreement;

5. the Corporation, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Corporation's Obligations or obligated persons, will, at a minimum, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Corporation's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Corporation is an obligated person with respect to such bonds under SEC Rule 15c2-12;
6. the Obligations must contain a provision requiring the Corporation to levy a tax and/or maintain and collect sufficient rates and charges to produce system revenues in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations;
7. the Obligations must include a provision requiring the Corporation to use any loan proceeds from the Obligations that are determined to be surplus funds remaining after completion of the project for the following purposes as approved by the Executive Administrator: (1) to redeem, in inverse annual order, the Obligations owned by the TWDB; (2) deposit into the Interest and Sinking Fund or other debt service account for the payment of interest or principal on the Obligations owned by the TWDB; or (3) eligible project costs as authorized by the Executive Administrator;
8. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
9. loan proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;
10. loan proceeds shall not be used by the Corporation when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the Corporation agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by

the Corporation, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;

11. prior to closing, the Corporation shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
12. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the Corporation shall submit an executed engineering contract as appropriate for the project scope of work, and an executed financial advisor contract and executed bond counsel contract as appropriate for the work to be performed in obtaining the TWDB's financial assistance for the project, in a form and substance that are satisfactory to the Executive Administrator. Fees to be reimbursed under any consulting contract must be reasonable in relation to the services performed, must be reflected in the contract, and must be acceptable to the Executive Administrator;
13. prior to closing, when any portion of loan proceeds are to be held in escrow or in trust, the Corporation shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
14. the Executive Administrator may require that the Corporation execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
15. the TWDB retains the option to purchase the Obligations in separate lots and/or on an installment basis, with delivery of the purchase price for each installment to be paid against delivery of the relevant installment of Obligations as approved by the Executive Administrator;
16. the Corporation's indebtedness to the TWDB shall be evidenced by loans specifically secured by:
 - a. a first or parity lien on the gross revenues of the Corporation's water system (System); and
 - b. a first or parity lien mortgage on the System;
17. upon closing or within 20 days after closing, the Corporation must file a Deed of Trust with the County Clerk of the county in which the property is located, as required by Business and Commerce Code, Chapter 9, or a Utility Security Instrument with the Secretary of State's Office and corresponding notice with the County Clerk, as required by Business and Commerce Code, Chapter 261, as evidence of the TWDB's security interest in the Corporation's System. Within thirty (30) days of the date of each filing, the Corporation shall submit a copy of the recorded instrument to the TWDB;

18. upon closing or within 20 days after closing, the Corporation must file a security instrument with the Secretary of State's Office, as required by Business and Commerce Code, Chapter 9 or Chapter 261 to evidence the TWDB's security interest in any personal property directly related to water supply and/or sewer service, owned or to be acquired by the Corporation. A copy of the recorded security instrument shall be submitted by the Corporation to the TWDB within thirty (30) days of its filing with the Secretary of State's Office;
19. prior to closing, the Corporation must obtain a commitment from a title insurance company in accordance with the standards established by the Texas Department of Insurance, resulting in the issuance of a mortgagee title insurance policy on the property owned in fee simple, upon which the TWDB will be given a first or parity lien mortgage. A copy of the mortgagee title insurance policy shall be submitted to the TWDB within thirty (30) days of its execution;
20. prior to closing, the Corporation must cure any defects or liens upon the property listed in Schedule C of the title insurance company commitment that the Executive Administrator deems necessary;
21. prior to release of funds for construction, the Corporation must provide the TWDB with evidence that the necessary acquisitions of land, leases, easements, and rights-of-way have been completed, or that the Corporation has the legal authority necessary to complete the acquisitions;
22. prior to closing, the Corporation must submit to the Executive Administrator evidence that the Corporation's bylaws have been amended to include the following requirements:
 - a. as long as the Corporation is indebted for a loan or loans made by or through the TWDB, the bylaws shall not be altered, amended or repealed without the prior written consent of the Executive Administrator; and
 - b. the Corporation is a nonprofit entity; no part of the income of the Corporation will be distributed to the Corporation's members, directors, or officers;
23. prior to closing, if the Corporation is pledging a lien on real property that is to be on parity with a lien or liens on real property securing debt that will remain outstanding after closing the TWDB's loan, then the Corporation must execute a Parity Agreement with each entity that holds such debt that is acceptable in form and substance to the Executive Administrator;
24. the Obligations shall include a special covenant prohibiting the Corporation from encumbering, pledging or otherwise impairing the revenues of the System in any manner with respect to the payment of any Obligations or with respect to any liability, except for the payment of the following: (1) maintenance and operating expenses

payable within the current fiscal year with current revenues; and (2) additional debt, and that the Corporation shall in no way encumber, pledge or otherwise impair its title to the land used by or for the System or any interests therein, including improvements and facilities of the System, without prior TWDB approval;

Pledge Conditions For The Loan

25. the Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements, to be accumulated in equal monthly installments over the initial sixty (60) months following the issuance of the Obligations;
26. if the Corporation has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after any loan(s) made by the TWDB pursuant to this commitment, the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing such outstanding obligations;
27. the Obligations must contain a provision providing that additional revenue obligations may only be incurred if net system revenues are at least 1.25 times the average annual debt service requirements after giving effect to the additional obligations when net revenues are determined from the last completed fiscal year or a 12 consecutive calendar month period ending not more than ninety (90) days preceding the adoption of the additional obligations as certified by a certified public accountant;

PROVIDED, however, the commitment is subject to the following special conditions:

Special Conditions:

28. the Corporation must notify the Executive Administrator prior to taking any actions to alter its legal status in any manner, such as by conversion to a conservation and reclamation district or a sale-transfer-merger with another retail public utility;
29. the Obligations must include a provision requiring that, prior to any action by the Corporation to convey its Obligations held by the TWDB to another entity, the conveyance and the assumption of the Obligations must be approved by the TWDB; and
30. the Obligations must contain a covenant that the Corporation will abide by all applicable construction contract requirements related to the use of iron and steel products and manufactured goods produced in the United States, as required by Texas Water Code § 17.183.

APPROVED and ordered of record this, the 22nd day of September, 2015.

TEXAS WATER DEVELOPMENT BOARD

Bech K. Bruun, Chairman

DATE SIGNED: _____

ATTEST:

Kevin Patteson
Executive Administrator

WATER CONSERVATION REVIEW

Entity: _____

Review date: _____

WATER CONSERVATION PLAN DATE: **Approvable** **Adopted**

	Total GPCD	Residential GPCD	Water Loss GPCD	Water Loss Percent
Baseline				
5-year Goal				
10-year Goal				

WATER LOSS AUDIT YEAR:

Total water loss (GPCD): _____ Total water loss (percent): _____ Wholesale Water
 Total no. of connections: _____ Length of mains (miles): _____ Connections per mile: _____
 If > 16 connections per mile and > 3,000 connections, Infrastructure Leakage Index (ILI): _____

WATER LOSS THRESHOLDS:

	Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Threshold Gallons per connection per day	Real Threshold Gallons per mile per day	Real Threshold Gallons per connection per day
If population ≤ 10K, connections/mile < 32 :						
If population ≤ 10K, connections/mile ≥ 32 :						
If population > 10K :						

Does the applicant meet Water Loss Threshold requirements? Yes No NA

ADDITIONAL INFORMATION:

STAFF NOTES AND RECOMMENDATIONS:

DEFINITIONS

Adopted refers to a water conservation plan that meets the minimum requirements of the water conservation plan rules and has been formally approved and adopted by the applicant's governing body.

Apparent loss refers to unauthorized consumption, meter inaccuracy, billing adjustments, and waivers.

Approvable refers to a water conservation plan that substantially meets the minimum requirements of the water conservation plan rules but has not yet been adopted by the applicant's governing body.

Best Management Practices are voluntary efficiency measures that save a quantifiable amount of water, either directly or indirectly, and that can be implemented within a specific time frame.

GPCD means gallons per capita per day.

Infrastructure Leakage Index (ILI) is the current annual real loss divided by the unavoidable annual real loss (theoretical minimum real loss) and only applies to utilities with more than 5,000 connections, average pressure greater than 35 psi, and a connection density of more than 32 connections per mile. The **ILI** is recommended to be less than 3 if water resources are greatly limited and difficult to develop, between 3 and 5 if water resources are adequate to meet long-term needs but water conservation is included in long-term water planning, and between 5 and 8 if water resources are plentiful, reliable, and easily extracted. The **ILI** is recommended as a benchmarking tool, but until there is increased data validity of the variables used in the calculation, the **ILI** should be viewed with care.

NA means not applicable.

Produced water is the total amount of water purchased or produced by the utility.

Real loss comes from main breaks and leaks, storage tank overflows, customer service line breaks, and leaks.

Residential GPCD is the amount of water per capita used solely for residential use and ideally includes both single and multi-family customer use.

Total baseline GPCD is the amount of all water purchased or produced by the utility divided by the service area population and then divided by 365.

Total water loss is the sum of the apparent and real water losses.

Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

Water Loss Thresholds are levels of real and apparent water loss determined by the size and connection density of a retail public utility, at or above which a utility receiving financial assistance from the Texas Water Development Board must use a portion of that financial assistance to mitigate the utility's system water loss.

**Caddo Lake Water Supply Corporation,
Harrison County**

