

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**ELECTRONIC APPLICATION OF)
BLUEGRASS WATER UTILITY)
OPERATING COMPANY, LLC FOR AN) Case No. 2022-00432
ADJUSTMENT OF SEWAGE RATES)**

DIRECT TESTIMONY

OF

TODD THOMAS

ON BEHALF OF

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC

FILED: February 27, 2023

**Case No. 2022-00432
Application Exhibit 23
Direct Testimony of Todd Thomas**

DIRECT TESTIMONY
OF
TODD THOMAS
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1 **DIRECT TESTIMONY**

2 **OF**

3 **TODD THOMAS**

4 **I. INTRODUCTION**

5 **Q. Please state your name and business address.**

6 A. My name is Todd Thomas. My business address is 1630 Des Peres Road, Suite 140, St.
7 Louis, Missouri 63131.

8 **Q. Please describe CSWR, LLC and Bluegrass Water Utility Operating Company, LLC.**

9 A. CSWR, LLC (“CSWR”) is a holding company that, as of December 31, 2022, operated
10 utility operating companies in 10 states. Bluegrass Water Utility Operating Company,
11 LLC (“Bluegrass Water” or “Company”) is the CSWR utility operating company in the
12 Commonwealth of Kentucky.

13 **Q. What is your position with CSWR?**

14 A. I am Senior Vice President of CSWR, the affiliated company that has
15 operational/managerial oversight over the CSWR operating companies including
16 Bluegrass Water. At CSWR, my responsibilities include the acquisition, development, and
17 operation of CSWR-affiliated utilities. Among other duties, and relevant to this testimony,
18 I am responsible for engaging and overseeing operations and maintenance (“O&M”)
19 service providers including those contractors responsible for day-to-day operations of
20 CSWR operating affiliates like Bluegrass Water. In addition, I am responsible for
21 engaging and overseeing customer service providers. At the present time, I oversee such

1 activities for affiliated operating companies providing water or wastewater utility services
2 to over 133,000 connections in Kentucky, Missouri, Arkansas, Tennessee, Louisiana,
3 Texas, Mississippi, North Carolina, South Carolina, Arizona, and Florida. As Mr. Cox
4 mentions in his direct testimony, CSWR has additional applications pending in most of
5 these states, as well as California, which, if granted, would authorize the acquisition of
6 even more systems and customers. If those applications are approved, my oversight
7 responsibilities will extend to those additional systems and customers as well.

8 **Q. Please summarize your education and professional experience.**

9 A. My education includes a Bachelor of Science in Civil Engineering from the Missouri
10 University of Science and Technology, and a Master of Business Administration from
11 Washington University in St. Louis.

12 Before joining CSWR, I was President of Brotcke Well and Pump (the second
13 largest well driller and service provider in the Midwest); Vice President of Operations and
14 Business Development of the Midwest for American Water Contract Operations; and
15 General Manager of Midwest Operations for Environmental Management Corporation. I
16 currently serve on the East Central Missouri Board of Directors and am an Advisory Board
17 member for the Public Water Supply District 2 of St. Charles County, Missouri, which is
18 the largest water and sewer district in the State of Missouri, serving approximately 60,000
19 connections.

20 Brotcke Well and Pump serves municipal potable, regulated potable, and industrial
21 ground water suppliers in Missouri, Illinois, Kansas, Tennessee, Kentucky, and Arkansas.
22 Its total number of clients exceeds 200, and the systems they serve range in size from the
23 City of Bloomington, Illinois, with 31,000 water customers, to 230 customers in the City

1 of Eminence, Missouri. Brotcke Well and Pump drills wells, cleans and treats wells,
2 installs pumps, services pumps, rebuilds pumps, tests wells for regulatory compliance, and
3 installs and services well controls. As President of Brotcke Well and Pump, I was involved
4 in the design, maintenance, and repair of all clients' well systems. I have firsthand
5 experience with how much damage can be done by lack of maintenance on a well system
6 and how much money and effort is required to restore a well system after neglect.

7 As Vice President of Operations and Business Development of the Midwest for
8 American Water Contract Operations, I was responsible for the water and wastewater
9 operations and maintenance contracts for municipal and industrial clients. At one time, I
10 had responsibility for operating water and wastewater systems serving approximately
11 64,000 residential connections. My responsibilities included the direction and
12 management of annual budgeting for each plant's operations and maintenance, design and
13 planning of plant upgrades and maintenance projects, regulatory reporting, plant
14 operations, and regulatory compliance of these systems.

15 My position as General Manager of Midwest Operations for Environmental
16 Management Corporation was similar to my position with American Water Contract
17 Operations with regard to the size and scope of the systems the company managed.

18 **Q. Have you previously testified before the Kentucky Public Service Commission**
19 **(“Commission”)?**

20 A. Yes, in addition to testimony before the Missouri, Mississippi, Texas and Louisiana state
21 utility commissions, I previously testified before the Commission in Case No. 2020-00290.

22 **Q. What is the purpose of your testimony in this proceeding?**

23 A. The purpose of my testimony is:

1 ▶ To explain the process CSWR uses to identify and engage qualified third-party
2 contractors to provide day-to-day O&M functions for its operating companies like
3 Bluegrass Water, and why using third parties to perform these functions is in the best
4 interests of both Bluegrass Water and its customers.

5 ▶ To discuss the O&M contractors that Bluegrass Water currently engages for its
6 Kentucky systems as well as the roles and responsibilities of Bluegrass Water's Kentucky
7 Regional Manager. I will further describe some of the measures that Bluegrass Water has
8 implemented in order to improve the effectiveness of its O&M partners and the ability to
9 provide safe and adequate service.

10 ▶ To explain the process CSWR uses to engage qualified third-party contractors to
11 provide customer service functions for its operating companies like Bluegrass Water, and
12 why using third parties to perform these customer service functions is in the best interests
13 of both Bluegrass Water and its customers.

14 **Q. Are you sponsoring any schedules?**

15 A. Yes, as introduced later in this testimony I am sponsoring: (1) Schedule TT-1 - a map of
16 the Bluegrass Water wastewater systems; (2) Schedule TT-2 – a copy of the Bluegrass
17 Water RFQ to identify qualified O&M partners; and (3) Schedule TT-3 – a copy of a typical
18 RFP package.

20 **II. OPERATIONS AND MAINTENANCE FUNCTIONS**

21
22 **Q. Why does Bluegrass Water use third-party contractors to perform O&M functions**
23 **instead of hiring employees to perform those functions?**

1 A. As with all water/wastewater systems, there is a need for licensed, experienced operators
2 in Kentucky. In my experience, where systems and connections are concentrated in a
3 relatively small area, utilities may be able to cost-effectively employ such operators as part
4 of their own workforce. In contrast, however, Bluegrass Water's water and wastewater
5 systems in Kentucky are very geographically dispersed across the state. Given this
6 geographical dispersion and the number of connections served in Kentucky at this time, it
7 would be almost impossible for Bluegrass Water to cost-effectively employ an in-house
8 workforce of sufficient size to perform all required O&M functions necessary to fulfill the
9 objective of providing customers safe, reliable, and timely utility service at reasonable
10 rates. A map showing the location of the systems that Bluegrass Water serves in Kentucky
11 is attached to my testimony as Exhibit TT-1.

12 **Q. Is workforce size the only consideration when deciding to employ third-party**
13 **contractors?**

14 A. No. Operators of our facilities - those performing the O&M functions that are necessary
15 for Bluegrass Water - must be highly trained, experienced, and have all state licenses
16 required to operate water and wastewater systems and do so in a manner that complies with
17 federal, state, and local laws and regulations. CSWR believes that, given the internal cost
18 of hiring, training, and retaining qualified employees, it is more economical to retain third-
19 party contractors who already have experienced operators and required state licenses.

20 **Q. Do CSWR-affiliated companies use third parties in other states to perform O&M and**
21 **customer service functions?**

22 A. Yes. Using third-party contractors is the method all CSWR utility affiliates use to perform
23 O&M functions. CSWR has learned through its experience in Kentucky and other states

1 that using third-party contractors is a more cost-effective option for fulfilling these O&M
2 responsibilities.

3 **Q. Please describe the process CSWR uses to identify and engage third-party O&M**
4 **contractors in Kentucky.**

5 A. The process CSWR uses has two distinct parts: identifying qualified contractors and then,
6 after soliciting and evaluating competitive bids, engaging one or more contractors to
7 provide the required O&M services. In addition, CSWR must conduct regular
8 management and oversight of the O&M contractors it engages to ensure that the work
9 being performed is appropriate to provide safe, continuous, and adequate service.

10 **Q. How does CSWR identify qualified contractors to perform the O&M functions that**
11 **Bluegrass Water requires?**

12 A. CSWR's contractor identification process begins with the evaluation of the qualifications
13 of prospective contractors. CSWR begins the process with a written "Request for
14 Qualification" ("RFQ"). CSWR disseminates information about contracting opportunities
15 (including information about how to obtain an RFQ) as broadly as possible throughout the
16 region or state in hopes of identifying as many potential contractors as possible to bid on
17 available work. CSWR utilizes several avenues to identify potential contractors. These
18 include, but are not limited to, web searches, contacting local rural water associations,
19 word-of-mouth, and through local contacts in the area. A copy of the RFQ form that
20 CSWR uses for Bluegrass Water is attached to my testimony as Exhibit TT-2.

21 The RFQ requires that contractors be highly trained, experienced, and have all state
22 licenses required to operate the relevant water and wastewater systems. CSWR also
23 requires that its contractors commit themselves to respond to customer service emergencies

1 within a specified time period – usually within two hours of a request for assistance –
2 regardless of when those emergencies arise. CSWR also requires contractors to provide
3 their own insurance that helps insulate the Company and its customers from liability for
4 acts that result in damage to others.

5 **Q. How does CSWR evaluate RFQ responses in the O&M contractor selection process?**

6 A. The goal of evaluating the RFQ responses is to determine which respondents are qualified
7 to go to the next step in the process. The RFQ process provides CSWR the opportunity to
8 determine which potential contractors actually satisfy all the qualifications and
9 requirements stated in the RFQ. Pre-qualifying prospective contractors based on their RFQ
10 responses is critical because it saves time by eliminating unqualified bidders.

11 **Q. What happens after CSWR has evaluated the RFQ responses and identified qualified
12 contractors?**

13 A. The next step is to send a formal “Request for Proposal” (“RFP”) to qualified contractors.
14 Generally, the RFP includes a proposal letter specifically identifying the contractor’s tasks,
15 duties, and responsibilities (sometimes referred to as a “Statement of Work”); a list of all
16 facilities for which Bluegrass Water is seeking proposals; the permit numbers of those
17 facilities; a draft of the contract the successful bidder would be required to sign (which
18 includes the Statement of Work); and the date the RFP response is due. Also included in
19 the package is a bid response page, which requires the contractor to provide key cost
20 information about its bid. CSWR considers all of these documents to be a critical part of
21 the response in that it allows CSWR to compare the RFP responses on a consistent basis
22 relative to both cost and service levels.

1 I have included a typical RFP package as Exhibit TT-3 to my direct testimony.
2 These RFPs contain multiple service areas or projects to best utilize economies of scale
3 and yield cost-savings for customers. For the purpose of soliciting bids, CSWR will divide
4 up projects regionally in order to lower operational costs and to make the projects more
5 manageable for CSWR and the selected contractor. Another benefit to the regionalization
6 of its contractor network is that it gives opportunities to local operations firms who are
7 typically more familiar with local conditions and often have prior direct experience with
8 the actual facilities CSWR is seeking support to operate.

9 **Q. How does CSWR compare RFP responses and select a winning bid?**

10 A. After identifying which bidders demonstrate adequate capability to provide services,
11 CSWR determines the “lowest and best qualified bid,” which considers price in context of
12 the overall quality of the bidder’s proposal. Once CSWR has made a preliminary choice
13 of a winning bidder, it schedules a follow-up meeting to confirm the accuracy of the bid
14 documents and to make sure that the contractor understands all requirements and
15 appreciates their importance. Following that meeting, the winning bidder is confirmed and
16 is asked to enter into a signed agreement.

17 **III. KENTUCKY O&M PARTNER AND STATE MANAGER**

18
19 **Q. Which O&M contractors does Bluegrass Water currently use to operate and
20 maintain its Kentucky wastewater systems?**

21 A. Bluegrass Water currently uses Midwest Water Operations, LLC (“Midwest”) to operate
22 and maintain the Company’s water and wastewater systems in Kentucky. Midwest
23 provides a highly experienced, dedicated, professional team of onsite and bench strength

1 resources for expert, compliant operations of water / wastewater systems. Midwest's
2 dedicated operations team brings decades of experience in the utility industry managing
3 clients' utility operations and offers expertise and best practices for effective, efficient, and
4 compliant operations and maintenance.

5 **Q. What is the current status of the O&M contract that Bluegrass Water has in place**
6 **with Midwest in Kentucky?**

7 A. Currently, Bluegrass Water has a single, unified contract with Midwest. That contract with
8 Midwest is scheduled to expire on March 31, 2024.

9 **Q. Does CSWR utilize any technologies to assist its contractors in the provision of safe**
10 **and adequate service?**

11 A. CSWR utilizes several off-the-shelf technologies to cost-effectively enhance work
12 performed by its O&M contractors, help minimize costs, and improve the quality of service
13 provided to Bluegrass Water's customers. For example, CSWR has implemented a
14 computerized maintenance management system called Utility Cloud to benefit its affiliated
15 utility operating companies. Utility Cloud is a work order-based system used to: (1)
16 catalog all equipment employed in each Bluegrass Water; (2) host distribution and
17 collection system mapping; (3) automatically schedule preventive maintenance; (4)
18 schedule necessary repairs; and (5) schedule and record responses to customer complaints
19 and service calls. The Utility Cloud system operates via smartphones and handheld
20 devices, so it is easily utilized by all CSWR O&M contractors. Utility Cloud ensures that
21 Bluegrass Water systems are well-maintained; property, plant, and equipment records are
22 maintained; and customer service needs are systematically and expeditiously addressed
23 with appropriate record keeping of customer service needs.

1 **Q. Does Utility Cloud provide other benefits to customers?**

2 A. Yes. For instance, the software allows CSWR to monitor its Kentucky O&M contractor
3 to ensure that the contractor is doing the work for which it was hired on a timely and
4 competent basis and is meeting the needs of the Company and its customers, which ensures
5 that services are being provided effectively and efficiently.

6 **Q. Does CSWR utilize any other technologies to make operations more efficient and**
7 **effective in Kentucky?**

8 A. Yes. Another cost-effective technology CSWR employs in many states is a remote
9 monitoring platform. The remote monitoring sensors on each system are set to provide
10 ongoing utility system operational performance monitoring and early warnings to
11 Bluegrass Water and its O&M contractor in the event there are operational issues. In most
12 cases, those warnings are broadcast before the issue adversely affects customers' water or
13 wastewater service. Examples of the types of problems the remote monitoring system is
14 designed to detect include power outages at water wells and sewage lift stations, chlorine
15 residual readings on water distribution systems, low pressure issues on water distribution
16 systems, high level alarms on sewage system lift stations, and low levels in water storage
17 tanks. When these alarms activate, the remote monitoring system immediately sends
18 information to CSWR and its O&M contractor, which allows the Company and its
19 contractor to react before customers are even aware of the problem and before the problem
20 can affect customer service.

1 **Q. Does the deployment of this technology help the Company to operate and maintain**
2 **Bluegrass Water's water and wastewater systems in a cost-effective way?**

3 A. Yes. For example, I mentioned in my previous answer that the remote monitoring system
4 is programmed to monitor high level alarms at sewage lift stations. Absent remote
5 monitoring, prudent operation (and Kentucky requirements) requires contractors to check
6 levels in sewage lift stations daily, which would require the O&M contractor to dispatch
7 an employee each day to check lift station levels. These daily visits are costly and would
8 lead to higher rates. While operators are always on hand to respond to issues that are
9 detected, the remote monitoring system mitigates the need for daily visits unless the system
10 detects a problem. The remote monitoring system also archives these daily readings so
11 that they can be accessed in case the systems are subjected to a compliance audit or
12 subsequently develop operational problems. This data allows CSWR to determine the start
13 and duration of the problem, which aids in prompt resolution.

14 **Q. What is the status of Bluegrass Water's deployment of remote monitoring?**

15 A. Bluegrass Water currently has an application pending for a CPCN related to the installation
16 of High Tide remote monitoring equipment as well as a request to reduce the number of
17 required site visits for the Bluegrass Water systems. This CPCN application has been
18 docketed as Case No. 2022-00216.

19 **Q. What tasks does CSWR State Manager perform to ensure Bluegrass Water's**
20 **customers receive continuous and adequate service?**

21 A. While the Company is dedicated to streamlining its operations and personnel as much as
22 possible to make service affordable and reliable, due to the size and geographical
23 dispersion of its operations in Kentucky, CSWR has hired a Regional Manager, Arthur

1 Faiello, who is responsible for overseeing and assisting in all third-party O&M functions
2 in Kentucky. Having an employee responsible for these Kentucky-specific duties helps
3 CSWR to ensure that Bluegrass Water is fulfilling its commitment to providing safe and
4 reliable water and wastewater service to its customers. In this role, Mr. Faiello oversees
5 the operations of Bluegrass Water's third-party O&M contractors to ensure:

- 6 • each of Bluegrass Water's systems complies with all federal, state, and local public
7 health and environmental regulations;
- 8 • the Company's third-party O&M contractors operate consistent with all federal,
9 state, and local safety regulations;
- 10 • Bluegrass Water's third-party O&M contractors fulfill all contractual obligations;
11 and
- 12 • all necessary preventive and corrective maintenance is timely and competently
13 performed on the Bluegrass Water systems to keep them functioning and to avoid
14 outages that adversely affect customers.

15 In addition, Mr. Faiello serves as Bluegrass Water's primary in-person customer
16 representative, which ensures that when customers require direct communication with a
17 local representative, Mr. Faiello can ensure that the customer's concerns are addressed.
18 While customers are encouraged to bring issues to the customer experience department,
19 Mr. Faiello fulfills this responsibility to the extent the matters require an in-person visit
20 from a Bluegrass Water representative.

21 Finally, Mr. Faiello serves as Bluegrass Water's representative and liaison to state
22 and local water and wastewater organizations to share information and promote
23 cooperation among industry participants. Similarly, Mr. Faiello serves as Bluegrass

1 Water's primary local point-of-contact for state and local government officials that regulate
2 Bluegrass Water's operations, like the PSC, the Kentucky Energy and Environment
3 Cabinet ("EEC") or its Division of Water, to ensure the Company timely addresses any
4 questions or concerns that may arise regarding our Kentucky operations.

5 **IV. CUSTOMER SERVICE FUNCTIONS**
6

7 **Q. Does Bluegrass Water also use third-party contractors to perform customer service
8 functions?**

9 A. Yes. CSWR uses Nitor Billing Services, LLC ("Nitor") to provide a wide range of services
10 to customers, including: 1) responding to customer billing questions, 2) processing service
11 initiation requests, 3) processing service termination requests, 4) processing customer bill
12 payments, 5) handling involuntary service shut-offs including generating and mailing all
13 required notices, 6) providing information to builders wanting to connect dwellings under
14 construction to our wastewater or water systems, and 7) accumulating and archiving data
15 to support the customer service functions.

16 **Q. Why does Bluegrass Water use a third-party contractor to perform customer service
17 functions?**

18 A. CSWR believes it is critical for its customers to have 24/7 access to personnel who can
19 answer service and billing questions and competently address issues affecting the quality
20 of service. CSWR also wants to ensure that Bluegrass Water's customers have access to
21 services like online account information access and bill payment options that are not
22 usually available for systems the size of Bluegrass Water's Kentucky systems.

1 **Q. Do CSWR-affiliated companies use third-party contractors in other states to perform**
2 **customer service functions?**

3 A. Yes. CSWR's experience in Kentucky and in the other states has shown time and again
4 that using third parties for customer service functions is the most cost-effective and best
5 available option for a company like Bluegrass Water.

6 **Q. Are there benefits to this approach?**

7 A. Yes. Using a single, third-party contractor for all customer service support both in
8 Kentucky and company-wide across all states allows CSWR to systematize this function,
9 develop and implement processes and services not generally available to small
10 water/wastewater utilities, and achieve economies of scale that lower customer costs and
11 rates.

12 **Q. Is it more cost-effective to use a single provider to provide customer service across all**
13 **CSWR systems in all states instead of hiring employees to perform those tasks in each**
14 **state?**

15 A. Yes. The primary consideration for CSWR's decision to use Nitor was the desire to
16 provide customers an array of first-class customer services and service event recording
17 capabilities that systems the size Bluegrass Water typically acquires would not be able to
18 provide at a reasonable per-customer cost. Nitor has developed and deployed a host of
19 state-of-the-art systems and practices that generally are not available to utilities like
20 Bluegrass Water. Because Nitor can spread the cost of these systems across all of its
21 clients, Bluegrass Water and its CSWR affiliates are able to enjoy the benefits of Nitor's
22 economies of scale. And, as customer service technologies improve and expand, a
23 company like Nitor can adopt and deploy these improvements much more quickly and

1 cost-effectively than could Bluegrass Water on a stand-alone basis or even as part of the
2 CSWR-affiliated group of utilities.

3 **Q. Can you provide specific examples of the benefits to Bluegrass Water and its**
4 **customers from using Nitor.**

5 A. First and foremost, Nitor provides live answering service—*i.e.*, a live human being answers
6 the call—for all customer emergency service calls, twenty-four hours a day. If the subject
7 of the call truly is an emergency, Nitor personnel contact an emergency service responder
8 designated by Bluegrass Water’s O&M contractor for that service area, who dispatches
9 personnel to address the problem.

10 In addition to the around-the-clock emergency response services, Nitor also has a
11 staff dedicated and trained to answer customer service and billing questions from 7:00 a.m.
12 – 7:00 p.m.¹ Nitor’s staff has access to and is knowledgeable about Bluegrass Water’s
13 tariff, so it can successfully address most billing questions quickly and efficiently. If Nitor
14 is unable to answer the question or if the customer requires direct assistance from Bluegrass
15 Water, a CSWR employee is designated to address his or her concerns.

16 In addition, all customer contacts with Nitor are thoroughly documented in the
17 event that questions later arise about when calls were made, how many calls were made,
18 and what information the customer received. Customer calls are also recorded and stored
19 to ensure professional conduct toward customers and ensure questions or disputes about
20 customer interactions can quickly be resolved.

¹ Bluegrass Water’s customers also have the ability to self-serve through an Interactive Voice Response (“IVR”) system.

1 In addition, as I mentioned before, Nitor provides Bluegrass Water customer access
2 to a wide range of payment options including payment by mail, online payment by check
3 or credit card, or electronic withdrawals from the customer's checking account.

4 **Q. Without Nitor, could Bluegrass Water provide the same services at a similar cost?**

5 A. No. Without that relationship and the economics of scale that are appreciated by utilizing
6 these services across multiple states and tens of thousands of customers, it would be cost-
7 prohibitive to provide these services in Kentucky and continually invest in the necessary
8 underlying technology to support these services.

9 **Q. Has Bluegrass Water recently made any other customer service improvements?**

10 A. Yes. CSWR has implemented a Customer Information System called Muni-Link that is
11 used by all CSWR-affiliated operating companies. Muni-Link is a cloud-based utility
12 billing solution designed for municipalities, cities, townships, private utility companies,
13 and authorities who bill customers for water and sewer service. The software includes
14 electronic billing, online payment processing, built-in Coding Accuracy Support System
15 ("CASS") certification, customer work order management, and a customer portal.

16 Muni-Link's customer portal allows customers to receive bills electronically, make
17 payments, and view their usage, amounts due, and payment histories online. The billing
18 software can be processed by users from any web browser, and users can also manage
19 interest, penalties, payments, notices, liens, and more. Customers can sign up for e-billing
20 to only receive electronic statements, and for paper billing, Muni-Link helps organizations
21 qualify for USPS automation prices.

22 Muni-Link provides users with access to full account information on a single page
23 with Account Central that allows customer service representatives to easily access all

1 relevant customer information quickly to provide expedited customer service. Integrations
2 with multiple metering, asset management, and accounting systems are supported, and all
3 data is backed up automatically.

4 **Q. Does this conclude your testimony?**

5 A. Yes.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR AN ADJUSTMENT OF RATES
CASE NO. 2022-00432

VERIFICATION

I, Todd Thomas, Sr. Vice President, verify, state, and affirm that I prepared or supervised the preparation of the Direct Testimony filed with this Verification, and that Direct Testimony is true and accurate to the best of my knowledge, information, and belief after a reasonable inquiry on this 27th day of February, 2023.

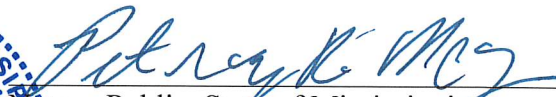


Todd Thomas
Sr. Vice President

STATE OF MISSISSIPPI)
)
COUNTY OF HINDS)

SUBSCRIBED AND SWORN TO before me on this the 27th day of February, 2023.





Notary Public, State of Mississippi
My Commission Expires September 28, 2025

EXHIBIT 1

Schedule TT-1

Legend

- ◆ Bluegrass Owned Facility

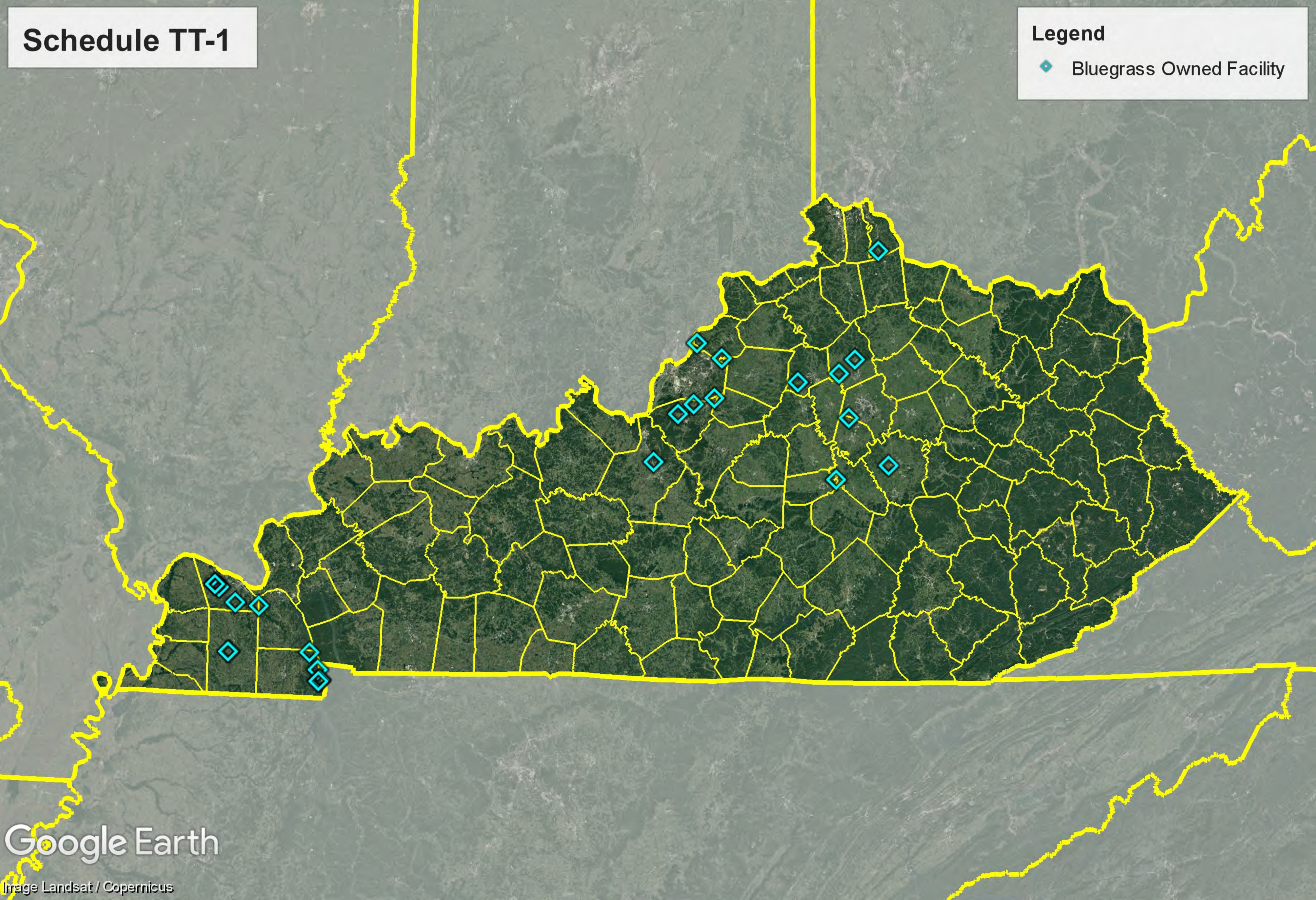


EXHIBIT 2



We Need You

Central States Water Resources, LLC (CSWR), and its affiliates, are looking to work with qualified and experienced water and wastewater operations and management (O&M) firms to bring safe, reliable and environmentally responsible water resources to every community in the U.S.

CSWR, Inc. owns and operates several private, regulated water and wastewater utility companies across the nation. We provide professional and managerial services to make sure the communities we serve have access to clean, safe and reliable water resources, 24/7. We work with outside firms like yours to make sure our utility operating companies have professional operation, maintenance and construction services. Our goal at CSWR, Inc. is to transform local water and wastewater treatment facilities across the United States, improving both the quality of water and the quality of life for our customers.

Benefits of Working with Us

CSWR is transforming how water utilities work by using technology and innovation to quickly assess and invest in reliable infrastructure that meets or exceeds stringent state and federal safety standards, while protecting the aquifers, lakes, rivers and streams that are essential to our world.

Our O&M partners get the benefits of access to working with industry-leading technology, a growing network of water and wastewater professionals and the opportunity to grow your business.

CSWR also provides:

- Training vouchers pending state approval
- Opportunity to learn how to use a computer-based training monitoring system (CMMS)
- Professional, 24/7 customer service

We Need You

We're building our database for all current and future projects for construction and water and wastewater O&M. This Qualification Application is solely a request for information. It does not represent an offer, nor does it confer any rights on any respondent. CSWR is not responsible under any circumstances for any costs incurred by responding to this Qualification Application.

Questions? Please contact us at operations@cswrgroup.com.

QUALIFICATION APPLICATION

Please fill out the information below to be notified of any current or future CSWR projects.

Firm Name:

1. Address:
2. Company Headquarters (if different from above):

Number of years in business under current business name:

List all other business names firm has operated under and the time frames for each:

List any Disadvantaged Business Enterprise (DBE) certifications:

Please mark which types of projects you are interested in:

	Water	Wastewater
Operation & Maintenance		
Construction		

If firm is a corporation, LLC or partnership, provide the following information:

Type of organization:	
State of incorporation:	
Date of Incorporation:	
Name of President:	
Name of Vice President:	
Name of Secretary:	
Name of Treasurer:	

SERVICES PROVIDED

Please mark each box for services that your firm provides. Do not include services which are subcontracted to other firms.

Operations & Maintenance (O&M)

Service	Water	Wastewater
System O&M		
Engineering		
Laboratory Testing		
Grounds Maintenance/Landscaping		
Discharge Reporting		
Permitting		
Other (specify):		
Other (specify):		

Construction

Service	Water	Wastewater
General Contracting		
Engineering/Design		
Structural		
Plumbing/Piping		
Electrical		
Cement/Foundations		
Other (specify):		
Other (specify):		

INSURANCE REQUIREMENTS

For all of our O&M projects, we require the insurance coverage listed below. The following Certificates of Insurance (“COI”), as outlined here, must be furnished to CSWR **upon receipt of approval of the award of the contract**. COI shall provide a minimum of a thirty (30) day notice of cancellation to CCPS and shall name CSWR as an additional insured as follows:

Comprehensive General Liability Insurance

Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.

Automobile Liability Insurance

Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.

Worker’s Compensation and Employers Liability Insurance

Worker’s Compensation and Employers Liability in the amount required by law.

Commercial Umbrella Coverage

Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$5,000,000.00 per occurrence and \$5,000,000.00 aggregate.

Pollution Legal Liability

Operator shall maintain in force Pollution Legal Liability policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Pollution Liability Coverage is discontinued for any reason by Operator after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Professional Liability Error and Omissions

Professional Liability Error and Omissions coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Professional Liability Errors and Omissions coverage is discontinued for any reason after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Duration of Insurance Policies

Except as otherwise expressly required, all insurance policies herein specified shall be in force for the term of the contract and contain a Rider that the insurance policies cannot be cancelled without a thirty (30) day prior written notice to the parties insured.

SAFETY RECORD

Please provide your firm’s Workers’ Compensation Experience Modifier and OSHA Recordable Rate for the past three years.

Please provide your Days Away, Restricted, or Transferred (DART) Incident Rate calculated from OSHA’s Form 300 and Experience Modifier Rate (EMR) for the last three years in the table below.

Year	DART	EMR

Please provide a copy of any Drug and Alcohol policies including testing programs. Also, provide a brief narrative summarizing any health and safety programs and/or processes

References

Provide three trade references below include name of reference, current contact person, telephone number and address:

- 1.
- 2.
- 3.

Provide two bank references below, include name of reference, current contact person, telephone number and address:

- 1.
- 2.

The person undersigned affirms that all information contained within this Qualifications Application is true and accurate. Providing false or misleading or omitting relevant information may result in the Respondent's firm being disqualified for any current or future work for Central States Water Resources.

Affirmed by (signature): _____
Name: _____
Title: _____
Date: _____

EXHIBIT 3

Your firm is invited to submit a proposal on project outlined below related to community water and wastewater treatment plants.

Great River UOC

Is made up of facilities known as:

#	Facility Name	Type	Permit #	County

Additional information is available upon request.

Sincerely,

Jo Anna McMahon

Director of EH&S

Enclosure

INTRODUCTION & BACKGROUND

Central States Water Resources (“CSWR,LLC”) owns and provides professional and managerial services to several private, regulated water and wastewater utility companies that the services of one or more outside firms capable of providing operation and maintenance services and or managing construction projects related to the company’s water and wastewater treatment plants. Therefore, CSWR is accepting proposals in response to this Request for Proposal (“RFP”) in order to find firms willing and qualified to provide these services. Our goal with operating and maintaining water and wastewater treatment facilities is to serve local communities with modern, EPA-compliant water and wastewater treatment facilities that ensure our customers receive reliable and safe service.

The objective of this RFP is to identify one or more firms that will provide the best overall value to CSWR. While price is a significant factor, other criteria will form the basis of our award decision, as more fully described in the Evaluation Factors section of this RFP below.

SUBMISSION GUIDELINES & REQUIREMENTS

The following submission guidelines and requirements apply to this RFP:

- First and foremost, only qualified individuals or firms with prior experience on projects such as this should submit proposals in response to this RFP.
- **Bidders intent on submitting a proposal should so notify CSWR staff no later than 06/12/2020**
- Bidders may complete a “Company Narrative”, providing up to a 4-page narrative listing their companies experience with similar projects, expertise, and why they should be selected by CSWR. Please include references for each example provided. This narrative is optional.
- Bidders must complete the “RFP Response Page” at the end of this RFP that outline the require submittal documents and pricing.
- Proposals must be signed by a representative that is authorized to commit bidder’s company.
- **Proposals must be received prior to 11/13/2020 to be considered.**
- Proposals must remain valid for a period of 60 days.
- CSWR anticipates selecting at least two individuals or firms to have more in-depth discussions with and will make an award to one of these “down-selected” individuals or firms.
- Each bidder must read the “Agreement Regarding Operation of Utility Treatment Facilities Water/Wastewater” presented in **Attachment A**.
- Each bidder must provide proof of insurance coverage, including all inclusions and exclusions to the policy. For information regarding insurance requirements, please refer to **Insurance Requirements** below.
- Each bidder must provide a staffing plan for each of the facilities and include the key personnel’s biography, resume and certifications.

PROJECT DESCRIPTION

CSWR seeks to transform local water and wastewater treatment facilities across the central United States to improve the quality of water and therefore the quality of life in the region.

Project Purpose

To transform how water utilities, work by using technology and innovation to quickly assess and invest in reliable infrastructure that meets or exceeds stringent state and federal safety standards. By restoring communities water infrastructure to applicable regulatory standards, we ensure all CSWR's serviced communities have access to safe, clean, and reliable water resources while protecting the aquifers, lakes, rivers, and streams that are essential to our world. In addition, restoring water infrastructure to applicable regulatory standards will foster new investment into the communities leading to community revitalization in desperate regions.

Project Description

CSWR is looking to procure a qualified group to operate and maintain CSWR's water and wastewater treatment facilities across the United States. This includes all maintenance and construction projects needed to guarantee the highest quality product to CSWR's serviced communities while maintaining safe policies and best practices to comply with regulatory standards.

SITE VISIT (OPTIONAL)

CSWR will conduct an optional site visit at for prospective bidder, **upon request**, to examine the system. The site visit[s] will be schedule for the date[s] and time[s] below:

Site	Date	Time
Site 1		
Site 2		

PROJECT SCOPE

Provided below is CSWR's Project Scope focused on administrative duties and field operations which are comprised of both operator services for the water treatment facilities and wastewater treatment facilities. In addition to the scope of the above noted duties, requirements are provided for each.

Scope and Requirements:

Bidder shall provide a monthly fee in its response to this RFP to maintain the system(s), as described below. No additional charges will be allowed for the routine testing, reporting, operations and maintenance of the Facilities. All costs including, but not limited to, routine labor, materials, profit, meter reading and travel shall be included in the monthly fee. Costs for items such as equipment replacement, emergencies, or other non-routine repairs are not included in this scope item.

Administrative

The successful bidder shall maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities and provide copies of such to the Owner. Each bidder must provide a staffing plan for each of the facilities and include the key personnel's biography, resume and certifications.

The successful bidder shall maintain insurance meeting or exceeding the requirements listed below. Certificates of insurance showing that the Bidder meets the minimum requirements must be provided with the Bidder's response to this Request for Proposal (RFP). Failure to include the necessary certificates will result in the Bidder's proposal being disqualified from consideration.

Customer Service Requirement

The successful bidder shall be responsible for the accurate and timely reading of customer meters, including rereads at CSWR's request. Each bidder must identify a single point of contact who will be responsible for communications between CSWR Customer Service Staff and the bidder's field staff.

Insurance Requirement

Certificates of Insurance ("COI"), as outlined herein, shall be furnished to CSWR upon receipt of approval of the award of the contract. COI shall provide a minimum of a thirty (30) day notice of cancellation to CCPS and shall name CSWR as an additional insured as follows:

Comprehensive General Liability Insurance

Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.

Automobile Liability Insurance

Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.

Worker's Compensation and Employers Liability Insurance

Worker's Compensation and Employers Liability in the amount required by law.

Commercial Umbrella Coverage

Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$5,000,000.00 per occurrence and \$5,000,000.00 aggregate.

Pollution Legal Liability

Operator shall maintain in force Pollution Legal Liability policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Pollution Liability Coverage is

discontinued for any reason by Operator after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Professional Liability Error and Omissions

Professional Liability Error and Omissions coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Professional Liability Errors and Omissions coverage is discontinued for any reason after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Duration of Insurance Policies

All insurance policies herein specified shall be in force for the term of the contract and contain a Rider that the insurance policies cannot be cancelled without a thirty (30) day prior written notice to the parties insured.

Insurance Policy Review

Insurance policies may be submitted for review to CSWR. Said policies shall be in form and content satisfactory to CSWR's said representatives. Said policies shall also name CSWR as an additional insured party where specified herein.

Wastewater Field Operations – Included in Monthly Fee

Tasks listed below are routine tasks expected for the operation of a wastewater facility and shall be included in the monthly fee. The monthly fee shall include all labor, materials, and costs to complete the following tasks.

- Make minimum of 3 (for mechanical plants) or 1 (for lagoons) weekly visits to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto.
- Perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
- Perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
- Create and perform all routine scheduled work orders generated through CMMS.
- Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner.
- Utilize owner provided regulatory results database. Maintain/upload certified test results into the database by the last business day of each month.
- Obtain the sampling requirements for testing by the government regulators and/or the Owner and perform the necessary sampling.
- Maintain all facility records included in CMMS.

- Contact appropriate laboratories to provide adequate testing and reporting services for Owner.
- Provide all test results to the Owner as early as possible.
- Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public. Any fee or fines resulting from a delay in notifying the Owner will be the responsibility of the successful Bidder.
- Contact and direct appropriate contractors to make repairs to the system as needed for operation.
- Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm.
- Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events.
- Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification.
- Provide a 24-Hour on-call emergency utility service response for operations.
- Perform Utility Locates.

Wastewater Field Operations – Additional Work

Tasks listed below are non-routine tasks expected for the operation of a wastewater facility and shall be billed in addition to the monthly fee. The Bidder shall provide a list of labor rates and cost markup that will be charged.

- Sewer main, or manhole repair and maintenance
- Service and utility construction inspections
- Sewer main flushing, rodding, or jetting
- Lift station maintenance and repair
- Cleaning and vacuuming of manholes
- Lagoon repair/maintenance requiring excavating equipment (e.g. backhoe, loader, etc.)
- Mowing and trimming of plant, lagoon and right of way areas
- Chemical application to lagoon cells
- Fence repair & upkeep
- Sewer main video inspection and recording
- Sewer main repair and/or replacement
- Customer service issues requiring action on behalf of the utility
- Pavement repairs
- Items identified during start-up by Operator as inoperable or concerning conditions of the facility that would affect treatment performance. Owner to review items and grant approval prior to repair work beginning.
- Electrical Repair Services
- Tree trimming/brush removal services
- Mechanical repair services

- Structural repair services

Water Field Operations – Included in Monthly Fee

Tasks listed below are routine tasks expected for the operation of a water facility and shall be included in the monthly fee. The monthly fee shall include all labor, materials and costs to complete the following tasks.

- Make weekly or more frequent visits, as required by regulatory requirements, to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto;
- Perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
- Perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
- Maintain all facility records included in CMMS.
- Create and perform all routine scheduled work orders generated through CMMS.
- Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner.
- Utilize owner provided regulatory results database. Maintain/upload certified test results into the database by the last business day of each month.
- Obtain the sampling requirements for testing by the government regulators and/or the Owner and perform the necessary sampling.
- Contact appropriate laboratories to provide adequate testing and reporting services for Owner.
- Provide all test results to the Owner as early as possible.
- Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public. Any fee or fines resulting from a delay in notifying the Owner will be the responsibility of the successful Bidder.
- Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
- Contact and direct appropriate contractors to make repairs to the system as needed for operation.
- Provide monthly water bac-T results.
- Provide all test results to the Owner as early as possible.
- Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.

- Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
- Meter readings.
- Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm.
- Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events.
- Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification.
- Provide a 24-Hour on-call emergency utility service response for operations including 2-Hour emergency service per month.
- Perform Utility Locates.

Water Field Operations – Additional Work

Tasks listed below are non-routine tasks expected for the operation of a wastewater facility and shall be billed in addition to the monthly fee. The Bidder shall provide a list of labor rates and cost markup that will be charged.

- Water main repair and maintenance
- Service and utility construction inspections
- Water main flushing
- Booster station maintenance and repair
- Mowing and trimming of plant and right of way areas
- Fence repair & upkeep
- Customer service issues requiring action on behalf of the utility
- Pavement repairs

RFP & PROJECT TIMELINES

The estimated RFP timeline is as follows

RFP Issuance	10/08/2020
Selection of Top Bidders/Notification to Unsuccessful Bidder	11/17/2020
Start of Negotiation	11/18/2020
Contract Award/Notification to Unsuccessful Bidder	11/30/2020

EVALUATION FACTORS

CSWR will rate proposals based on the following factors, with cost being the most important factor:

1. Responsiveness to the requirements set forth in this RFP.
2. Relevant past performance/experience.

3. Samples of work.
4. Cost, including an assessment of total cost of ownership
5. Technical expertise/experience of bidder and bidder's staff.
6. Response to CSWR's "RFP Response Page."

CSWR reserves the right to award to the bidder that presents the best value to CSWR as determined solely by CSWR in its absolute discretion.

RFP RESPONSE SHEET

Please complete each part of the Central States Water Resources RFP Response Sheet presented below by _____ no later than 11:59 PM CST.

Please complete each part in its entirety either electronically or with an ink pen with the exception of the affirmed by portion at the bottom of the sheet. The RFP Response sheet affirmed by portion must be signed by an ink.

Firm Name:		Firm Address	
Contact Phone:		Contact Email:	

Monthly Cost

Standard operations include all basic maintenance needed to operate and maintain the facility including all scheduled and/or annual repairs and replacement of consumables (i.e. lightbulbs, air filters, flex couplings, and other ancillary components that assist with safe and compliant operations) and minor products necessary for proper operation of equipment. Basic maintenance also includes any maintenance recommended by the manufacturer, general housekeeping, and administrative work.

Monthly Cost – Wastewater Field Operations	\$	
Monthly Cost – Water Field Operations	\$	

Additional and Emergency Services

Additional services include all major repairs, replacements, and failures that are unanticipated and unscheduled. Emergency services will be for major materials that need repair or replacement due to a potential threat to public/worker safety, health, and welfare. The labor rate should include all ancillary tools and materials necessary to perform the emergency service. This cost should account for any perceived or expected overtime that may be required due to required emergency services.

Additional Services – Hourly Rate	\$	
Emergency Services – Hourly Rate	\$	
Cost Markup		%

Company Narrative (Optional)

Respondent must attach Company Narrative here. Please discuss the firm's experience with similar projects, expertise, and why they should be selected by CSWR. Must include references for each example provided. The company narrative may be up to 4 pages in length.

Staffing Plan

Respondent must provide a staffing plan for each of the facilities and include the key personnel's biography, resume and certifications.

Insurance

Respondent must attach a copy of the Certificate of Insurance showing evidence of meeting the required insurance limits.

Affirmation

The person undersigned affirms that all information contained within this Statement of Qualifications is true and accurate. Providing false or misleading or omitting relevant information may result in the Respondent's firm being disqualified for any current or future work for Central States Water Resources.

Affirmed by (signature): _____

Name: _____

Title: _____

Date: _____

ATTACHMENT A – SAMPLE AGREEMENT

**AGREEMENT REGARDING OPERATION OF
UTILITY TREATMENT FACILITIES
WASTEWATER**

This Agreement Regarding Operation of Utility Treatment Facilities (“Agreement”) is entered into and shall be effective as of the 15th day of May 2019 (“Effective Date”), by and between **UTILITY OPERATING COMPANY, LLC.**, a limited liability company (“Owner”) and **Contracting Firm**, a [State] limited liability company (“Operator”), collectively the “Parties”.

RECITALS

WHEREAS, UTILITY OPERATING COMPANY, LLC., or its affiliate, is the Owner for the operation, maintenance, and modernization of the water and wastewater treatment facilities, located in [State] known as, and as more particularly identified under wastewater, and water facilities identified under (Facilities).

WHEREAS, Contracting Firm, provides the services of an Operator, certified by the appropriate regulatory authority, as required, for utility treatment facilities; and

WHEREAS, the Owner, wishes to retain Operator, and Operator desires to provide services to the Owner related to the operation of the Facilities.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the Parties agree as follows:

ENGAGEMENT; TERM; TERMINATION

1. **Engagement.** The Owner hereby engages Operator to provide services to the Owner related to the operation of the Facilities, as more particularly described herein, subject to the terms and conditions of this Agreement. Operator hereby accepts such engagement and agrees (i) to perform all services, including, without being limited to, those services specifically set forth in this Agreement and any attachment hereto; and (ii) to use reasonable and diligent efforts and to exercise the highest degree of professional competence in the performance of such services, in all cases, subject to the terms of this Agreement and any requirements of the Owner with regard to the operation of the Facilities.

ATTACHMENT A

2. Term. The term of this Agreement shall be effective as of the Effective Date and shall continue in full force and effect, unless sooner terminated as provided for herein, for a period of two (2) years.

3. Termination of Agreement Without Cause. The Owner or Operator may terminate this Agreement for any reason upon thirty (30) day prior written notice to the other Party of their desire to terminate the relationship and this Agreement.

4. Termination of Agreement With Cause. The Owner or Operator may terminate this Agreement upon written notice in the event of the failure by the other Party to perform in accordance with the terms of this Agreement. The nonperforming Party shall have ten (10) days from the date of the termination notice to cure or submit a plan for cure acceptable to the other Party.

5. Delay in Performance. Neither Owner nor Operator shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the nonperforming Party. For purposes of this Agreement, such circumstances include, but are not limited to, abnormal weather conditions, floods, earthquakes, fire, epidemics, war, riot, and other civil disturbances, strikes, lockouts, work slowdowns, and other labor disturbances, sabotage, judicial restraint, and inability to procure permits, licenses, or authorizations from any local, state or federal agency for any of the permissions, supplies, materials, accesses, or services required to be provided by either Owner or Operator under this Agreement. Should such circumstances occur, the nonperforming Party shall, within a reasonable time of being prevented from performing, give written notice to the other Party describing the circumstances preventing continued performance of this Agreement.

6. Termination Duties. Upon the termination of this Agreement, Operator shall render to the Owner a final accounting which shall cover the period from the date of the last statement rendered to the Owner. The Operator shall also forthwith (i) deliver copies of all records and reporting documents not already provided to the Owner, as well as, all materials, supplies, contracts, documents, accountings, papers and any and all other reports pertaining to the operation of the Facilities or this Agreement in the possession or under the control of Operator, and (ii) assign to the Owner, or its designee, existing contracts (previously approved by the Owner) in Operator's name, if any, relating to the operation of the Facilities. Within ten (10) days of the effective date of termination of this Agreement, the Owner shall forthwith pay to Operator all compensation then due Operator.

COMPENSATION TO OPERATOR

7. Operator Fee for Basic Services. In connection with Operator providing those services to the Owner related to the operation of the Facilities, and as more particularly described hereinbelow, and incorporated herein by this reference, the Owner shall pay to Operator a monthly fee of \$\$\$\$\$.

8. Additional Fee Charged for Services Outside of Basic Scope of Services. In the event the Owner requests Operator to provide additional services not included under the Scope of Services as described herein below, Operator shall be compensated for such additional services in accordance with Operator's Prevailing Fee Schedule as follows:

Engineer Fee	\$110.00/Hour
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Technician Fee

\$60.00/Hour

9. Reimbursement of Out-of-Pocket Expenses. Operator shall be eligible for reimbursement for any and all documented costs paid by Operator associated with the testing services, electrical, mechanical and/or other parts purchased to repair and/or maintain the Facilities, chemicals required to operate the Facilities, and other out-of-pocket expenses required for the operation of the Facilities that are outside of the scope of the services for which the Operator is being paid the Fee for Basic Services. Prior approval by the Owner is required for all reimbursable expenses. Operator agrees there will be no mark-up, handling charge or other such service fee(s), related to out-of-pocket expenditures and that a copy of the original receipt(s) or other proof of purchase acceptable to Owner will be furnished with the reimbursement invoice. Reimbursement requests that were not approved in advance or are not accompanied by suitable proof of purchase may not be honored by Owner.

10. Payment of Fee and Reimbursable Costs. Operator shall submit to the Owner invoices for all Operator fees and claimed reimbursable costs on a monthly basis. All such invoices shall be due and payable to Operator by the Owner within thirty (30) days of the date of the invoice. Operator agrees that payment for claims for reimbursable expenses not received by Owner within sixty (60) days of the date incurred are at the discretion of the Owner. Invoices will be delivered to: ap@cswrgroup.com, or as provided in Section 20.

11. Collection Costs. If the Owner fails to make payments when due, Operator shall provide written notice to the Owner allowing the Owner fifteen (15) days to cure the default in payment. However, if after the fifteen (15) day cure period the Owner continues to fail to make payment to Operator, and Operator incurs any costs in order to collect the overdue sums from the Owner, the Owner agrees that all such documented collection costs incurred by Operator shall immediately become due and payable to Operator.

RESPONSIBILITIES - OWNER

12. Maintaining Permits. Owner shall keep all required permits up to date for the Facilities.

13. Payment of Fees Required by Government Authorities. Owner shall pay the annual operating fees, permit renewal fees, construction fees, testing fees, and any and all other fees as required by the governmental authorities for the operation of the Facilities.

14. Damages Caused by Bypass. Owner shall be responsible for and shall hold Operator harmless from liability for damages caused by a bypass of the Facilities or failure of the Facilities to meet the required effluent limits.

15. Maintenance of Records. Owner shall maintain all records on the operation and maintenance of the Facilities for a period of five (5) years or such additional period of time required by [State] State law.

RESPONSIBILITIES - OPERATOR

16. Basic Services. Operator shall provide to Owner the services set forth on the attached **EXHIBIT A**, which by this reference is incorporated herein.

17. Additional or Emergency Services. Any services not listed above shall be considered additional or emergency services. Additional Services are not included as part of the Basic Services and shall be paid for by Owner in accordance with the Operator's fee schedule set forth hereinabove.

18. Standard of Care. The standard of care of all services performed or furnished by Operator under this Agreement will be the care and skill ordinarily used by operators practicing under similar conditions at the same time and in the same locality.

19. Insurance. Operator shall procure and maintain in effect throughout the duration of the term of this Agreement insurance coverage not less than the types and amounts specified below. The Operator also agrees to furnish the Owner, from time to time and on demand, with suitable evidence that such insurance is in force. In the event that additional insurance, not specified herein, is required by Owner during the course of the services covered by this Agreement, Operator shall supply such insurance and all additional costs shall be borne by Owner. Policies containing a self-insured retention will not be acceptable to Owner. A company with an A- or better rating must issue all insurance policies. All coverage required herein shall list Owner as an additional insured including ongoing operations and completed operations on a primary and non-contributory basis using form CG 20 10 11 85 or its equivalent, and Operator shall maintain all coverage in force continuously without interruption for a period of three (3) years after the term of this Agreement. In addition, each coverage required herein shall include a waiver of subrogation (where allowable by law).

- (a) Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.
- (b) Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.
- (c) Worker's Compensation and Employers Liability in the amount required by law.
- (d) Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$5,000,000.00 per occurrence and \$5,000,000.00 aggregate.
- (e) Operator shall maintain in force Pollution Legal Liability policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Pollution Liability Coverage is discontinued for any reason by Operator after the termination of

ATTACHMENT A

this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years.

- (f) Professional Liability Error and Omissions coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Professional Liability Errors and Omissions coverage is discontinued for any reason after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years.

In addition, Operator is required and shall require any contractors, subcontractors, vendors or any other party performing work or providing services at or for the operation of the facilities to carry the above insurance.

The policies listed above shall include within their certificate an endorsement that the policy may not be canceled until sixty (60) days prior written notice of cancellation has been served upon Owner by registered or certified mail.

Indemnification: Operator shall to the fullest extent of the law defend, indemnify and hold harmless Owner and all of its parent companies, subsidiaries, affiliates and subcontractors, including their respective officers, directors, employees, principals, partners, agents, successors and assigns, (collectively "Indemnitees") from and against any and all actions, suits, arbitrations, administrative proceedings, demands and claims for any and all damages, injunctive or any other relief based on any cause of action whatsoever (sometimes individually "Claim" and sometimes collectively "Claims"), that may be brought or made against, or incurred by, Indemnitees on account of liabilities, damages, losses, cost, expenses, settlements, judgments, awards, and governmental penalties and sanctions, including reasonable attorneys' fees and experts' fees, including those attributable to bodily injury (including death), personal injury and property damage (sometimes individually "Liability" and sometimes collectively "Liabilities"), caused by, arising out of, or contributed to by any negligence, acts, errors, omissions or conduct of Operator, its employees, subcontractors, or agents, related in any way to the performance of any and all services described herein, except to the extent the Claims or Liabilities are determined to have been caused by the negligent or the willful misconduct of the Owner. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person described in this Agreement.

Operator shall provide to Owner at execution of this Agreement a certificate of insurance showing all required endorsements and additional insureds.

It is further mutually agreed between the parties hereto, that no payment made under this Agreement shall be deemed as conclusive evidence of the performance of this Agreement, either in whole or in part, and that no payment shall be construed to be an acceptance of defective work or improper performance or materials. The Operator is to insure its own risk in and about the property, unless special agreement is made to the contrary, said risk to be considered as the unpaid balance due at any time.

NOTICES

20. Notices. Any notice, demand, consent, approval, request or other communication, required or permitted to be given hereunder, shall be in writing and shall be deemed to have been delivered (i) on the day personally delivered, (ii) upon receipt if sent by overnight courier, (iii) on the third business day following its mailing by registered or certified mail (return receipt requested), postage prepaid, by deposit in the United States mail, or (iv) on the day received (if received by 5:00 p.m. local time on a business day at the location of the recipient [i.e., any day other than a Saturday or Sunday or [State] state (depending on the recipient's location) or federal holiday] and if not so received then on the next business day) if sent by facsimile or electronic transmission with proof of successful transmission.

Owner: CONFLUENCE RIVER UTILITY
OPERATING COMPANY, LLC.
500 Northwest Plaza Dr., Suite 500
St. Ann, MO 63074
Attn: Josiah Cox, President
Phone: (314) 736-4672
Facsimile: (314) 736-4743
Email: jcox@cswrgroup.com

Operator: Contractor
1351 Jefferson St,
Washington, MO 63090
Phone:
Email:

Either party may, by notice given as aforesaid, designate a different address or addresses for notices to be given to it.

GENERAL PROVISIONS

21. Information Provided by Others. Owner shall furnish, at Owner's expense, all information, requirements, reports, data, surveys and instructions required by this Agreement. Operator may use such information, requirements, reports, data, surveys and instructions in performing its services and is entitled to rely upon the accuracy and completeness thereof.

22. Relationship of Parties. The Operator is and will remain for the term of this Agreement an independent contractor completely responsible for its own acts and for the manner in which, and the form by which, it performs this Agreement, and as such shall set its own hours and means and methods and shall not be subject to the supervision and control of the Owner except as to the results obtained. In no event shall the relationship created by this Agreement constitute a joint venture or partnership between the Owner and the Operator. Neither Party is authorized to assume or create any obligation or responsibility on behalf of, or in the name of, the other or bind the other in any manner whatsoever whether as agent, legal representative or otherwise.

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23. Third Party Rights. Nothing contained in this Agreement shall be construed to give any rights or benefits to anyone other than Owner and Operator.

24. Waiver. A waiver by either Owner or Operator of any breach of this Agreement shall be in writing. Such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

25. Severability. The invalidity, illegality, or unenforceability of any provision of this Agreement or the occurrence of any event rendering any portion or provision of this Agreement void shall in no way affect the validity or enforceability of any other portion or provision of this Agreement. Any void provision shall be deemed severed from this Agreement, and the balance of this agreement shall be construed and enforced as if this Agreement did not contain the particular portion or provision held to be void. The parties further agree to amend this Agreement to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision. The provisions of this Section shall not prevent this entire Agreement from being void should a provision, which is of the essence of this Agreement, be determined void.

26. Survival. Notwithstanding completion or termination of this Agreement for any reason, all rights, duties and obligations of the parties to this Agreement shall survive such completion or termination and remain in full force and effect until fulfilled.

27. Successors and Assigns. Owner and Operator each binds itself and its successors, assigns, and legal representatives to the other party to this Agreement and to the successors, assigns, and legal representatives of such other party in respect to all provisions of this Agreement.

28. Assignment. The Operator shall assign any rights or duties under this Agreement without the prior written consent of the Owner, which shall not be unreasonably withheld. However, the Owner shall be free to assign the rights and/or duties under this Agreement to any successor in interest by providing written notice to the Operator setting forth the name and contact information for the assignee and the date that the assignment will become effective. Nothing contained in this Section shall prevent Operator from employing independent Operators, associates, and subcontractors to assist in the performance of the Services.

29. Controlling Law. The laws of the State of [State] shall govern this Agreement.

30. Anti-bribery, Anti-corruption and OFAC Compliance. The Owner takes a zero-tolerance approach to bribery and corruption. By executing this Agreement the Operator expressly acknowledges that all employees, agents, contractors and sub-contractors of the Company must at all times comply with all applicable anti-bribery and anti-corruption laws and Company policies and related procedures in relation to anti bribery and anti-corruption as set out herein or as may be implemented or amended from time to time and which will be made available for review upon request. Operator agrees to comply with the following policies:

- Operator may not provide or receive anything of value to obtain or retain business or favored treatment from public officials; candidates for office; employees of state-owned enterprises; employees or officers of counterparties, clients/customers, or suppliers; any agent of

ATTACHMENT A

the aforementioned parties; or any other person with whom the Company or Operator does or anticipates doing business.

- The prohibition against providing “anything of value” to obtain or retain business or favored treatment includes improper payments, such as cash bribes or kickbacks, but also may include other direct or indirect benefits and advantages, such as inappropriate gifts, meals, entertainment, charitable contributions, and offers of employment or internships.

In addition, the Company is committed to combating money laundering, terrorist financing, securities fraud and other financial crimes (collectively “money laundering”) and complying fully with all applicable laws and regulations relating to combating money laundering. The Company is also committed to complying with economic and trade sanctions administered and enforced by governments and supranational bodies, including, among others, the sanctions programs and designated sanctions lists administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), the United Nations Security Council, the European Union and Her Majesty’s Treasury. Compliance by employees, agents, contractors and sub-contractors of the Company with all applicable anti-money laundering laws and regulations and sanctions programs and lists (collectively, “AML”) is strictly required as a condition of this Agreement. Operator’s participation with any employee, agent, contractor and/or sub-contractor of the Company to engage in money laundering, or to fail to comply with all applicable AML laws, regulations, and Company’s AML policies, will be a breach of this Agreement, and will be cause for immediate termination of this Agreement by the Company.

31. Executed Counterparts/Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document. This Agreement may be executed by a Party’s signature transmitted by facsimile or electronic transmission, and copies of this Agreement executed and delivered with facsimile signatures shall have the same force and effect as copies hereof executed and delivered with original signatures. The Parties hereto may rely upon facsimile signatures as if such signatures were originals. The Parties hereto agree that a facsimile signature page may be introduced into evidence in any proceeding arising out of or related to this Agreement as if it were an original signature page.

32. Further Assurances. From time to time, each Party shall execute and deliver such further documents and shall take such other action as the other Party reasonably may request in order to discharge and perform their obligations and agreements hereunder.

33. Time. Time is of the essence of each provision of this Agreement in which time is an element. Time in which any act provided by this Agreement is to be done shall be computed by excluding the first day and including the last, unless the last day is a Saturday, Sunday or legal holiday under the laws of the States of [State] or the United States of America, and then it is also excluded. Unless the context otherwise requires, all periods terminating on a given day, period of days, or date shall terminate at 5:00 p.m. Central Time on that day or date and references to “days” shall refer to calendar days.

ATTACHMENT A

34. Attorneys' Fees. In the event of any legal proceeding between the Parties arising out of the subject matter of this Agreement, in addition to any other award to which it shall be entitled, the prevailing party shall be entitled to an award for the reasonable attorneys' fees and costs incurred by its in connection with such proceedings.

35. Entire Agreement. This Agreement, and all attachments hereto, is the entire Agreement between Owner and Operator. It supersedes all prior communications, understandings and agreements, whether oral or written. The paragraph titles used in this Agreement are for general reference only and are not part of the Agreement. Amendments to this Agreement must be in writing and signed by both the Owner and the Operator.

IN WITNESS WHEREOF, Owner and Operator have executed this Agreement, effective on the date first above written.

OWNER:

OPERATOR:

UTILITY

OPERATIONS, LLC

OPERATING COMPANY, LLC

By _____

By _____

Title: _____

Title: Managing Member _____

EXHIBIT A**Operator Services – Wastewater**

1. Maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities;
2. Make weekly or more frequent visits to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto;
3. Perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
4. Perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
5. Maintain all facility records included in CMMS;
6. Perform all routine scheduled work orders generated through CMMS;
7. Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner;
8. Obtain the sampling requirements for testing by the government regulators and/or the Owner;
9. Contact appropriate laboratories to provide adequate testing and reporting services for Owner;
 - a. Provide all test results to the Owner as early as possible.
 - b. Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.
 - c. Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
10. Contact and direct appropriate contractors to make repairs to the system as needed for operation;
11. Meter readings;
12. Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm;
13. Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events;
14. Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification;
15. Provide a 24-Hour on-call emergency utility service response for operations including 2-Hour emergency service per month;
16. Perform Utility Locates.
17. Perform Operation and Maintenance Tasks (tracked via work orders in the CMMS system), for time and material, which may include but are not limited to:
 - a. Sewer main, or manhole repair and maintenance
 - b. Service and utility construction inspections
 - c. Sewer main flushing, rodding, or jetting
 - d. Lift station maintenance and repair
 - e. Cleaning and vaccing of manholes
 - f. Lagoon repair/maintenance requiring excavating equipment (e.g. backhoe, loader, etc.)
 - g. Mowing and trimming of plant, lagoon and right of way areas
 - h. Chemical application to lagoon cells
 - i. Fence repair & upkeep

- j. Sewer main video inspection and recording
- k. Sewer main repair and/or replacement
- l. Customer service issues requiring action on behalf of the utility
- m. Pavement repairs

Operator Services – Water

1. Maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities;
2. Make weekly or more frequent visits to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto;
3. Perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
4. Perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
5. Maintain all facility records included in CMMS;
6. Perform all routine scheduled work orders generated through CMMS;
7. Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner;
8. Obtain the sampling requirements for testing by the government regulators and/or the Owner;
9. Contact appropriate laboratories to provide adequate testing and reporting services for Owner;
 - a. Provide all test results to the Owner as early as possible.
 - b. Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.
 - c. Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
10. Contact and direct appropriate contractors to make repairs to the system as needed for operation;
11. Provide monthly water bac-T results;
 - a. Provide all test results to the Owner as early as possible.
 - b. Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.
 - c. Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
12. Meter readings;
13. Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm;
14. Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events;
15. Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification;
16. Provide a 24-Hour on-call emergency utility service response for operations including 2-Hour emergency service per month;

17. Perform Utility Locates.
18. Perform Operation and Maintenance Tasks (tracked via work orders in the CMMS system), for time and material which may include but are not limited to:
 - a. Water main repair and maintenance
 - b. Service and utility construction inspections
 - c. Water main flushing
 - d. Booster station maintenance and repair
 - e. Mowing and trimming of plant and right of way areas
 - f. Fence repair & upkeep
 - g. Customer service issues requiring action on behalf of the utility
 - h. Pavement repairs

SAMPLE