

**Questions Received & SAWS' Responses
Regarding the Provision and Delivery of Alternative Water Supplies**

Question No. 1: With respect to Item 1 that states that "*The purveyor(s) should be prepared to deliver potable water to the System on request by the System in amounts up to a maximum of 20,000 acre-feet per year in 2020*" Does SAWS expect to contract for a minimum of 20,000 acre-feet per year or is the amount of water to be delivered variable from little to none and may increase up to a maximum of 20,000 acre-feet per year?

Answer No. 1: Different purveyors may have different requirements. If and when a purveyor(s) is/are selected, contract negotiations will establish the schedule. However, to hopefully provide some additional clarity, the following examples are provided.

Example 1: A purveyor may not have a total of 20,000 acre-feet to provide and therefore could not provide 20,000 acre-feet in 2020 or ever. That purveyor may provide less than 20,000 acre-feet in their submittal in 2020 and forward.

Example 2: A purveyor may have a water project that could eventually deliver 80,000 acre-feet but for some reason could not provide 20,000 acre-feet in 2020. That purveyor may submit an amount less than 20,000 acre-feet in 2020 but eventually deliver 80,000 acre-feet by 2060.

Example 3: A purveyor who has a water project that could deliver 20,000 acre-feet in 2020 but for some reason may decide to deliver less than 20,000 acre-feet in 2020 and more water later (but not more than the stated build up schedule), that purveyor could propose something like this.

SAWS will contract for 20,000 acre-feet in 2020 and an additional 1,500 acre-feet per year if that is what the purveyor submits and that purveyor is selected and a contract negotiated.

Question No. 2: Would SAWS take delivery of water earlier than 2020 if the delivery system were emplaced and ready for deliveries and if so would that be under the specified volume of 20,000 acre-feet per year?

Answer No. 2: SAWS does not currently contemplate taking delivery of water prior to 2020. SAWS currently has enough supply to meet the drought of record beyond 2020 and does not want to accept water it doesn't need to meet the needs of its customers and does not expect its customers to pay for that water that isn't required to meet demand.

Question No. 3: With respect to the second part of Item 1 that states that "*...if the project size warrants, may gradually increase the quantity by 1,500 acre-feet per year beginning in 2021.*" Would SAWS increase the volume of contracted water if the volume could be delivered or is that an option exclusively at the election of SAWS and thus the purveyor cannot consider with contractual certainty making delivery of the increasing volume in 2021 and forward a part of any firm contracted amount?

Answer No. 3: As stated in the RFCSP, SAWS would accept the additional 1,500 acre-feet per year since that is the anticipated average growth rate of SAWS customers through 2060.

Question No. 4: Would SAWS consider moving the deadline for questions from February 25?

Answer No. 4: The RFCSP requires questions to be sent in by February 25, 2011. SAWS believes that most of the respondents would prefer to receive answers sooner rather than later and will respond to any questions received by February 25, 2011. However, SAWS also believes that the respondents that do require additional time to ask questions should be allowed some additional time. This would at the same time allow those that have received answers to the February 25 questions to ask follow-up questions or formulate new questions. Therefore, SAWS is allowing a second question period ending April 8, 2011. Any additional questions received by April 8, 2011 will be answered as soon as practicable after April 8, 2011.

Question No. 5: Can a new alternative water supply project be submitted for consideration for solicitation P-11-003-DS that was not originally submitted for consideration for the previous solicitation P-10-001-DS?

Answer No. 5: Yes. Responses to P-10-001-DS were not required in order to submit on P-11-003-DS.

Question No. 6: Has SAWS determined a likely minimum volume or range to be acquired beginning in 2020 and minimum annual increases thereafter?

Answer No. 6: No. As referenced before, the 20,000 AF delivery in 2020 and 1,500 AF/yr increases starting in 2021 are based on projected needs and would be considered the upper limit of what SAWS would consider. No minimum has been considered in this process.

Question No. 7: Will SAWS consider other alternatives instead of purchasing all transmission, development, production and gathering facilities, including associated real property?

Answer No. 7: *“SAWS would require the option to purchase all transmission, development, production and gathering facilities, including associated real property, related to the water supply, at depreciated fair market value.”* SAWS may decide not to exercise its option to buy the facilities, or it might consider other reasonable alternatives.

Question No. 8: Will SAWS consider other alternatives instead of transferring all water rights and permits?

Answer No. 8: The RFCSP states that *“At the conclusion of or after the initial thirty (30) year term of sale, SAWS would have the option to acquire by assignment all groundwater and surface water production and transportation permits, and development and water withdrawal rights and agreements associated with the water supply at no cost for the assignment.”* .” If SAWS should decide not to exercise its option to obtain the water rights and permits, it might consider other reasonable alternatives.

Question No. 9: Is there an acceptable range for each of the constituents listed in Exhibit B?

Answer No. 9: The example in Exhibit B is an average of Edwards Aquifer water throughout the SAWS system. The water introduced does not have to be of that exact quality. However, the water introduced must be compatible to SAWS water and meet the criteria that it is similar to the quality of Edwards Aquifer water so that it does not affect the water taste or the scale that exists on the pipes in the SAWS system.

Question No. 10: Currently Free Chlorine is used as a secondary disinfectant in the SAWS system. Can the delivered water contain chloramines?

Answer No. 10: SAWS would prefer that the delivered water contain free chlorine.

Question No. 11: Does SAWS have a desired distribution stability index such as Langelier Saturation or Calcium Carbonate Precipitation Potential (CCPP)?

Answer No. 11: SAWS uses a Langelier Saturation Index of 0.2-0.4

Question No. 12: Does SAWS prefer one delivery location over the other?

Answer No. 12: No.

Question No. 13: Is the project to be LEED certified?

Answer No. 13: Leadership in Energy and Environmental Design (LEED®) certification is not a requirement for this RFCSP.

Question No. 14: How does the schedule and timeline differ between the Section 3 and Section 5?

Answer No. 14: A timeline should consist of major milestones for the project, whereas, a schedule will expand the timeline, showing details of tasks involved in achieving the milestones.

Question No. 15: Will the proposal require submission of two separate schedules/timelines, and if so, will they be scored separately in the different sections?

Answer No. 14: Refer to Question No. 14. They will be scored within their sections.

Question No. 16: Does SAWS have a preference for scheduling software?

Answer No. 16: For the purposes of this submittal, SAWS has no preference on what software is used to create a schedule.

Question No. 17: Are there any restrictions to project delivery methods (Design-/Bid/Build, CM at Risk, Design Build)?

Answer No. 17: In this RFCSP, SAWS is buying a commodity (water) at a specified point of delivery. As such, SAWS has no preference as to how the water is delivered to that location as long as it is legal in the State of Texas.

Question No. 18 How does SAWS define “real” dollars?

Answer No. 18: When discussing the costs of things at different points in time it is more reasonable to express the costs in real dollars instead of actual dollars. Real dollars are constant value dollars typically calculated relative to some base year (i.e.; year 2011). In doing so, the effects of inflation are removed by changing actual costs to real costs. It is possible to change between real and actual dollars using the general inflation rate.

Though not stated in the RFCSP document, it is recommended that responders present their costs in terms of 2011 dollars.

Question No. 19: Will SAWS provide a copy of all water rights documents from their Bastrop Property for review?

Answer No.19: SAWS will provide documentation of water rights from the Bastrop area properties in the event that a project submittal is selected that would involve delivering that water to San Antonio.

Question No. 20: Does CPS Energy have any groundwater permits? If so, are the permits online with Lost Pines GCD or were permits grandfathered in after the formation of Lost Pines GCD?

Answer No. 20: SAWS is not aware of any groundwater permits that CPS may have, nor does it believe that any historic use has ever been established.

Question No. 21: Due to the significant effort involved in preparing this competitive sealed proposal, will SAWS consider adding another deadline for a second round of questions after proposers have reviewed the March 18th question responses and before the RFCSP final deadline?

Answer No. 21: Refer to Question Number 4. SAWS has determined it will allow a second question period ending April 8, 2011. Any additional questions received by April 8, 2011 will be answered as soon as practicable after April 8, 2011.