

One Call Concepts, Inc. voluntarily withdraws from the State of Texas.

Executive summary

One Call Concepts, Inc. (“OCC”) has notified the One Call Board of Texas, the Lone Star 811 (“LS811”) employees and all other affected parties that we will cease operating Lone Star 811 on July 31, 2019.

OCC does not take this decision lightly. OCC finds the current environment in which we operate in Texas has altered significantly, creating an untenable situation for OCC. Operating in this altered environment raises safety concerns and creates an unsustainable financial hardship for OCC.

One Call Concepts is proud of our reputation, credibility and leadership in the industry. We will proactively work with the One Call Board of Texas Board and our Texas members to facilitate a smooth transition of services.

After reading this announcement, if you have any questions, please contact the Lone Star 811 transition team at 410-782-2045.

OCC OWES YOU AN EXPLANATION

Background and History:

Effective September 1, 1999 the Texas Utilities Code, Title 5, Chapter 251 on Underground Facility Damage Prevention and Safety established the “ground rules” for notification centers. One of the aspects of Texas law is that it creates a unique competitive environment by allowing simultaneous operation of multiple one call centers with overlapping areas of coverage. This exists nowhere else in the country. In order to advance the interest of damage prevention, operating centers are required to share ticket information with one another, so they, in turn, can send the information to their participating facility operators:

"Sec. 251.153. DUTY OF NOTIFICATION CENTER.

(b) Not later than two hours after the time the notification center receives a notice of intent to excavate from an excavator, the notification center shall provide to every other affected notification center operating in this state the information required by Section 251.152 and received from the excavator. The notification center shall provide the information by the use of high-speed data transmission.

(c) Not later than two hours after the time the notification center receives a notice of intent to excavate from an excavator or from a different notification center, the

notification center shall notify each member operator that may have an underground facility in the vicinity of the proposed excavation operation.”

Language was also included to permit cost sharing for the transfer of messages by notification centers:

Sec. 251.105. FEES AND CHARGES. (a) A notification center that notifies another notification center under Section 251.102(2) or (3) or Section 251.153(b) shall recover an amount not exceeding the actual cost of providing the notice from the notification center receiving the notice.

Before the law became effective, each of the notification centers - there existed 3 at the time - signed an agreement, dated July 10, 1998, agreeing that "said cost" for providing the notice from the originating center to any other center "will be zero (0)". The transmission cost of sending all the messages is currently pennies per year.

Declaratory Judgement Action

In October of 2018, Texas 811 (“TX811”) filed a declaratory judgment action against, One Call Concepts, Inc., the service provider of Lone Star 811. As part of that lawsuit, TX811 reversed their longstanding and previously agreed to position that the “actual cost of providing the notice” was zero (0). Instead, TX811 now asserts “actual cost” includes a share of TX811’s costs for labor, internet, telephone and software licensing. Their lawsuit alleges, among other things, that OCC owes TX811 the retail cost they charge all their customers, \$.95 per ticket. Since the law requires that centers share ticket information, LS811 is required to receive all TX811 tickets. At \$.95 per ticket, that computes to an average of more than \$200,000 per month. Since the initiation of the lawsuit TX811 has already sent OCC invoices totaling \$1,451,232. OCC finds itself in a commercially untenable position. Paying TX811 approximately \$2,300,000 annually is obviously cost prohibitive. Unfortunately, we cannot risk that the court would agree with TX811’s interpretation of the pertinent provisions of the Texas Utilities Code and must act to curtail our risk. We hope that you understand our position.

Changes to the environment in which we operate:

Additionally, TX811 indicated their intent to limit what they transmit to LS811 to “the information required to be provided by an excavator under Tx.UTIL.Code §251.152(1) – (7)”. Any additional excavator provided information would be excluded from the transmission sent by TX811 and received by LS811, and, by extension, excluded from transmission to our members. While it may be TX811’s right under the law, OCC is not comfortable with this scenario. Damage prevention professionals have time and time again stressed that more and better information helps reduce the possibility of damage and injury. In thirty five years of

operation, OCC has worked to create damage prevention solutions that reduce the inherent risks involved in excavation.

Decision to exit Texas:

Because of this, it is with great regret that we announce that LS811 will cease operations on July 31, 2019. After nearly twenty six years operating in Texas, OCC finds that important basic conditions have changed, making our sustained presence in the state impossible.

We are grateful for the efforts of the members of Team OCC who have supported the Texas operation. Without their dedication, energy, and positive attitude, we would not have been able to deliver the quality and reliability that our members in Texas have come to expect from their call center provider. OCC will support you appropriately during this transition.

We also offer our thanks to those of you who have supported our efforts over the years. Our intent is to work with TX811 on your behalf to ensure a smooth transition. If you have any questions, please contact the Lone Star 811 transition team at 410-782-2045.

If future legislation were to change conditions by bringing true competition via a competitive bidding process, then OCC would be excited to submit a proposal for operation of a state wide one call center.