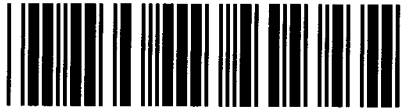




Control Number: 42983



Item Number: 1

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014.

42983

Texas Commission on Environmental Quality
Utilities & Districts Section
P.O. Box 13087, MC-153
Austin, Texas 78711-3087

RECEIVED
2014 SEP 16 PM 3:09
PUBLIC UTILITY COMMISSION
FILING CLERK

Attention: Lisa Fuentes

RE: Filing of STM Applications and
Agreement Transferring and Designating Retail Water Service Territory
City of San Marcos, CCN 10298 and
Crystal Clear Water Supply Corporation, CCN 10297

Dear Ms. Fuentes:

The City of San Marcos ("City") and Crystal Clear Water Supply Corporation ("CCWSC") hereby submit their respective Applications for Sale, Transfer, Merger of a Retail Public Utility ("STM Application") in accordance with § 13.301 of the Texas Water Code for filing with the TCEQ. In conjunction with the parties' STM Applications the parties also have enclosed four copies of their Agreement Regarding Retail Water Service Areas pursuant to Tex. Water Code §13.248 and request that the attached Agreement be deemed valid and enforceable and that the areas addressed in the Agreement be transferred to each entity's water CCN as indicated on the map and in the STM Application.

Pursuant to §13.301(a)(2) the Executive Director may waive public notice for good cause shown. The parties hereby jointly request that the Executive Director waive public notice because the majority of the area being transferred between the City and CCWSC is already dually certificated to both entities the remaining area is currently uncertificated to any other retail public utility and is within one-quarter mile of the boundary of the City's certificated area.

Thank you for your attention to this matter.

Sincerely,

City of San Marcos

Crystal Clear Water Supply Corporation

By: Roxanne Nemcik
Roxanne Nemcik
Assistant City Attorney
City of San Marcos

By: Mike Taylor
Mike Taylor
General Manager
803 8 03 82 10102

WATER SUPPLY DIV.
1010
RECEIVED



APPLICATION FOR SALE, TRANSFER, OR MERGER OF A RETAIL PUBLIC UTILITY

TABLE OF CONTENTS

| | |
|---|----|
| Application For Sale, Transfer Or Merger Of A Retail Public Utility | 2 |
| Information That Apply To The Transferor (Current Service Provider Or Seller) | 2 |
| Information That Apply To The Transferee Or Purchaser | 3 |
| Texas Comptroller Of Public Accounts | 4 |
| Information That Apply To More Than Two Parties Involved In This Transaction | 5 |
| Historical Balance Sheets | 8 |
| Historical Income Statement..... | 9 |
| Historical Expenses Statement..... | 10 |
| Projected Balance Sheets | 11 |
| Projected Income Statement | 12 |
| Projected Income Statement Concerning General/Administrative Expenses..... | 13 |
| Projected Sources And Uses Of Cash Statements | 14 |
| Information That Apply To The Physically Distinct System Being Transferred Or Acquired | 15 |
| Information That Apply To The Franchise Agreement Or Consent Letter From The City Or District. | 15 |
| Oath For Seller Or Former Service Provider | 17 |
| Oath For Purchaser Or Acquiring Entity | 18 |
| Notice To Current Customers, Neighboring Systems And Cities | 19 |
| Notice To Current Customers, Neighboring Systems, Landowner And Cities | 21 |

2013 JUL 26 PM 3 09

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TCEQ
WATER SUPPLY DIV.



**APPLICATION FOR SALE, TRANSFER,
OR MERGER OF A RETAIL PUBLIC UTILITY**

*RN# 101416337 *CN# 600521272 *If known (See instructions)

1. Proposed action of application (check all the boxes that apply):

Sale of All ☒ Portion of the ☒ Water system(s) under CCN No.: 10297
☒ Acquisition Sewer system(s) under CCN No.:
Lease/Rental

☒ Transfer of All ☒ Portion of the ☒ Certificated water service area – CCN No.: 10298
Certificated sewer service area – CCN No.:

If only a portion of a system or certificated service area is affected by this transaction, please specify the areas or subdivision involved:

The City of San Marcos and Crystal Clear WSC currently share dually certificated service areas. Both entities have come to an agreement that clearly separates the two water service areas. The proposed City of San Marcos CCN boundary is described in Attachment 1 "City of San Marcos Boundary Description" and shown on the map in Attachment 8 "Small Scale Map (CCN Map).

and to:

Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN
☒ Amend the transferee's CCN No.: 10298
Merge or consolidate public utilities
Cancel CCN of the transferor (seller)

2. Proposed effective date of this transaction: January 1, 2014
(Must be at least 120 days after proper notice is provided)

**QUESTIONS 3 THROUGH 5 APPLY TO THE TRANSFEROR
(CURRENT SERVICE PROVIDER OR SELLER)**

3. For the current CCN holder or service provider please indicate:

A. Name: Crystal Clear Water Supply Corporation
(Individual, Corporation or Other Legal Entity)

who is a(n):of Individual Corporation ☒ WSC HOA or POA Other

B. Utility Name (if different than above):
Address: 2370 FM 1979, San Marcos, TX 78666 Telephone: (AC) (830) 372-1031

C. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name: Michael F. Taylor Title: General Manager
Address: 2370 FM 1979, San Marcos, TX 78666 Telephone: (AC) (830) 372-1031
Fax: (830) 372-0067 Email: miket@crystalclearwsc.com



4. About the last rate increase for the system or facilities being transferred:
A. What was the effective date of the last rate increase?

B. Was notice of this increase provided to the Texas Commission on Environmental Quality or its predecessors?

☒ No ☐ Yes- Application/Docket Number: Date

5. Please provide a list of all customers affected by this transaction who have deposits held by the transferor or seller utility, if any, and include the following information (attach additional sheets if necessary):

| Name and Address of Utility Customer | Date of Deposit | Amount of Deposit | Amount of Unpaid Interest on Deposit |
|--|-----------------|-------------------|--------------------------------------|
| See Attachment 2, Crystal Clear WSC Customers Transferring to CoSM | | | |
| | | | |
| | | | |
| | | | |

Within 30 days of the actual transaction date, and prior to the transfer of the certificate by the TCEQ, the seller must provide proof to the Commission that these customer deposits were returned to the customers or transferred to the purchasing utility. Proof should include a sworn affidavit.

QUESTIONS 6 THROUGH 16 REFER TO THE TRANSFEREE OR PURCHASER

6. For the person or entity acquiring the facilities and/or CCN:

Applicant:
(Individual, Corporation, or Other Legal Entity)

Utility Name:
(If different than above)

Utility Address:

Fax: Email: Telephone (AC):

CCN Numbers held prior to the filing of this application:

7. Check the appropriate box and provide information regarding the legal status of the transferee applicant:

Individual

Home or Property Owners Association

Partnership; attach copy of partnership agreement

Corporation; provide charter number as recorded with the Office of the Secretary of State for

Texas:

Non-profit, member-owned, member-controlled Cooperative Corporation (Article 1434(a) Water Supply or Sewer Service Corporation); provide charter number:

☒ Municipally-owned utility

District (MUD, SUD, WCID, etc.)

County

Other (please explain):



8. If the applicant is an *Individual* or sole proprietorship, provide the following information. If not, skip to the next question.

| | | | |
|-----------------|-----|-----------|--|
| Name: | N/A | Email: | |
| Address: | | | |
| Telephone (AC): | | Fax (AC): | |

9. If the applicant is other than an *Individual* provide the following information regarding the officers or partners of the legal entity applying for the transfer. You must complete either question 8 or question 9, whichever applies to the transferee applicant.

| | | | |
|-----------|--|------------------------------|----------------|
| Name: | James R. Nuse, P.E. | Telephone (AC): | (512) 393-8100 |
| Address: | 630 East Hopkins, San Marcos, TX 78666 | | |
| Position: | City Manager | Ownership % (if applicable): | |

| | | | |
|-----------|--|------------------------------|--|
| Name: | | Telephone (AC): | |
| Address: | | | |
| Position: | | Ownership % (if applicable): | |

| | | | |
|-----------|--|------------------------------|--|
| Name: | | Telephone (AC): | |
| Address: | | | |
| Position: | | Ownership % (if applicable): | |

| | | | |
|-----------|--|------------------------------|--|
| Name: | | Telephone (AC): | |
| Address: | | | |
| Position: | | Ownership % (if applicable): | |

| | | | |
|-----------|--|------------------------------|--|
| Name: | | Telephone (AC): | |
| Address: | | | |
| Position: | | Ownership % (if applicable): | |

| | | | |
|-----------|--|------------------------------|--|
| Name: | | Telephone (AC): | |
| Address: | | | |
| Position: | | Ownership % (if applicable): | |

- Attach additional sheet(s) if necessary -

- Important:**
- If the applicant is a for-profit corporation, please provide a copy of the corporation's "Certification of Account Status" from the State Comptroller Office. This "Certification of Account Status" can be obtained from:

Texas Comptroller of Public Accounts

P. O. Box 13528, Capitol Station
Austin, Texas 78711
1-800-252-5555

- If the applicant is an Article 1434a water supply or sewer service corporation or other non-profit corporation, please provide a copy of the Articles of Incorporation and By-Laws.



10. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

| | | | |
|--------------------------------|--|-----------------|-----------------------------------|
| Name: | Jon Clack | Title: | Asst. Director of Public Services |
| Address: | 630 East Hopkins, San Marcos, TX 78666 | Telephone (AC): | (512) 393-8010 |
| Fax # | (855) 759-2839 | Email | jclack@sanmarcostx.gov |
| Relationship to the applicant: | Water Division Management | | |

IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, PLEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PARTY

11. Please respond to each of the following questions. Attach additional sheets if necessary.

A. Describe the experience and qualifications of the applicant to provide adequate utility service to the requested area

The City of San Marcos has owned and operated the public water supply for more than 100 years and currently serves more than 50,000 residents. San Marcos has 23 certified water system operators on its staff. San Marcos supplies both surface water and ground water with a combined capacity of 38,490 gallons per minute, 4,467,650 gallons of ground storage, and 1,000,000 gallons of elevated storage, giving it an overall appreciable excess capacity for providing service in the requested area. San Marcos maintains approximately 255 miles of transmission and distribution mains within its current service area.

B. Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG) or the Environmental Protection Agency (EPA) in the past for noncompliance with rules, orders or State Statutes? ☐ Yes ☒ No

If yes, please attach copies of any correspondence with these regulatory agencies concerning these enforcement actions and describe any actions and efforts to comply with those requirements. Attach additional sheets if needed.

| |
|--|
| |
|--|

C. Describe the source and availability of funds required to make the planned or required improvements, if any, to meet minimum requirements of the TCEQ and ensure continuous and adequate service.

Funding provided by revenue from water rates and other user fees is used for direct expenditure or debt issuance and repayment. City Council is committed to maintaining the high level of regulatory compliance and customer service historically delivered.

D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

The City of San Marcos will provide a high level of utility service to new and existing customers through its experienced staff, financial capability, water supply availability, and system redundancy.

E. How will the transaction serve the public interest?

This exchange and transfer of service, facilities, and customers will eliminate service area overlap within the certificated territories of the City of San Marcos and Crystal Clear WSC. This overlap has caused inefficiency for both entities and has resulted in duplication of facilities for retail water service delivery.



12. Please describe the nature of the proposed transaction:

This transaction will establish clear service area boundaries between the City of San Marcos and Crystal Clear WSC. The current overlap of certificated territories causes inefficiency for both entities and has resulted in a duplication of water service facilities. The agreed upon boundaries will require some areas to also be amended to each utility's CCN.

13. If the transferee applicant is an Investor Owned Utility (IOU) and will be under the rate jurisdiction of the TCEQ, please provide the following information. Water supply or sewer service corporations and political subdivisions of the state should mark this section N/A:

- A.
- Total Purchase Price:
 - Total Original Cost (as recorded on books of seller or merging entity):
 - Accumulated Depreciation as of the proposed effective date of the transaction:
 - Contributions in Aid of Construction:
 - Specific surcharges approved by TCEQ:
 - Revenues from explicit customer agreements:
 - Developer Contributions (please explain):

- Other Contributions (please explain):

Total Contributions in Aid of Construction

- Net Book Value:

☞ If the Original Cost or any of the above items has been established in a rate case proceeding by the PUC, the TWC or the TCEQ, please provide the Application/Docket Number and date:

Application/Docket Number: Date:

☞ If the applicant is not under the rate jurisdiction of the TCEQ, only the purchase price and information related to Contributions in Aid of Construction is required.

- B. Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application.
[attach additional sheet(s) if necessary]:

N/A



- C. Complete the following proposed entries listed below as shown in books of purchasing (or surviving) company. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations.

| | |
|------------------------------------|-----|
| Utility Plant in Service: | N/A |
| Plant Acquisition Adjustment: | N/A |
| Extraordinary Loss on Purchase: | N/A |
| Accumulated Depreciation of Plant: | N/A |
| Cash: | N/A |
| Notes Payable: | N/A |
| Mortgage Payable: | N/A |
| Others (please list): | N/A |

As the purchaser, I understand that it is **my responsibility** in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service.

Purchaser's Initials: Date:

14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customers:
- All the customers will be charged the same rates as they were charged before the transaction.
- Some ☒ All customers will be charged different rates than they were charged before the transaction.

If rates are changing, please explain:

New City of San Marcos customers will be charged at the current City of San Marcos rates for applicable customer class. See Attachment 3, City of San Marcos Water Rates

Applicant is an IOU and intends to file with the Commission or municipal regulatory authority an application to change rates of some/all of its customers as a result of this transaction. If so, please explain:

N/A

Other. Please explain:

N/A

15. List all neighboring water and /or sewer utilities, cities, and political subdivisions providing the same service within two (2) miles of area affected by this proposed transaction. This information should be available from the water utility database (WUD) or Applicant's licensed water operator.

Crystal Clear WSC (CCN #: 10297)
City of San Marcos (CCN #: 10298)
Maxwell WSC (CCN #: 10293)
Martindale WSC (CCN #: 10312)



16. Financial, Managerial and Technical information for the acquiring entity.

HISTORICAL BALANCE SHEETS

| | CURRENT YEAR (A) | A-1 YEAR | A-2 YEAR | A-3 YEAR | A-4 YEAR | A-5 YEAR |
|--|---------------------|----------|----------|----------|----------|----------|
| CURRENT ASSETS | | | | | | |
| Cash | | | | | | |
| Accounts Receivable | | | | | | |
| Inventories | | | | | | |
| Income Tax Receivable | | | | | | |
| Other | | | | | | |
| Total | | | | | | |
| FIXED ASSETS | | | | | | |
| Land | | | | | | |
| Collection/Distribution System | | | | | | |
| Buildings | | | | | | |
| Equipment | | | | | | |
| Other | | | | | | |
| Less: Accum. Depreciation or Reserves | | | | | | |
| Total | | | | | | |
| TOTAL ASSETS | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts Payable | | | | | | |
| Notes Payable, Current | | | | | | |
| Accrued Expenses | | | | | | |
| Other | | | | | | |
| TOTAL | | | | | | |
| LONGTERM LIABILITIES | | | | | | |
| Notes Payable, Long-term | | | | | | |
| Other | | | | | | |
| TOTAL LIABILITIES | | | | | | |
| OWNER'S EQUITY | | | | | | |
| Paid in Capital | | | | | | |
| Retained Equity | | | | | | |
| Other | | | | | | |
| Current Period Profit or Loss | | | | | | |
| TOTAL OWNER'S EQUITY | | | | | | |
| TOTAL LIABILITIES AND EQUITY | | | | | | |
| WORKING CAPITAL | | | | | | |
| CURRENT RATIO | | | | | | |
| DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS | | | | | | |



HISTORICAL INCOME STATEMENT

| | CURRENT YEAR (A) | A-1 YEAR | A-2 YEAR | A-3 YEAR | A-4 YEAR | A-5 YEAR |
|------------------------------------|---------------------|----------|----------|----------|----------|----------|
| METER NUMBER | | | | | | |
| Existing Number of Taps | | | | | | |
| New Taps Per Year | | | | | | |
| Total Meters at Year End | | | | | | |
| METER REVENUE | | | | | | |
| Fees Per Meter | | | | | | |
| Cost Per Meter | | | | | | |
| Operating Revenue Per Meter | | | | | | |
| GROSS WATER REVENUE | | | | | | |
| Fees | | | | | | |
| Other | | | | | | |
| Gross Income | | | | | | |
| OPERATING EXPENSES | | | | | | |
| General & Administrative | | | | | | |
| Interest | | | | | | |
| Other | | | | | | |
| NET INCOME | | | | | | |



HISTORICAL EXPENSES STATEMENT

| | CURRENT YEAR (A) | A-1 YEAR | A-2 YEAR | A-3 YEAR | A-4 YEAR | A-5 YEAR |
|--|---------------------|----------|----------|----------|----------|----------|
| GENERAL/ADMINISTRATIVE EXPENSES | | | | | | |
| Salaries | | | | | | |
| Office Expense | | | | | | |
| Computer Expense | | | | | | |
| Auto Expense | | | | | | |
| Insurance Expense | | | | | | |
| Telephone Expense | | | | | | |
| Utilities Expense | | | | | | |
| Depreciation Expense | | | | | | |
| Property Taxes | | | | | | |
| Professional Fees | | | | | | |
| Other | | | | | | |
| Total | | | | | | |
| % Increase Per Year | | | | | | |
| OPERATIONAL EXPENSES | | | | | | |
| Salaries | | | | | | |
| Auto Expense | | | | | | |
| Utilities Expense | | | | | | |
| Depreciation Expense | | | | | | |
| Repair & Maintenance | | | | | | |
| Supplies | | | | | | |
| Other | | | | | | |
| Total | | | | | | |
| % Increase Per Year | | | | | | |
| ASSUMPTIONS | | | | | | |
| Interest Rate/Terms | | | | | | |
| Utility Cost/gal. | | | | | | |
| Depreciation Schedule | | | | | | |
| Other | | | | | | |



PROJECTED BALANCE SHEETS

| | START UP | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
|---------------------------------------|----------|--------|--------|--------|--------|--------|
| CURRENT ASSETS | | | | | | |
| Cash | | | | | | |
| Accounts Receivable | | | | | | |
| Inventories | | | | | | |
| Income Tax Receivable | | | | | | |
| Other | | | | | | |
| Total | | | | | | |
| FIXED ASSETS | | | | | | |
| Land | | | | | | |
| Collection/Distribution System | | | | | | |
| Buildings | | | | | | |
| Equipment | | | | | | |
| Other | | | | | | |
| Less: Accum. Depreciation or Reserves | | | | | | |
| Total | | | | | | |
| TOTAL ASSETS | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts Payable | | | | | | |
| Notes Payable, Current | | | | | | |
| Accrued Expenses | | | | | | |
| Other | | | | | | |
| Total | | | | | | |
| LONGTERM LIABILITIES | | | | | | |
| Notes Payable, Long-term | | | | | | |
| Other | | | | | | |
| TOTAL LIABILITIES | | | | | | |
| OWNER'S EQUITY | | | | | | |
| Paid in Capital | | | | | | |
| Retained Equity | | | | | | |
| Other | | | | | | |
| Current Period Profit or Loss | | | | | | |
| TOTAL OWNER'S EQUITY | | | | | | |
| TOTAL LIABILITIES AND EQUITY | | | | | | |
| WORKING CAPITAL | | | | | | |
| CURRENT RATIO | | | | | | |
| DEBT TO EQUITY RATIO | | | | | | |
| EQUITY TO TOTAL ASSETS | | | | | | |



PROJECTED INCOME STATEMENT

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | TOTALS |
|------------------------------------|--------|--------|--------|--------|--------|--------|
| METER NUMBER | | | | | | |
| Existing Number of Taps | | | | | | |
| New Taps Per Year | | | | | | |
| Total Meters at Year End | | | | | | |
| METER REVENUE | | | | | | |
| Fees Per Meter | | | | | | |
| Cost Per Meter | | | | | | |
| Operating Revenue Per Meter | | | | | | |
| GROSS WATER REVENUE | | | | | | |
| Fees | | | | | | |
| Other | | | | | | |
| Gross Income | | | | | | |
| OPERATING EXPENSES | | | | | | |
| General & Administrative | | | | | | |
| Interest | | | | | | |
| Other | | | | | | |
| NET INCOME | | | | | | |



PROJECTED INCOME STATEMENT

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | TOTALS |
|--|--------|--------|--------|--------|--------|--------|
| GENERAL/ADMINISTRATIVE EXPENSES | | | | | | |
| Salaries | | | | | | |
| Office Expense | | | | | | |
| Computer Expense | | | | | | |
| Auto Expense | | | | | | |
| Insurance Expense | | | | | | |
| Telephone Expense | | | | | | |
| Utilities Expense | | | | | | |
| Depreciation Expense | | | | | | |
| Property Taxes | | | | | | |
| Professional Fees | | | | | | |
| Other | | | | | | |
| Total | | | | | | |
| % Increase Per Year | | | | | | |
| OPERATIONAL EXPENSES | | | | | | |
| Salaries | | | | | | |
| Auto Expense | | | | | | |
| Utilities Expense | | | | | | |
| Depreciation Expense | | | | | | |
| Repair & Maintenance | | | | | | |
| Supplies | | | | | | |
| Other | | | | | | |
| Total | | | | | | |
| % Increase Per Year | | | | | | |
| ASSUMPTIONS | | | | | | |
| Interest Rate/Terms | | | | | | |
| Utility Cost/gal. | | | | | | |
| Depreciation Schedule | | | | | | |
| Other | | | | | | |



PROJECTED SOURCES AND USES OF CASH STATEMENTS

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | TOTALS |
|------------------------------------|--------|--------|--------|--------|--------|--------|
| SOURCES OF CASH | | | | | | |
| Net Income | | | | | | |
| Depreciation (If Funded) | | | | | | |
| Loan Proceeds | | | | | | |
| Other | | | | | | |
| Total Sources | | | | | | |
| USES OF CASH | | | | | | |
| Net Loss | | | | | | |
| Principle Portion of Pmts. | | | | | | |
| Fixed Asset Purchase | | | | | | |
| Reserve | | | | | | |
| Other | | | | | | |
| Total Uses | | | | | | |
| NET CASH FLOW | | | | | | |
| DEBT SERVICE COVERAGE | | | | | | |
| Cash Available for Debt | | | | | | |
| SERVICE (CADS) | | | | | | |
| Net Income (Loss) | | | | | | |
| Depreciation, or Reserve Interest | | | | | | |
| Total | | | | | | |
| REQUIRED DEBT SERVICE (RDS) | | | | | | |
| Principle Plus Interest | | | | | | |
| DEBT SERVICE COVERAGE RATIO | | | | | | |
| CADS Divided by RDS | | | | | | |



CCN area and facilities transferred from City of San Marcos to Crystal Clear WSC.

**PLEASE ANSWER QUESTIONS 17 THROUGH 22 ON A DIFFERENT SHEET
FOR EACH PHYSICALLY DISTINCT SYSTEM BEING
TRANSFERRED OR ACQUIRED**

17. A. For Water Systems. TCEO Public Water System Identification Number:

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 0 | 5 | 0 | 0 | 0 | 1 |
|---|---|---|---|---|---|---|

Date of last inspection: 08/08/2011

See Attachment 5, City of San Marcos - TCEQ
August 8, 2011 Inspection Report

B. For Wastewater Systems:

-TCEQ Discharge Permit Number:

W Q

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

-

| | | |
|--|--|--|
| | | |
|--|--|--|

-Name of Permittee:


3. *See* e.g., *United States v. Gurnea*, 199 F.3d 1008, 1012 (9th Cir. 2000) (quoting *United States v. Gurnea*, 199 F.3d 1008, 1012 (9th Cir. 2000)).

-Date of application to transfer Discharge Permit submitted:

[illegible]

-Date of application to transfer Discharge Permit approved by TCEQ:

18. A. Are any improvements required to meet TCEQ standards? ☐ Yes ☒ No. If yes, please explain:



B. Is there a moratorium on new connections? ☐ Yes ☒ No. If yes, please explain:

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ standards (attach additional sheets if necessary):

| Description of the Required Improvement | Schedule to Complete | Estimated Cost |
|---|----------------------|----------------|
| N/A | | |
| | | |
| | | |

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries? ☒ Yes ☐ No

If yes, indicate the number of customers within the city limits or district boundaries:

| | | | |
|---|-------|-----|-------|
| 0 | Water | N/A | Sewer |
|---|-------|-----|-------|

👉 Attach copy of franchise agreement or consent letter from the city or district.

20. Do you currently purchase water or sewer treatment capacity from another source? ☒ Yes ☐ No

| Water | Sewer | Purchased on a | Regular | Seasonal | Emergency Basis |
|-------|-------|----------------|---------|----------|-----------------|
| | | | | | |

- Source: Canyon Regional Water Authority % of total supply: 50



21. List the number of existing connections to be effected by this transaction.

| Water | | | | Sewer | |
|--------------------------|---------------------|---|-----------|-------------------------|--|
| 0 | -Non Metered | 0 | -2"meter | -Residential Connection | |
| 239 | -5/8" or 3/4" meter | 0 | -3" meter | -Commercial Connection | |
| 0 | -1" meter | 0 | -4" meter | -Industrial Connection | |
| 0 | -1 1/2" meter | 0 | -Other | -Other | |
| Total Water Connections: | | | 239 | Total Sewer Connections | |

20. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? ☐ Yes ☒ No
If yes, please explain what steps are being taken to address the capacity issues:

23. List the name, class, and license number of the operator(s) that will be responsible for the system:

| Name | Class | License# |
|-------------------|-------|------------|
| Mike Taylor | A | WO0009746 |
| Robert Wyty | C | WG0004105 |
| Nolan Kruckemeyer | C | WG0002991 |
| Pete Martinez | C | WG00021965 |
| | | |
| | | |
| | | |
| | | |
| | | |

24. Attach the following maps with each copy of the application:

- a. One small scale map clearly showing affected service area with enough detail to accurately locate the area if the application is for the transfer of all or a portion of a CCN.
- b. One large scale map showing the proposed service area boundaries being sold, transferred, or merged and, if available, the existing and proposed facilities. Color coding should be used to differentiate existing from proposed facilities. Facilities and service area boundaries should be shown with such exactness that they can be located on the ground. If transferring area not currently in a CCN or a portion of an existing CCN area please attach the following hard copy maps with each copy of the application:
 1. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
 2. A map showing only the proposed area by:
 - i. metes and bounds survey certified by a licensed state or registered professional land surveyor; or
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled, data disk should be included); or
 - iii. following verifiable natural and man-made landmarks, or
 - iv. a copy of recorded plat map with metes and bounds.
 3. A written description of the proposed service area.



**PLEASE ANSWER QUESTIONS 17 THROUGH 22 ON A DIFFERENT SHEET
FOR EACH PHYSICALLY DISTINCT SYSTEM BEING
TRANSFERRED OR ACQUIRED**

17. A. For Water Systems. TCEQ Public Water System Identification Number:

| | | | | | | |
|---|---|---|---|---|---|---|
| 0 | 9 | 4 | 0 | 0 | 1 | 5 |
|---|---|---|---|---|---|---|

Date of last inspection: April 26, 2011

See Attachment 6, Crystal Clear - TCEQ April 26, 2011 Inspection Report

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

 -


| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

-Name of Permittee:

-Date of application to transfer Discharge Permit submitted:

-Date of application to transfer Discharge Permit approved by TCEQ:

18. A. Are any improvements required to meet TCEQ standards? ☐ Yes ☒ No. If yes, please explain:



B. Is there a moratorium on new connections? ☐ Yes ☒ No. If yes, please explain:

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ standards (attach additional sheets if necessary):

| Description of the Required Improvement | Schedule to Complete | Estimated Cost |
|---|----------------------|----------------|
| N/A | | |
| | | |
| | | |

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries? ☒ Yes ☐ No

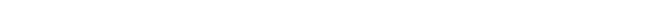

If yes, indicate the number of customers within the city limits or district boundaries:

60 Water Sewer

Attach copy of franchise agreement or consent letter from the city or district.

20. Do you currently purchase water or sewer treatment capacity from another source? ☐ Yes ☒ No

☐ Water ☐ Sewer Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency Basis

• Source:  % of total supply: 



21. List the number of existing connections to be effected by this transaction.

| Water | | | | Sewer | |
|--------------------------|---------------------|---|-----------|-------------------------|--|
| 0 | -Non Metered | 2 | -2" meter | -Residential Connection | |
| 201 | -5/8" or 3/4" meter | 0 | -3" meter | -Commercial Connection | |
| 3 | -1" meter | 0 | -4" meter | -Industrial Connection | |
| 0 | -1 1/2" meter | 0 | -Other | -Other | |
| Total Water Connections: | | | 206 | Total Sewer Connections | |

20. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? ☐ Yes ☒ No
If yes, please explain what steps are being taken to address the capacity issues:

23. List the name, class, and license number of the operator(s) that will be responsible for the system:

| Name | Class | License# |
|--|-------|----------|
| See Attachment 7, City of San Marcos Water Operators | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

24. Attach the following maps with each copy of the application:

- a. One small scale map clearly showing affected service area with enough detail to accurately locate the area if the application is for the transfer of all or a portion of a CCN. See Attachment 8, Small Scale Map (CCN Map)
- b. One large scale map showing the proposed service area boundaries being sold, transferred, or merged and, if available, the existing and proposed facilities. Color coding should be used to differentiate existing from proposed facilities. Facilities and service area boundaries should be shown with such exactness that they can be located on the ground. If transferring area not currently in a CCN or a portion of an existing CCN area please attach the following hard copy maps with each copy of the application: See Attachment 9, Large Scale Map (Facility Map)
 1. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
 2. A map showing only the proposed area by:
 - i. metes and bounds survey certified by a licensed state or registered professional land surveyor; or
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled, data disk should be included); or
 - iii. following verifiable natural and man-made landmarks, or
 - iv. a copy of recorded plat map with metes and bounds.
 3. A written description of the proposed service area.



OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF TEXAS
COUNTY OF HAYS & GUADALUPE

I, Dennis Krackau, being duly sworn, file this application for sale, lease, rental or merger or consolidation as Board President (indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(j) and copies of any outstanding Orders of the Commission or Attorney General and have also complied with the notice requirements in Section 13.301(k) of the Water Code.

Dennis Krackau

AFFIANT
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,
day 18 of July, 20 13.

SEAL

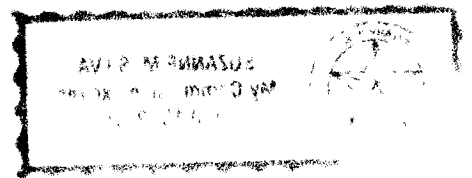


Suzanne M. Silva
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Suzanne M. Silva
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 04/10/15

One copy of this page must be submitted for each utility involved in this transaction.



OATH FOR PURCHASER OR ACQUIRING ENTITY

STATE OF TEXAS

COUNTY OF HAYS

I, James R. Nuse, P.E., being duly sworn, file this application for

sale, lease, rental or merger or consolidation as City Manager for City of San Marcos
(*indicate relationship to applicant*) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I am also authorized and do agree to be bound by and comply with any outstanding orders of the Commission or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.



AFFIANT
(Utility's Authorized Representative)


If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

Applicant represents that all other parties to this transaction have been furnished copies of this completed application.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,
day 18 of July, 20 13.

SEAL





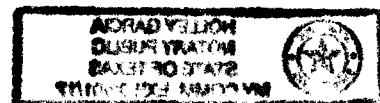
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Holley Garcia

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 2/1/17

One copy of this page must be submitted for each utility involved in this transaction.



FORM A

Application No. _____

Notice to Current Customers, Neighboring Systems and Cities

Crystal Clear Water Supply Corporation 'S
(Seller's or Transferor's Name)

NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND
NECESSITY (CCN) NO 10297 TO City of San Marcos

(Purchaser's or Transferee's Name)

IN HAYS COUNTY, TEXAS

To: _____ Date Notice Mailed _____, 20 ____
(Name of Customer, Neighboring System or City)

(Address)

City State Zip

| Sellers or Transferors' Name | Address | City/State/Zip Code |
|--|--------------|----------------------|
| Crystal Clear Water Supply Corporation | 2370 FM 1979 | San Marcos, TX 78666 |

has submitted an application with the Texas Commission on Environmental Quality to sell facilities and transfer
water or sewer (please select) CCN No. 10297 in HAYS [County Name]

County to:

| Purchasers or Transferee's Name | Address | City/State/Zip Code |
|---------------------------------|------------------|----------------------|
| City of San Marcos | 630 East Hopkins | San Marcos, Tx 78666 |

The sale is scheduled to take place as approved by the Executive Director (V.T.C.A., Water Code §13.301). The transaction and the transfer of the CCN include the following subdivision(s) and zip codes:

Zip Code: 78666

The area subject to this transaction is located approximately 6 miles south [direction] of
downtown San Marcos, [City or Town] Texas, and is **generally** bounded on the north by

Old Bastrop Road; on the east by San Marcos River
; on the south by Guadalupe and Hays County Line; and on the west by Francis Harris Road

The total area being requested includes approximately 4,510 acres and serves 206 current customers.
This transaction will have the following effect on the current customer's rates and services:
All customers in the area being transferred will be charged different rates.



Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Executive Director will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Executive Director may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087, Austin, TX 78711-3087

Se desea informacion on Espanol, puede llamar al 512-239-0200.

Jon Clack, Assistant Director of Public Services

Utility Representative

City of San Marcos

Utility Name



Notice to Current Customers, Neighboring Systems, Landowner and Cities_____
'S NOTICE OF INTENT TO SELL FACILITIES TO

(Seller's or Transferor's Name)

AND FOR

(Purchaser's or Transferee's Name)

Purchaser's or Transferee's Name)

TO OBTAIN OR AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN

COUNTY, TEXASTo: _____ Date Notice Mailed _____, 20 ____
(Name of Customer, Neighboring System, Landowner or City)_____
(Address)_____
City_____
State_____
Zip_____
Sellers or Transferors' Name_____
Address_____
City/State/Zip Codehas submitted an application with the Texas Commission on Environmental Quality to sell water or sewer (please
select) Facilities in _____ [County Name] County to:_____
Purchasers or Transferee's Name_____
Address_____
City/State/Zip CodeThe transferee has also requested to obtain/amend a CCN in this application. The sale is scheduled to take place as
approved by the Executive Director (V.T.C.A., Water Code §13.301). The transaction and the proposed service
area include the following subdivision(s) and zip codes:

_____The area subject to this transaction is located approximately _____ miles _____ [direction] of
downtown _____, [City or Town] Texas, and is **generally** bounded on the north by_____
;on the east by _____
;on the south by _____ ;and on the west by _____The total area being requested includes approximately _____ acres and serves _____ current customers.
This transaction will have the following effect on the current customer's rates and services:

