

Control Number: 42987



Item Number: 13

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.

RECEIVED **LOMETA WASTEWATER SYSTEM**

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PUBLIC UTILITY COMMISSION
FILING CLERK

**APPLICATION TO OBTAIN OR AMEND
A PUBLIC CERTIFICATE OF
CONVENIENCE AND NECESSITY
(CCN)**

FOR

**THE TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY**

SUBMITTED TO:

**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
WATER SUPPLY DIVISION
UTILITIES AND DISTRICTS SECTION, MC-153
P.O. Box 13087
AUSTIN, TX 78711-3087
RECEPTION PHONE: 512 239 1000**

SUBMITTED BY:

**CORIX UTILITIES (TEXAS) INC.
SUITE 209, 6836 BEE CAVES ROAD
AUSTIN, TX 78746
CONTACT: EDWARD YANOSHITA
GENERAL MANAGER
PHONE: 512 306 4003
CELL: 512 659 2942
FAX: 512 306 4009
EMAIL: ed.yanoshita@corix.com**

DATE:

AUGUST 2013

CORIX®

2013 AUG 26 PM 2:01

WATER SUPPLY DIV.

Building a World of Sustainable Communities

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APPLICATION TO OBTAIN OR AMEND A WATER/SEWER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)

*CN# _____ *RN# _____ *If known (See Instructions)

PURPOSE OF THIS APPLICATION

☒ OBTAIN ☐ New Water CCN ☒ New Sewer CCN

☐ AMEND ☐ Water CCN# _____ ☐ Sewer CCN# _____

1. APPLICANT INFORMATION

Utility Name Corix Utilities (Texas) Inc.
Utility Address (City/ST/ZIP/Code) 6836 Bee Caves Road, Suite 209, Austin, TX 78746
Utility Phone Number and Fax 512-306-4000 (phone) 512-306-4009 (fax)

Contact Person: Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant manager, or other title related to the applicant.

Name Ed Yanoshita
Title General Manager
Street Address (City/ST/ZIP/Code) 6836 Bee Caves Road, Suite 209, Austin, TX 78746
Telephone and Fax 512-306-4003 (phone) 512-306-4009 (fax)
E-Mail Address ed.yanoshita@corix.com

County (ies) in which service is proposed:

- A. Check the appropriate box and provide information regarding the legal status of the applicant:
- ☒ Investor owned utility
 - ☐ Individual
 - ☐ Home or Property Owners Association
 - ☐ Partnership
 - ☐ For-profit corporation
 - ☐ Non-profit, member-owned, member-controlled cooperative corporation (Water Code Chapter 67, Water Supply or Sewer Service Corporation)
 - ☐ Municipality
 - ☐ District
 - ☐ Other Please Explain:

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WATER SUPPLY DIV.

- B. If the applicant is a For-Profit business or corporation, please include the following information:
- (see Exhibit A) i. Provide a copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts.
 - ii. Provide the corporation's charter number as recorded with the Office of the Texas Secretary Of State #0801600117
 - (see Exhibit B) iii. Provide a listing of all stockholders and their respective percentages of ownership.
 - (see Exhibit C) iv. Provide a copy of the company's organizational chart, if available.
 - (see Exhibit D) v. Provide a list of all directors and disclose the title of each individual.
 - (see Exhibit E) vi. Provide a list of all affiliated organizations (if any) and explain the relationship with the applicant.
- C. If the applicant is a Water Code Chapter 67 water supply or sewer service corporation:
- i. Provide a copy of the Articles of Incorporation and By-Laws.
 - ii. Provide the corporation's charter number as recorded with the Office of the Texas Secretary of State.
 - iii. Identify all members including name, address, title, and telephone number.
 - iv. Provide a copy of the corporation's Certificate of Account Status from the Texas Comptroller of Public Accounts.

2. LOCATION INFORMATION

- A. Are there people already living in the proposed area?
☒ Yes ☐ No
If YES, are any currently receiving utility service?
☒ Yes ☐ No if YES, from Whom? Lower Colorado River Authority; to be sold to Corix
- (see Exhibit F) B. Demonstrate the Need for Service by providing the following:
Have you received any requests for service in the requested service area?
☐ Yes ☐ No if YES, provide the following:
- i. Describe the service area and circumstances driving the need for service in the requested area. Indicate the name(s) and address(es) of landowner(s), prospective landowner(s), tenant(s), or resident(s) that have requested service; and/or
 - ii. Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or
 - iii. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, fueling wells, etc.); and/or
 - iv. Provide copies of any written applications or requests for service in the requested area; and/or
 - v. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area. If no, please justify the need for service in the proposed area.
 - vi. If none of these items exist or are available, please justify the need for service in the proposed area in writing.

Note: Failure to demonstrate a need for additional service in the proposed service area may result in the delay and /or possible denial of the application.

- C. Is any portion of the proposed service area inside an incorporated city or district? ☐ Yes ☒ No

If YES, within the corporate limits of: _____

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

- D. Is any portion of the proposed service area inside another utility's CCN area? ☐ Yes ☒ No

If YES, has the current CCN holder agreed to decertify the proposed area?

☐ Yes ☐ No

If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest.

single certification for existing service area

3. MAP REQUIREMENTS:

Attach the following hard copy maps with each copy of the application:

- A. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.

- B. A map showing only the proposed area by:

- i. metes and bounds survey certified by a licensed state or register professional land surveyor; or
- ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled). Also, a data disk labeled with the applicant's name must be provided; or
- iii. following verifiable natural and man-made landmarks; or
- iv. a copy of recorded plat map with metes and bounds.

(see Exhibit G)

- (see Exhibit F) C. A written description of the proposed service area.

- D. Provide separate and additional maps of the proposed area(s) to show the following:

- i. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and
- ii. any facilities, customers or area currently being served outside the applicant's certificated area(s).

(see Exhibit G)

Note: Failure to provide adequate mapping information may result in the delay or possible denial of your application. Digital data submitted in a format other than ESRI ArcGIS may result in the delay or inability to review applicant's mapping information.

4. NEW SYSTEM INFORMATION OR UTILITIES REQUESTING A CCN FOR THE FIRST TIME

- A. Please provide the following information:
 - i. a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed system;
 - ii. copies of written requests seeking to obtain service from each of the public drinking water systems or sewer systems listed in #4.A.i above or documentation that it is not economically feasible to obtain service from each entity;
 - iii. copies of written responses from each system or evidence that they did not reply; and
 - iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit.
- B. Were your requests for service denied?
 - i. If yes, please provide documentation of the denial of service and go to 4.C.
 - ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each utility that granted your request for service.
- C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any:

- D. Date of plat approval, if required: _____
Approved by: _____
- E. Date Plans & Specifications submitted for approval _____
Log # _____ Attach copy of approval letter if available.
- F. Date construction is scheduled to commence: _____
- G. Date service is scheduled to commence: _____

A. Please provide the following information for each water and/or sewer system, attach additional sheets if necessary.

1. Water Systems							2. Public Water Systems							3. Sewerage Systems						

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W	Q				-							
---	---	--	--	--	---	--	--	--	--	--	--	--

(see Exhibit H)

v For each system deficiency listed in the inspection report letter; attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates.

Name	Classes	License Number
Don Nolen	B	WW0027951
Dennis Ramsey	C	WW0001468
Glenn Smith	B	WW0029926
James Elam	C	WW0010297

- Attach additional sheet(s) if necessary -

☐ Yes ☒ No

Attach an explanation listing the actions to be taken to make system improvements including proposed completion dates (See 291.93(3)(A) of TCEQ Rules).

D. in the table below, the number of existing and/or proposed metered and non-metered connections (by size). The proposed number should reflect the information presented in the business plan or financial documentation and reflect the number of service requests identified in Question 2.b in the application.

Water System			Sewer System		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter			Residential		
1" meter or larger			Commercial		
Non-Metered			Industrial		
Other:			Other:		
Total Water			Total Sewer		

E. If this application is for a water CCN only, please explain how sewer service is or will be provided:

F. If this application is for a sewer CCN only, please explain how water service is or will be provided:

G Effect of Granting a Certificate Amendment.
Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:

- (see Exhibit F)
- i the applicant,
 - ii any retail public utility of the same kind already serving the proximate area; and
 - iii any landowner(s) in the requested area.

H. Do you currently purchase or plan to purchase water or sewer treatment capacity from another source?

- i ☒ No (skip the rest of this question and go to #6)
- ii Water ☐ Yes

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Source	% of Total Treatment

iii Sewer treatment capacity,

iv ☐ Yes

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Source	% of Total Treatment

vi Provide a signed and dated copy of the most current water or sewer treatment capacity purchase agreement or contract.

- I. Ability to Provide Adequate Service.
Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:
- i. the current and projected density, and
 - ii. the land use of the requested area.
- J Effect on the Land.
Explain the effect on the land to be included in the certificated area.

6. FINANCIAL INFORMATION

- A. For new systems and for applicants with existing CCNs who are constructing a new stand alone system:
- i. the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
 - ii. Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates should correlate to the projected growth in connections, shown on the projected profit and loss statement.
 - iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate the date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.
- B. For existing systems:
- i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).
(see Exhibit I for financials)
(see Exhibit J for tariffs)
 - ii. Attach a proposed rate schedule or tariff.
★NOTE: An existing system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application.
- C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.

- D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.

Note: Failure to provide adequate financial information may result in the delay or possible denial of your application.

7. NOTICE REQUIREMENTS

- A. All proposed notice forms must be completed and submitted with the application. However, do not mail or publish them until you receive written approval from the Commission to do so. (see Exhibit K for sample notice forms)
- B. The Commission cannot grant a CCN until proper notice of the application has been given. **Commission rules do not allow a waiver of these notice requirements for CCN applicants.**
- C. **It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.**
- D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application to use in preparing your proposed notices. (These notice forms are also available in Spanish upon request.)
- E. After reviewing and, if necessary, modifying the proposed notice, the Commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully and note any additional neighboring utilities which may be included in the acceptance letter.
- F. Notice For Publication:
The applicant shall publish the notice in a newspaper having general circulation in the county or counties where a CCN is being requested, once each week for two consecutive weeks beginning with the week after the notice is received from the Commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the Commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.
- G. Notice To Neighboring Utilities:
(see Exhibit L)
- i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
 - ii. For applications for the issuance of a **NEW** CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within **five (5) miles** of the requested service area.
 - iii. For applications for the **AMENDMENT** of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within **two (2) miles** of the requested service area.

- H. Notice to Customers
Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application. The notice must also list all zip codes affected by the application.
- I. The Commission may require the applicant to deliver notice to other affected persons or agencies.

Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the Commission. Wait until you receive written authorization to do so. This will occur after the Commission has reviewed the notices for completeness, and your application has been accepted for filing. Once the application is accepted for filing, you will receive written authorization to provide notice. Please check the notices for accuracy before providing them to the public. It is the applicant's burden to ensure that correct and accurate notice is provided.

OATH

STATE OF _____
COUNTY OF _____

I, _____, being duly sworn,
file this application as _____ (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 maps and
financial information filed with this application, and have complied with all the
requirements contained in this application; and, that all such statements made and
matters set forth therein are true and correct. I further state that the application is made
in good faith and that this application does not duplicate any filing presently before the
Texas Commission on Environmental Quality.

I further represent that the application form has not been changed, altered or amended
from its original form available only from the Commission.

**I further represent that the Applicant will provide continuous and adequate
service to all customers and qualified applicants for service within its certificated
service area.**

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,
this day _____ of _____, 20____.

SEAL

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES _____

EXHIBIT A: CERTIFICATE OF ACCOUNT STATUS

Please refer to the following page for Exhibit A.

Certificate of Account Status - Letter of Good Standing

Page 1 of 1

**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**
SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

August 14, 2012

CERTIFICATE OF ACCOUNT STATUSTHE STATE OF TEXAS
COUNTY OF TRAVISI, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO
HEREBY CERTIFY that according to the records of this office**CORIX UTILITIES (TEXAS) INC.**is, as of this date, in good standing with this office having no franchise
tax reports or payments due at this time. This certificate is valid through
the date that the next franchise tax report will be due May 15, 2013.This certificate does not make a representation as to the status of the
entity's registration, if any, with the Texas Secretary of State.This certificate is valid for the purpose of conversion when the converted
entity is subject to franchise tax as required by law. This certificate is
not valid for any other filing with the Texas Secretary of State.GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 14th day of
August 2012 A.D.Susan Combs
Texas ComptrollerTaxpayer number: 32048021474
File number: 0801600117

← charter No.

Form 05-304 (Rev. 12-07/17)

EXHIBIT B: LIST OF STOCKHOLDERS

The chart on the following page, in Exhibit C, outlines the simplified organizational structure of the Corix Group of Companies and the shareholders of Corix Utilities (Texas) Inc. Corix Utilities (Texas) Inc. is an indirect wholly-owned subsidiary of Corix Infrastructure (US) Inc, a private multi-utility company, with operations across the United States and in Canada. Corix Infrastructure Inc. is principally owned by the British Columbia Investment Management Corporation (bcIMC).

EXHIBIT C: CORPORATE ORGANIZATION CHART

CORIX UTILITIES (TEXAS) INC. Organizational Structure

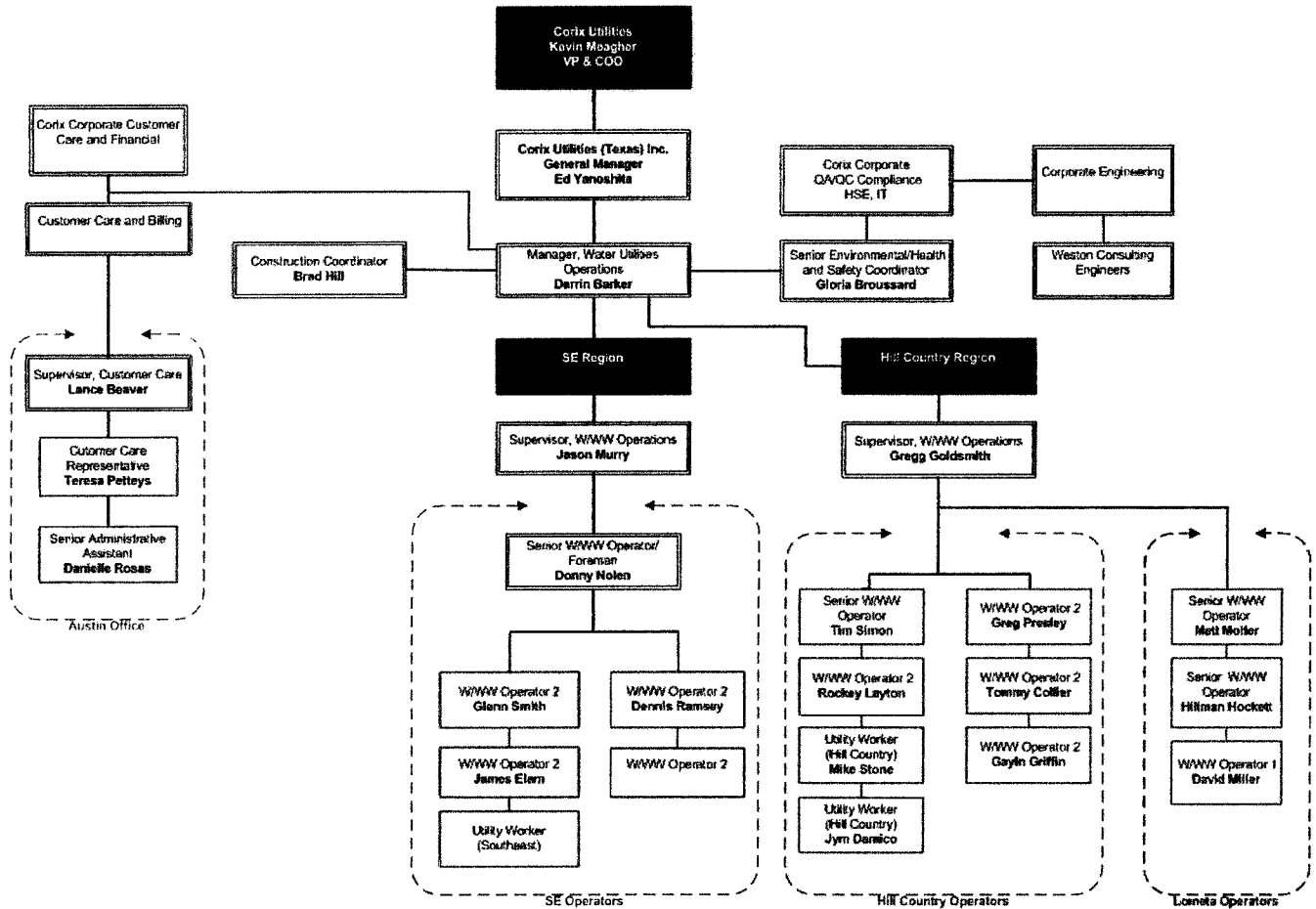


EXHIBIT D: LIST OF CORPORATE DIRECTORS

The following list represents the Directors of Corix Utilities (Texas) Inc.

Name: Brett Hodson Telephone: (604)-697-6711
Address: 1160, 1188 West Georgia Street, Vancouver, BC V6E 4A2, Canada
Position: President Ownership Position (if applicable): n.a.

Name: Hamish Cumming Telephone: (604)-697-6711
Address: 1160, 1188 West Georgia Street, Vancouver, BC V6E 4A2, Canada
Position: Executive Vice President Ownership Position (if applicable): n.a.
(Legal and Risk Management and Corporate Secretary)

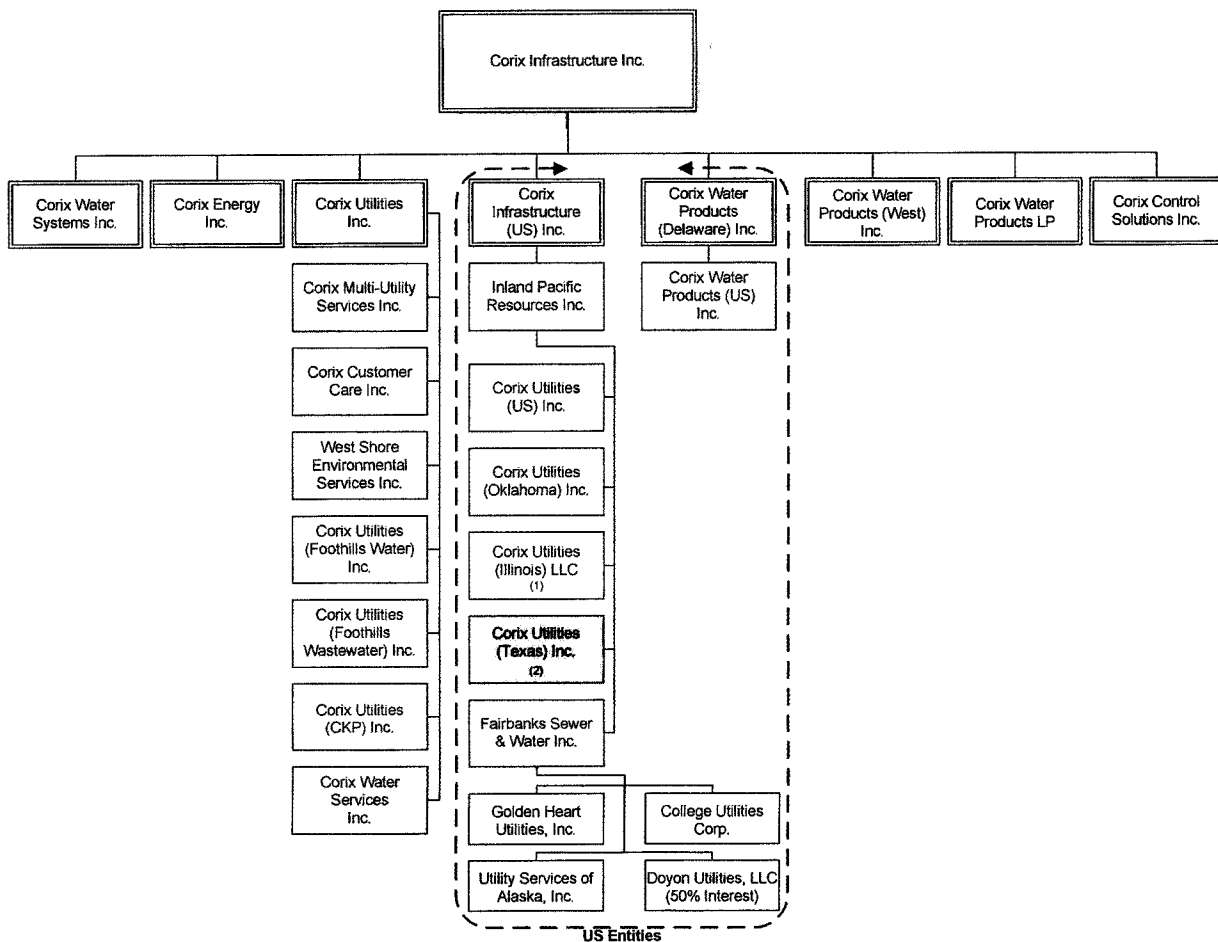
Name: Albert Low Telephone: (604)-697-6711
Address: 1160, 1188 West Georgia Street, Vancouver, BC V6E 4A2, Canada
Position: Executive Vice President Ownership Position (if applicable): n.a.
(Support Services & CFO)

Name: Dietz Kellmann Telephone: (604)-697-6711
Address: 1160, 1188 West Georgia Street, Vancouver, BC V6E 4A2, Canada
Position: Executive Vice President Ownership Position (if applicable): n.a.
(Corporate Development)

EXHIBIT E: LIST OF AFFILIATED ORGANIZATIONS

The chart below outlines the simplified organizational structure of the Corix Group of Companies and the relative location of Corix Utilities (Texas) Inc. Corix Utilities (Texas) Inc. is an indirect wholly-owned subsidiary of Corix Infrastructure (US) Inc, which in turn is wholly-owned by Corix Infrastructure Inc. Of particular note are the following affiliated organizations which may have related party activities with Corix Utilities (Texas) Inc. at some future date:

Corix Utilities (Illinois) Inc.	Entity which is acquiring Utilities, Inc., a water & wastewater utility with regulated operations in 15 states in the Mid-west, east coast and western USA.
Corix Utilities (Oklahoma) Inc.	Entity which operates 6 utility systems in Oklahoma and can provide emergency back-up resources
Corix Water Products (US) Inc. or Corix Water Systems Inc.	Provision of pipes, utility products, packaged treatment plants, valve stations, etc.



Legend
 [] Entities added within the past 5 years (2008-2012)

Corix Corporate Organizational Chart
 Note: Reflects material operating subsidiaries only and is not the full or legal organization structure. October 12, 2012

EXHIBIT F: MISCELLANEOUS NARRATIVE

2.B.i The wastewater service area is located approximately 16 miles northwest of the City of Lampasas on US 183 and 20 miles east of the City of San Saba on US 190 in Lampasas County. This is an existing system which serves within the city limits and ETJ of the City of Lometa. This CCN application for wastewater is to formally certificate an area already being served by the Lower Colorado River Authority's (LCRA) Lometa Wastewater System, which is being purchased by Corix. There are over 304 existing wastewater customers in the Lometa wastewater service area so the need for existing service is self-evident.

2.B.ii and 2.B.iii. This is an existing wastewater system being certificated. It already provides for the economic and environmental well-being of the community. In serving new customers within the area to be certificated, it would help support any future economic growth and provide an alternative to potentially environmentally impacting septic tank development.

2.B.iv. This is certification of an existing wastewater service area.

2.B.v. No study or report is needed to validate the need for service as this is certification of an existing utility wastewater service area.

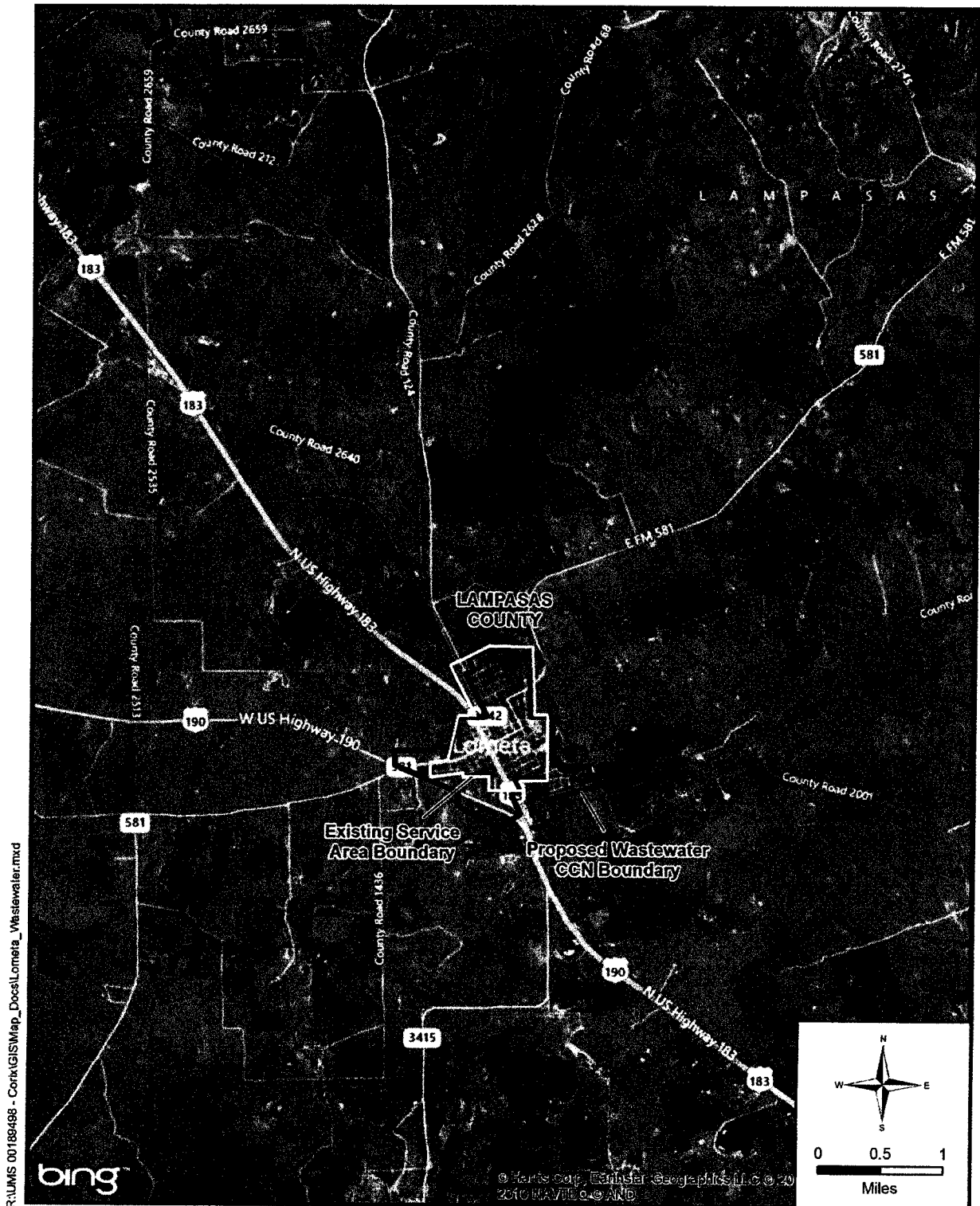
3.C. The wastewater service area is located approximately 16 miles northwest of the City of Lampasas on US 183 and 20 miles east of the City of San Saba on US 190 in Lampasas County. This is an existing system which serves within the city limits and ETJ of the City of Lometa. This CCN application for wastewater is to formally certificate an area already being served by the Lower Colorado River Authority's (LCRA) Lometa Wastewater System, which is being purchased by Corix. There are over 304 existing wastewater customers in the Lometa wastewater service area so the need for existing service is self-evident.

5.G. The granting of water and wastewater Certificates of Convenience and Necessity to Corix will help maintain and protect the regionalization of utility operations that was initiated for this and other service areas across Central and South East Texas by the LCRA. Corix Utilities (Texas) Inc. is purchasing many of the LCRA's retail water and wastewater utilities and would continue that regional management and operations; however, three of these utilities to be purchased are not certificated. To comply with TCEQ requirements for IOUs, to protect its service area and business investment, and to continue to provide utility service for the economic and environmental benefit of its current and future customers, Corix is applying for certification of these remaining uncertificated utilities.

The proposed action will not adversely affect other neighboring utilities as they are not close by and cannot extend competitive economical service to this area. Further, landowners inside the proposed CCN boundary will be able to obtain quality utility service at cost-based regulated utility rates.

EXHIBIT G: PROPOSED CCN BOUNDARY AND EXISTING FACILITIES MAPS

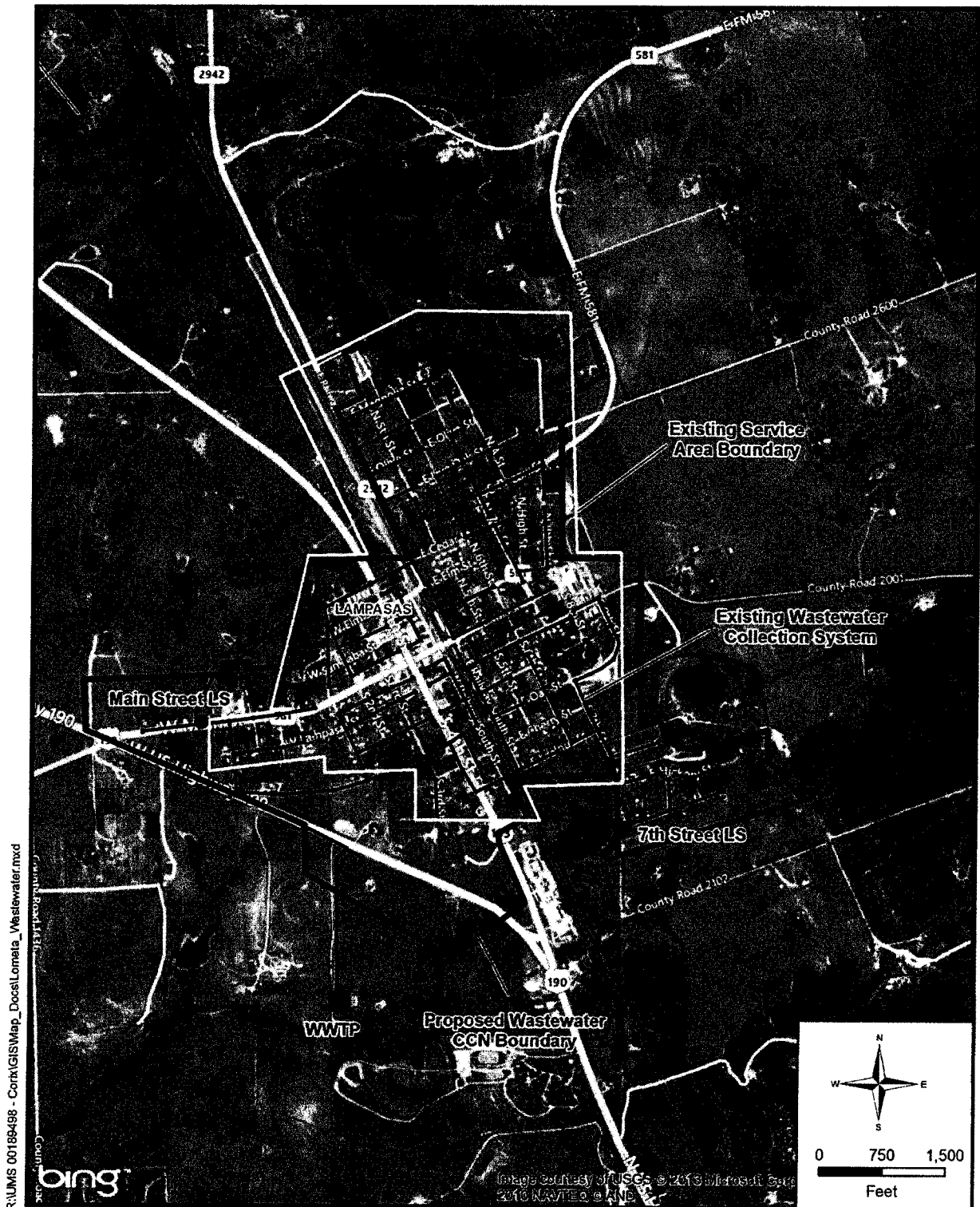
Please refer to the following pages for Exhibit G.



Lometa - Proposed Wastewater CCN Boundary - Location Map



Lometa - Proposed Wastewater CCN Boundary



Lometa - Existing Wastewater Facilities

EXHIBIT H: RECENT TCEQ INSPECTION(S)

Please refer to the following pages for Exhibit H.

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



ORIGINAL

LOM-uu
1003.04
PGRM

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

March 25, 2011

Ms. Gloria L. Broussard, Senior Environmental Coordinator
Lower Colorado River Authority
11612 Bee Caves Rd.
Bldg. 1, Suite #150
Austin, TX 78738

Re: Compliance Evaluation Investigation at:
LCRA City of Lometa Kirby Creek Wastewater Treatment Facility, 897 State Highway
190, Lometa (Lampasas), Texas
RN 102080132, TCEQ Additional ID WQ0011982001, Investigation No. 893403

Dear Ms. Broussard:

On January 26, 2011, Ms. Jordan Marsh of the Texas Commission on Environmental Quality (TCEQ) Waco Regional Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for wastewater. No violations are being alleged as a result of the investigation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Ms. Jordan Marsh in the Waco Regional Office at (254)751-0335.

Sincerely,

Frank Burleson
Water and Waste Section Manager
Waco Regional Office

FB/JM/gb

TCEQ EXIT INTERVIEW FORM: Potential Violations and/or Records Requested

Regulated Entity/Site Name	LCRA Lometalwater Treatment Facility			TCEQ Add. ID No. RN No. (optional)	TPDES WR00014296001
Investigation Type	Contact Made In-House (Y/N)	Purpose of Investigation	Permit Compliance		
Regulated Entity Contact	Gloria Broussard	Telephone No.	800 776 9272	Date Contacted	
Title	Senior Environmental Coordinator	Fax No.		Date Faxed	

NOTICE: The information provided in this form is intended to provide clarity to issues that have arisen during the investigation process between the TCEQ and the regulated entity named above and does not represent final TCEQ findings related to violations. Any potential or alleged violations discovered after the date on this form will be communicated by telephone to the regulated entity representative prior to the issuance of a notice of violation or enforcement. Conclusions drawn from this investigation, including additional violations or potential violations discovered (if any) during the course of this investigation, will be documented in a final investigation report.

Issue		For Records Request: identify the necessary records, the company contact and date due to the agency. For Alleged and Potential Violation Issues: include the rule in question with the clearly described potential problem. Other type of issues: fully describe.
No.	Type ¹	Description of Issue
		No alleged violations.

¹Issue Type Can Be One or More of: AV (Alleged Violation), PV (Potential Violation), O (Other), or RR (Records Request)

Did the TCEQ document the regulated entity named above operating without proper authorization?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Did the investigator advise the regulated entity representative that continued operation is not authorized?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Document Acknowledgment. Signature on this document establishes only that the regulated entity (company) representative received a copy of this document and associated continuation pages on the date noted. If contact was made by telephone, document will be faxed to regulated entity; therefore, signature not required.

Investigator Name (Signed & Printed)	Date	Regulated Entity Representative Name (Signed & Printed)	Date
William Daugherty	5/16/13	Gloria Broussard	5/16/13

If you have questions about any information on this form, please contact your local TCEQ Regional Office. Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, call 512-259-3282.

EXHIBIT I: CORPORATE FINANCIAL STATEMENTS

Please refer to the following pages for Corix Infrastructure (US) Inc. Financial Statements (Exhibit I), including:

- Historical Financial Statement - For Year End (December 31, 2007-2011)
- Historical Financial Statement – 6 Month (June 30, 2012)



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FINANCIAL STATEMENTS
STM AND CCN APPLICATIONS
ACQUISITION OF WATER & WASTEWATER UTILITIES FROM LCRA

**Consolidated Financial Statements of
CORIX INFRASTRUCTURE (US) INC.**
For the Six Months Ended June 30, 2012
Unaudited - Prepared by Management
Expressed in Thousands of United States Dollars

	June 30, 2012	December 31, 2011
Assets		
Current assets		
Cash	22,380	2,363
Accounts receivable and unbilled revenues	44,551	38,407
Inventories	5,335	6,652
Income taxes recoverable	1,855	3,952
Prepaid expenses and deposits	1,910	1,704
Total current assets	76,031	53,078
Property, plant and equipment	383,675	380,722
Intangible assets	11,692	11,005
Goodwill	38,648	38,648
Future income tax assets	33,642	29,434
Other assets	10,834	14,016
	478,491	473,825
	\$	\$
	554,522	526,903
Liabilities and shareholders' equity		
Current liabilities		
Bank indebtedness	\$	\$
Accounts payable and accrued liabilities	17,793	1,668
Deferred revenues	1,332	14,425
		1,309

Confidential Financial Statements – Corix Infrastructure (US) Inc.



Current portion of debts and obligations	16,726	16,571
Total current liabilities	35,851	33,973
Capital lease obligation	19,458	18,810
Contracts payable	95,369	136,375
Long term debt	105,141	59,543
Future income tax liabilities	64,670	57,712
Other liabilities	18,472	19,792
Notes payable and due to affiliated companies	139,347	127,880
Total liabilities	478,308	454,085
Shareholders' equity		
Share capital	12,271	12,271
Contributed surplus	25,363	25,363
Retained earnings	38,580	35,184
	76,214	72,818
	\$ 554,522	\$ 526,903

Working Capital	\$ 40,180	\$ 19,105
Current Ratio (CA:CL)	2.12 to one	1.56 to one
Debt to Equity Ratio (D:Eq)	1.38 to one	0.82 to one
Equity to Total Assets (Eq:TA)	0.14 to one	0.14 to one

CORIX INFRASTRUCTURE (US) INC.
Consolidated Statement of Earnings and Retained Earnings
(Unaudited - Prepared by Management)
Expressed in Thousands of United States Dollars

For the six months ended For the six months ended

Confidential Financial Statements -- Corix Infrastructure (US) Inc.



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FINANCIAL STATEMENTS
STM AND CCN APPLICATIONS
ACQUISITION OF WATER & WASTEWATER UTILITIES FROM LCRA



	June 30, 2012	June 30, 2011
Revenues	\$ 77,572	\$ 80,409
Cost of revenues	38,999	42,972
Gross margin	38,573	37,437
Selling, general and administration	11,250	9,657
Amortization	6,989	6,429
Foreign exchange loss (gain) from affiliated companies	(43)	649
Interest and financing	11,543	12,561
	29,739	29,296
Earnings before income taxes	8,834	8,141
Income tax expense (benefit)	5,438	5,940
Net earnings	\$ 3,396	\$ 2,201
Retained earnings, beginning of the year	\$ 35,184	\$ 27,875
Retained earnings, end of the year	\$ 38,580	\$ 30,076
% Increase – Revenues	-3.5%	
% Increase – Gross Margin	3.0%	
% Increase – Expenses	1.5%	

Confidential Financial Statements – Corix Infrastructure (US) Inc.



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FINANCIAL STATEMENTS
STM AND CCN APPLICATIONS
ACQUISITION OF WATER & WASTEWATER UTILITIES FROM LCRA

**Consolidated Financial Statements of
CORIX INFRASTRUCTURE (US) INC.**
For Each of the Five Years Ended December 31, 2011
Unaudited - Prepared by Management
Expressed in Thousands of United States Dollars

CORIX INFRASTRUCTURE (US) INC.
Consolidated Balance Sheet
(Unaudited - Prepared by Management)
Expressed in Thousands of United States
Dollars

	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007
Assets					
Current assets					
Cash	\$ 2,363	\$ 13,947	\$ 7,502	\$ 5,672	\$ 5,048
Accounts receivable and unbilled revenues	38,407	39,054	24,203	17,119	8,065
Inventories	6,652	3,751	3,195	3,362	702
Income taxes recoverable	3,952	3,521	1,369	(18)	631
Prepaid expenses and deposits	1,704	1,552	1,400	869	773
Total current assets	53,078	61,825	37,669	27,004	15,219
Property, plant and equipment	380,722	346,349	200,151	64,982	24,937
Intangible assets	11,005	11,005	7,138	7,138	11,897
Goodwill	38,648	38,648	40,515	4,890	1,979
Future income tax assets					

Confidential Financial Statements – Corix Infrastructure (US) Inc.



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FINANCIAL STATEMENTS
STM AND CCN APPLICATIONS
ACQUISITION OF WATER & WASTEWATER UTILITIES FROM LCRA

Other assets	29,434	18,425	5,204	2,476	3,175
	14,016	12,140	4,026	1,123	2,412
	473,825	426,567	257,034	80,609	44,400
	\$ 526,903	\$ 488,392	\$ 294,703	\$ 107,613	\$ 59,619

Liabilities and shareholders' equity Current liabilities

Bank indebtedness	\$ 1,668	\$ -	\$ 2,552	\$ 3,375	\$ -
Accounts payable and accrued liabilities	14,425	16,630	15,301	11,162	4,347
Deferred revenues	1,309	1,330	1,288	2,854	-
Current portion of debts and obligations	16,571	19,263	6,414	2,136	223
Total current liabilities	33,973	37,223	25,555	19,527	4,570

Capital lease obligation	18,810	29,210	-	-	-
Contracts payable	136,375	91,297	103,428	25,703	-
Long term debt	69,643	91,370	57,839	14,071	9,685
Future income tax liabilities	67,712	41,655	18,793	8,201	9,373
Other liabilities	19,792	7,283	805	-	-
Notes payable and due to affiliated companies	127,880	139,945	60,749	16,753	19,834
Total liabilities	454,085	437,983	267,169	84,255	43,462

Shareholders' equity

Share capital	12,271	12,271	12,271	12,271	12,271
Contributed surplus	25,363	10,263	-	-	-

Confidential Financial Statements – Corix Infrastructure (US) Inc.



FINANCIAL STATEMENTS
STM AND CCN APPLICATIONS
ACQUISITION OF WATER & WASTEWATER UTILITIES FROM LCRA

Retained earnings	35,184	27,875	15,263	11,087	3,886
	72,818	50,409	27,534	23,358	16,157
	\$ 526,903	\$ 488,392	\$ 294,703	\$ 107,613	\$ 59,619

Working Capital

\$ 19,105 \$ 24,602 \$ 12,114 \$ 7,477 \$ 10,649

Current Ratio (CA:CL)

1.56 to one 1.66 to one 1.47 to one 1.38 to one 3.33 to one

Debt to Equity Ratio (D:Eq)

0.82 to one 1.81 to one 2.10 to one 0.60 to one 0.60 to one

Equity to Total Assets (Eq:TA)

0.14 to one 0.10 to one 0.09 to one 0.22 to one 0.27 to one



CORIX INFRASTRUCTURE (US) INC.
Consolidated Statement of Earnings and Retained Earnings
(Unaudited - Prepared by Management)
Expressed in Thousands of United States Dollars

	For the year ended				For the year ended	For the year ended
	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007	
Revenues	\$ 176,624	\$ 162,975	\$ 95,407	\$ 65,565	\$ 40,610	
Cost of revenues	97,713	93,574	64,323	47,692	28,909	
Gross margin	78,911	69,401	31,084	17,873	11,701	
Selling, general and administration	21,880	19,373	7,334	6,294	4,875	
Amortization	10,900	11,753	4,846	1,979	1,711	
Foreign exchange loss (gain) from affiliated companies	(490)	1,232	3,187	(3,742)	3,030	
Interest and financing	32,572	15,207	8,293	2,525	1,736	
	64,862	47,565	23,660	7,056	11,352	
Earnings before income taxes	14,049	21,836	7,424	10,817	349	
Income tax expense (benefit)	6,740	9,224	3,248	3,616	(2,079)	
Net earnings			\$	\$	\$	

Confidential Financial Statements – Corix Infrastructure (US) Inc.



CORIX®

FINANCIAL STATEMENTS
STM AND CCN APPLICATIONS
ACQUISITION OF WATER & WASTEWATER UTILITIES FROM LCRA

\$ 7,309 \$ 12,612 4,176 7,201 2,428

Retained earnings, beginning of the year \$ 27,875 \$ 15,263 \$ 11,087 \$ 3,886 \$ 1,458

Retained earnings, end of the year \$ 35,184 \$ 27,875 \$ 15,263 \$ 11,087 \$ 3,886

% Increase Per Year – Revenues 8.4% 70.8% 45.5% 61.5%

% Increase Per Year – Gross Margin 13.7% 123.3% 73.9% 52.7%

% Increase Per Year – Expenses 36.4% 101.0% 235.3% -37.8%

EXHIBIT J: TARIFF TERMS AND CONDITIONS

Please refer to the following pages for Exhibit J, including:

Wastewater:

- Section 1.0: Rate Schedule
- Section 2.0: Service Rules and Policies
- Section 3.0: Extension Policy
- Appendix A: Sample Service Agreement

SEWER UTILITY TARIFF FOR

Corix Utilities (Texas) Inc.

6836 Bee Caves Rd, Suite 209

(Utility Name)

(Business Address)

Austin, Texas 78746

(512) 306-4000

(City, State, Zip Code)

(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

New CCN number to be assigned.

This tariff is effective in the following county (ies):

Lampasas

This tariff is effective in the following cities or unincorporated towns (if any):

Lometa

This tariff is effective in the following subdivision or systems:

Lometa Wastewater System

This tariff is effective for the following public Sewer system numbers(s):

WQ0011982001

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

TABLE OF CONTENTS

SECTION 1.0 – RATE SCHEDULE	2
SECTION 2.0 – SERVICE RULES AND POLICIES	4
SECTION 3.0 – EXTENSION POLICY	10
APPENDIX A – SAMPLE SERVICE AGREEMENT	15

(Utility Name)

SECTION 1.0 -- RATE SCHEDULE**Section 1.01 - Rates**

Customer Class	Monthly Minimum Charge	Gallage Charge
Residential	\$ 14.20	\$ <u>1.70</u> per 1000 gallons for all customer classes
Non-residential	\$ <u>16.65/LUE</u>	

*Volume charges are determined based on average consumption for winter period which includes the following months: December, January, and February. If a Residential customer does not have a complete history of water usage during the preceding December, January, and February, the customer's monthly sewer bill shall be calculated based upon: (1) the customer's current monthly water usage; or (2) on the basis of 5,000 gallons water usage per month, whichever is less. In the event the customer receives wastewater only service, the customer shall be billed the base rate charge for wastewater service without any supplement for volume use.

For non-residential customers, the volume charge is based on 100 percent of the amount of water consumed by the non-residential customer as measured by the potable water meter.

Surcharge for Discharges Exceeding Wastewater Quality Requisite Levels: customer shall pay a surcharge for discharges into the Corix system that exceed the Requisite Levels. Initially the unit charge for BOD shall be set at \$0.49 per pound and the unit charge for TSS shall be \$0.1049 per pound.

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash ☒, Check ☒, Money Order, ☒ Credit Card ☒, Other (specify) Electronic Funds Transfer

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT1.0%

TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees**TAP FEE**\$ 800

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Large Connection Tap)Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR THE SEWER LINE INSTALLED.

SECTION 1.0 – RATE SCHEDULE (Continued)**DISCONNECTION FEE**

\$ 25.00

THE DISCONNECTION FEE WILL BE CHARGED TO CUSTOMERS WHO REQUEST CESSATION OF SERVICE FROM THE SYSTEM FOR ANY REASON EXCEPT TERMINATION OF A UTILITY ACCOUNT.

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS CEASED SERVICE FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

a) Nonpayment of bill \$ 25.00

b) Customer's request that service be ended \$ 25.00

TRANSFER FEE

\$ 30.00

THIS FEE APPLIES TO CUSTOMERS WHO REQUEST TO TRANSFER AN ACCOUNT FROM ONE SERVICE LOCATION TO ANOTHER EXISTING SERVICE LOCATION WITHIN THE SAME SERVICE AREA. IF THERE IS NOT AN EXISTING TAP AT THE NEW SERVICE LOCATION, THE CUSTOMER WILL ALSO BE RESPONSIBLE FOR ALL CHARGES AND FEES FOR A NEW SERVICE APPLICATION AND CONNECTION.

CHANGE OF ACCOUNT FEE

\$ 20.00

THE CHANGE OF ACCOUNT FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE10% OF THE BILL

TCEQ RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE

\$ 25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL

\$ 50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT1/6TH OF ESTIMATED ANNUAL BILL**GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE**

\$ Actual Cost

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [30 TAC 291.21(K)(2)]

GRINDER PUMP INSPECTION FEE

\$ 25.00

THIS FEE WILL BE CHARGED IF A CUSTOMER REQUESTS CORIX TO INSPECT THEIR GRINDER PUMP. THIS FEE DOES NOT IMPLY THAT ANY REPAIRS OR MAINTANCE WILL BE COMPLETED BY CORIX. ALL REPAIRS, MAINTANCE AND REPLACEMENT OF GRINDERS PUMPS IS THE RESPONSIBILITY OF THE CUSTOMER.

Corix Utilities (Texas) Inc.

Sewer Tariff

(Utility Name)

SECTION 1.0 – RATE SCHEDULE (Continued)

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES
WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

APPLICATION FEE

\$ 40.00

THIS FEE IS DUE AT THE TIME SEWER SERVICE IS REQUESTED

EQUIPMENT DAMAGE FEE

\$ See below

IF CORIX'S FACILITIES OR EQUIPMENT HAVE BEEN DAMAGED DUE TO TAMPERING, NEGLIGENCE, OR
UNAUTHORIZED USE OF CORIX'S EQUIPMENT, RIGHT-OF-WAY, OR METER SHUT-OFF VALVE, OR DUE TO
OTHER ACTS FOR WHICH CORIX INCURS LOSSES OR DAMAGES, THE CUSTOMER SHALL BE LIABLE FOR A
FEE OF \$50.00 OR THE ACTUAL COSTS FOR ALL LABOR, MATERIAL, AND EQUIPMENT NECESSARY FOR
REPAIR, REPLACEMENT, OR OTHER CORRECTIVE ACTIONS BY CORIX, WHICHEVER IS GREATER. THIS FEE
SHALL BE CHARGED AND PAID BEFORE SERVICE IS RE-ESTABLISHED.

(Utility Name)

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Texas Commission on Environmental Quality Rules, Chapter 291, Water Utility Regulation, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.01 - Application for Sewer Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

Section 2.02 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the TCEQ Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that a complaint may be filed with the Commission.

Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected(A) Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with TCEQ Rules.

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

(Utility Name)

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the residential customer's deposit at any time prior to termination of utility service but must refund the deposit plus interest for any residential customer who has paid 18 consecutive billings without being delinquent.

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the TCEQ or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property (ies) is located.

Fees in addition to the regular tap fee may be charged to cover unique costs not normally incurred as permitted by 30 T. A. C. 291.86(a)(1)(C) if they are listed on this approved tariff. For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the Utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.04 - Utility Response to Applications for Service

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap and utility cut-off and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

Except for good cause where service has previously been provided, service will be reconnected within one working day after the applicant has met the requirements for reconnection.

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the tap location to the place of consumption. Customers will not be allowed to use the utility's cutoff.

It is the customer's responsibility to properly maintain any grinder pumps located on their property. Corix will not be responsible for any maintenance, repair, or replacement costs associated with grinder pumps. Corix may levy a fee to inspect a grinder pump at the customer's request.

2.06 Access to Customer's Premises

All customers or service applicants shall provide access to utility cutoffs at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be made to any establishment where an actual or potential contamination or system hazard exists without an approved air gap or mechanical backflow prevention assembly. The air gap or backflow prevention assembly shall be installed in accordance with the American Water Works Association (AWWA) standards C510, C511 and AWWA Manual M14 or the University Of Southern California Manual Of Cross-Connection Control, current edition. The backflow assembly installation by a licensed plumber shall occur at the customer's expense.

(Utility Name)

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

The back flow assembly shall be tested upon installation by a recognized prevention assembly tester and certified to be operating within specifications. Back flow prevention assemblies which are installed to provide protection against high health hazards must be tested and certified to be operating within specifications at least annually by a recognized back flow prevention device tester. The maintenance and testing of the back flow assembly shall occur at the customer's expense.

Section 2.10 - Billing**(A) Regular Billing**

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

Each bill will provide all information required by the TCEQ Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

(D) Prorated Bills

If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.11- Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection

(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the TCEQ Rules.

(B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the TCEQ Rules.

(Utility Name)

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)**Section 2.13 - Reconnection of Service**

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition.

Service will be reconnected within 24 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

Section 2.14 - Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the Commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain and operate production, treatment, storage, transmission, and collection facilities of sufficient size and capacity to provide continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge effluent of the quality required by its discharge permit issued by the Commission. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TCEQ Rules.

Section 2.16 - Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through the Texas Commission on Environmental Quality complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

APPENDIX A -- SAMPLE SERVICE AGREEMENT
From 30 TAC Chapter 290.47(b), Appendix B

SERVICE AGREEMENT

- I. PURPOSE. The NAME OF SEWER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF SEWER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the sewer system will not re-establish service unless it has a signed copy of this agreement.
- II. RESTRICTIONS. The following unacceptable practices are prohibited by State regulations.
 - A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
 - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
 - C. No connection which allows water to be returned to the public drinking water supply is permitted.
 - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
 - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

III. SERVICE AGREEMENT. The following are the terms of the service agreement between the NAME OF SEWER SYSTEM (the Sewer System) and NAME OF CUSTOMER (the Customer).

- A. The Sewer System will maintain a copy of this agreement as long as the Customer and/or the premises are connected to the Sewer System.
- B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Sewer System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Sewer System's normal business hours.
- C. The Sewer System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
- D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
- E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Sewer System. Copies of all testing and maintenance records shall be provided to the Sewer System.

IV. ENFORCEMENT. If the Customer fails to comply with the terms of the Service Agreement, the Sewer System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

CUSTOMER'S SIGNATURE

DATE

SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES: NO CONTRIBUTION IN AID OF CONSTRUCTION MAY BE REQUIRED OF ANY CUSTOMER EXCEPT AS PROVIDED FOR IN THIS APPROVED EXTENSION POLICY.

The Utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with TCEQ rules and policies, and upon extension of the Utility's certified service area boundaries by the TCEQ.

The applicant for service will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

The Utility is not required to extend service to any applicant outside of its certificated service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with TCEQ rules and policies, and upon extension of the Utility's certificated service area boundaries by the TCEQ.