

Control Number: 43112



Item Number: 5

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.

Bryan W. Shaw, Ph.D., Chairman
Carlos Rubinstein, Commissioner
Toby Baker, Commissioner
Zak Covar, Executive Director

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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

March 27, 2013

CERTIFIED MAIL

Mr. Darrin Barker
6836 Bee Caves Road, Suite 209
Austin, Texas 78746

Re: Application to Transfer Permit No. WQ0014404001 (EPA I.D. No. TX0125521)
(RN102996642)
Issued to Lower Colorado River Authority (CN600253637)

Dear Mr. Barker:

We have received the application to transfer the above referenced permit and it is currently under review. Your attention to the following items is requested before the permit can be transferred.

All fees must be paid to the agency prior to processing your transfer request.

1. Item 5 on page 5 of the transfer application: You have indicated that the transfer will take place on October 31, 2013. Please confirm after October 31, that the transfer of ownership has occurred.

If the requested information is not received by the given deadline, it may cause significant delays in the transfer process. You are considered operating without a permit until the transfer is approved, and any failure to respond will subject the applicant to enforcement actions. If you should have any other questions, please do not hesitate to call me at (512) 239-5704.

Sincerely,



Katherine C. McKenzie
Applications Review and Processing Team
Water Quality Assessment Section

5



MAN
1002.02
Suite 209, 6836 Bee Caves Road
Austin, Texas
United States 78746

T 512.306.4000
F 512.306.4009
www.corix.com

Certified Mail Return Receipt No. 7004 1350 0000 4854 0067

September 30, 2013

Texas Commission on Environmental Quality
Water Quality Assessment Section
Water Quality Division MC 148
Post Office Box 13087
Austin, Texas 78711-3087

Attention: Katherine McKenzie, Applications Review and Processing Team

Reference: Application to Transfer Permit No. WQ0014404001 (EPA ID No. TX0125521),
RN102996642

Dear Ms. McKenzie:

In accordance with the instructions of the "Application and Instructions to Transfer a Wastewater Permit", TCEQ -20031, we are updating our transfer date.

Corix Utilities (Texas) originally projected a transfer date of October 31, 2013 for the Matagorda Bay Nature Park and Preserve Wastewater Treatment Plant, Permit No. WQ0014404001 (EPA ID No. TX0125521). The sale of the facility by LCRA (Lower Colorado River Authority), will not be complete by that date. Corix Utilities (Texas) now projects a transfer date of January 1, 2014. If there is any additional information you may need or additional documentation, please contact me at (512)306-4001 or on my cell phone at (512)619-1383. You may also e-mail me at Gloria.Broussard@corix.com.

Sincerely,

A handwritten signature in cursive script that reads "Gloria L. Broussard".

Gloria L. Broussard
Senior Environmental Coordinator

Bryan W. Shaw, Ph.D., *Chairman*
Carlos Rubinstein, *Commissioner*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 23, 2013

BY CERTIFIED MAIL

Mr. Ed Yanoshita, General Manager
Corix Utilities (Texas) Inc.
6836 Bee Caves Road, Ste. 209
Austin, Texas 78746

Re: Application from Corix Utilities (Texas) Inc., A2068, to Purchase Facilities and Transfer a Portion of Certificate of Convenience and Necessity (CCN) 11670 held by the Lower Colorado River Authority (LCRA) (Matagorda Dunes) and to Obtain and Amend a Water CCN in Matagorda County; Application No. 37602-S

Application from Corix Utilities (Texas) Inc., A2069, to Purchase Facilities and Transfer Uncertificated Sewer Service Area from Lower Colorado River Authority (LCRA) and to Obtain a Sewer CCN in Matagorda County; Application No. 37603-S.

CN: 600253637; (LCRA) no RN numbers are shown because the area and facilities being transferred are not within any CCN boundaries
CN: 604102301; RN numbers are pending (Corix)

Dear Mr. Yanoshita:

The above referenced applications for Corix, received on April 29, 2013, have been accepted for filing and have been assigned application numbers 37602-S and 37603-S. Please refer to the application numbers in future correspondence. Ms. Elizabeth Flores has been assigned to perform the technical review.

Your next step is to provide the **revised** public notices without delay. The notice to the public must be published once each week for two (2) consecutive weeks in a newspaper of general circulation in Matagorda County. **It is the responsibility of the applicant to provide correct notice** of the application to:

- any districts, groundwater conservation districts, counties, utilities, cities, cities with an extraterritorial jurisdiction within two (2) miles of your proposed service area, and
- any customers transferred, or other affected parties in your requested area, and
- any city with an extraterritorial jurisdiction which overlaps the proposed service area or other affected parties in your requested area, and
- all landowners with more than 25 acres in your proposed CCN area. The landowner information may be obtained from the county appraisal district tax rolls for the county or counties in which the proposed CCN lies.

Mr. Ed Yanoshita
Page 2
July 23, 2013

Please be sure to include a map showing the proposed service area with your individual notices to neighboring utilities, other affected parties and each landowner. It is the applicant's burden to provide an accurate map delineating the proposed area with each individual notice.

Check notices carefully before mailing or publishing. You must list the zip codes affected by the application in the space provided on the notice form before providing notice.

Information related to utilities and districts including addresses can be obtained from the TCEQ web site located at www10.tceq.texas.gov/iwud/.

<http://www.tceq.texas.gov/groundwater/districts.html> for ground water districts.

As proof that notice was given, you are required to return to this office a copy of the actual notice attached to a signed affidavit that the notice was given. Affidavit forms are enclosed.

Additional financial or technical information may also be requested through future correspondence.

These items must be completed and returned to our office by **August 23, 2013**. Processing of these applications cannot proceed until the close of the 30 day public comment period which begins after all the required notices have been given. If we do not receive the requested information by this date, your applications will be returned for failure to prosecute.

If you have any questions, please contact Ms. Elizabeth Flores at 512/239-6846, or if by correspondence, include Mail Code 153 in the letterhead address.

Sincerely,



Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division
Texas Commission on Environmental Quality

TB/KN/mmg

Enclosures: as stated



File

1812 Centre Creek Drive
Suite 207
Austin, Texas
United States 78754

T 512.306.4000
F 512.306.4009
www.corix.com

March 28, 2014

Tammy Benter, Manager
Utilities & District Section
Water Supply Division
Texas Commission on Environmental Quality

Re: Applications from Corix Utilities (Texas) Inc. (**Corix**) to Purchase Facilities and Transfer Various Certificates of Convenience and Necessity (**CCNs**) held by the Lower Colorado River Authority (**LCRA**) and to Obtain or Amend various Water and Sewer CCNs, all as set out in the attached chart (the **Applications**)

Dear Ms. Benter:

Thank you for meeting with Corix on March 25, to discuss your letter dated February 25, 2014 regarding the Commission's approval of sale for the Applications, which are detailed in the chart attached.

Please be informed that the parties are still finalizing pre-closing matters and have agreed on a revised closing date of October 31, 2014, which is prior to the expiration of the executive director's approval of the Applications in accordance with the provisions of 30 TAC 30.291.112(e). Corix and LCRA continue to work together collaboratively towards closing.

Corix, therefore, respectfully requests an extension of time to provide the closing documents as requested in your letter. Corix appreciates very much the extra effort made by your staff to process our applications so expediently and we truly apologize for any inconvenience we have caused as a result of the delayed closing.

We will provide TCEQ with regular updates on the progress of the closing and confirmation of the closing date. Please do not hesitate to contact us if you have any questions or require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Ed Yanoshita", written over a horizontal line.

Ed Yanoshita, General Manager
Corix Utilities (Texas) Inc.

CC: Dennis Daniel
Manager, Risk Management, Lower Colorado River Authority



| Application No. | Name of System | County | Water or Sewer |
|-----------------|---|---------------------|----------------|
| 37597-S | Alleyton | Colorado | Water |
| 37598-S | Alleyton | Colorado | Sewer |
| 37595-S | Camp Swift, McKinney Roughs, Windmill Ranch | Bastrop | Sewer |
| 37593-S | Lake Buchanan | Burnet and Llano | Water |
| 37602-S | Matagorda Dunes | Matagorda | Water |
| 37603-S | Matagorda Dunes | Matagorda | Sewer |
| 37594-S | Paradise Point | Llano | Water |
| 37606-S | Quail Creek | Burnet | Water |
| 37605-S | Ridge Harbor | Burnet | Water |
| 37613-S | Ridge Harbor | Burnet | Sewer |
| 37607-S | Sandy Harbor | Llano | Water |
| 37608-S | Smithwick Mills | Burnet | Water |
| 37601-S | Spicewood Beach | Burnet | Water |
| | | | |

Bryan W. Shaw, Ph.D., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 6, 2013

CERTIFIED MAIL

Mr. Edward Yanoshita, General Manager
Corix Utilities (Texas) Inc.
1812 Centre Creek Dr., Ste. 207
Austin, Texas 78754

Re: Application from Corix Utilities (Texas) Inc., A2068, to Purchase Facilities and Transfer a Portion of Certificate of Convenience and Necessity (CCN) 11670 held by the Lower Colorado River Authority (LCRA) (Matagorda Dunes) and to Obtain and Amend a Water CCN in Matagorda County; Application No. 37602-S

Application from Corix Utilities (Texas) Inc., A2069, to Purchase Facilities and Transfer Uncertificated Sewer Service Area from Lower Colorado River Authority (LCRA) and to Obtain a Sewer CCN in Matagorda County; Application No. 37603-S.

CN: 600253637; (LCRA) no RN numbers are shown because the area and facilities being transferred are not within any CCN boundaries
CN: 604102301; RN numbers are pending (Corix)

Dear Mr. Yanoshita:

We have reviewed the criteria in Texas Water Code (TWC), Section 13.301(e) and determined that a public hearing will not be requested. You may complete your proposed transaction as scheduled, or any time after you receive this notification. Please note that the transaction must comply with the requirements of TWC Section 13.301(d) and therefore cannot be completed prior to the issuance of this letter.

The second part of the application, which is transferring the CCN, will occur following receipt of the following documents:

- a copy of the signed contract or bill of sale, and
- documents supporting the disposition of customer deposits.

The application cannot be approved nor the CCN transferred and issued until we receive evidence that the transaction was completed. These items must be received by the Utilities & Districts Section, Water Supply Division, within 30 days after the effective date of the transaction.

Mr. Edward Yanoshita, General Manager

Page 2

December 6, 2013

After the proper documentation is received, staff will prepare a proposed map, certificate, and recommendation for both applicants to review before submitting them to the Executive Director for approval and the issuance of the CCN. A copy of this information will be sent to both the buyer and seller.

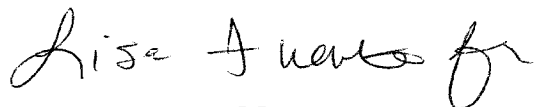
If you concur with the recommendation, the consent forms must be signed and returned by both applicants before the recommendation to transfer the CCN can be approved by the Executive Director. If both consents are not received, the CCN will remain in the name of the seller and the seller remains responsible for the system(s) for purposes of TWC Section 13 regulations. (See TWC, Section 5.122 and 30 Texas Administrative Code Section 50.33).

As an alternative to the seller's continued involvement in the process, the closing document(s) and any accompanying correspondence may include a statement that the seller consents with the transfer of the CCN to the buyer with specific references to the statute and rule noted above. The statement will serve to authorize the Executive Director to take action upon receipt of the buyer's signed consent form. In this situation, however, the seller is relying on the buyer to provide the final consent on the CCN transfer.

Finally, please note that from the time the application is filed until the CCN is issued, it is the applicants' (buyer and seller) responsibility to notify and update the Utility & Districts Section, Water Supply Division, of changes in the financial, managerial, or technical information provided in the application.

If you have any questions, please contact Ms. Elizabeth Flores by phone at 512/239-6846, by fax at 512/239-6972, by email at elizabeth.flores@tceq.texas.gov, or if by correspondence, include MC 153 in the letterhead address below.

Sincerely,



Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division
Texas Commission on Environmental Quality

TB/EF/sd

cc: TCEQ, Region 12 Office

IMPORTANT: Checklist must be submitted to Work Leader and Team Leader prior to final map or hearing request.

STM Checklist and to Obtain or Amend a CCN

Applicant: Corix Utilities (Texas) Inc. (Matagorda Dunes)

Application No.: 37602-S (water) & 37603-S (sewer)

| | | |
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| §13.301(a) | Was written application filed on or before the 120 th day before the effective date of a sale? | Date verified: 12/5/13 |
| Description: The applications were filed on April 29, 2013 and were accepted for filing on July 23, 2013. The applicant indicates that the proposed effective date of the transaction is September 30, 2013. However, after further communications with Corix, their anticipated date to close the transaction is December 17, 2013. | | |
| §13.241(a) & §13.301(b) | Does the applicant/purchaser possess FMT to provide continuous and adequate service to the requested area AND any areas currently certificated to that person? Yes. | Date verified: 12/5/13 |
| Description: Reference FM Memo & FM Checklist. | | Date of FM Checklist: 10/23/13 |
| | Description of qualifications: The applicant has 70 years of experience in operating and maintaining community utility infrastructure. On July 1, 2012, Corix Utilities (Texas) Inc. assumed the operations, maintenance and asset management for the 18 systems owned by LCRA and affected by pending applications. Corix has hired many of the utility operating staff from LCRA to maintain these systems knowledge. Corix Utilities (Texas) Inc. is a part of the Corix Group which provides utility services across North America. | Date verified: 12/5/13 |
| | Description of any plans for improvements: No improvements noted in the application for the water or sewer systems system. | Date verified: 12/5/13 |
| §13.246(c) (6) | Is the applicant Financially stable, including debt-equity ratio? Yes. | Date verified: 12/5/13 |
| Description: Reference FM Memo dated 10/23/13. | | |
| §13.246(d) & §13.301(c) | Is bond or other financial assurance required to ensure continuous and adequate service? No. | Date verified: 12/5/13 |
| Description: Reference FM Memo dated 10/23/13. | | |

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| §13.136 | Have all tariff issues including rates, tap fees and service rules/extension policy language been resolved? Technical staff has questions if some the charges Corix Utilities (Texas) Inc. is proposing in its tariff are allowable under TWC Ch. 13 and 30 TAC 291. Please note that the TCEQ did not have original jurisdiction over the rates and service policies charged by the Lower Colorado River Authority (LCRA). Corix is proposing to charge the same rates as were being charged by the LCRA. A legal assignment was made on 10/18/13 to assist technical staff with reviewing the proposed Corix tariff. | Date verified: PENDING |
| Description: These items are pending. | | Date tariff was stamped approved: PENDING |
| If entity is a WSC, is most recent version of tariff on file? n/a | | Date WSC tariff was received: n/a |
| §13.132 | If the applicant is an IOU , do they have a current Annual Report on file? No. | Date verified: 12/5/13 |
| Description: Corix is a will be a regulated IOU after the sale of its pending applications are approved. As such Corix has never filed an annual report, but will be required to do so beginning in 2015. In addition districts/authorities, such as the LCRA, are not required to submit an annual report. | | Date annual report was received: n/a |
| §288.20 | Have all drought contingency plan (DCP) issues been resolved? | Date verified: 11/27/13 |
| Description: Provided to Water Availability Staff on 10/28/13. | | Date DCP approval memo was received: Received on 10/30/13. |
| §13.244(b) | Has the applicant provided all required maps. Yes. | Date verified: 12/5/13 |
| Date of most recent Overlap Check: 6/21/13 | | |
| §13.244(d) | Were any overlaps identified? None identified. | Date verified: 12/5/13 |
| Name(s) of Entity(ies) being overlapped: None. | | |
| Were overlaps mentioned in the Overlap Check and the BTR letter: No. | | |
| Description and Date of how overlap was resolved: n/a | | |
| Date of Agreement to Decertification (if applicable): n/a | | |
| §13.246(h) | Were opt-out requests received during the comment period? No opt-out requests received. | Date verified: 12/5/13 |

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| | Were opt-out requests granted? n/a | Date verified: 12/5/13 |
| Date revised maps were received: n/a | | Date of subsequent Overlap Check: n/a |
| §291.102(d) §13.246(c) 1(2) | Was applicant able to demonstrate a need for service in the entire proposed area? The applicant, Corix Utilities (Texas) Inc. filed an STM application to purchase a portion of the Lower Colorado River Authority's (LCRA) CCN in this application, the Matagorda Dunes area located in Matagorda County. In addition, Corix is proposing to add area and customers that were previously served by the LCRA. This area was uncertificated area as statute and rules do not require authorities, such as LCRA, to hold a CCN. However, rules and statute do require IOUs, such as Corix, to serve only in their certificated service area, thus the request for an amendment to the water CCN and to obtain a sewer CCN is requested in these applications. | Date verified: 12/5/13 |
| # of acres in proposed area: The water transfer area is approximately 412 acres and the proposed water amended area is approximately 47 acres. The proposed sewer area is approximately 459 acres. | | Date of letter from developer requesting service from the applicant: n/a |
| Copies of letters from landowners requesting service: n/a | | Date received from the applicant: n/a |
| Copies of applications for service received by the applicant: n/a | | Date received from the applicant: n/a |
| Maps showing existing facilities in the proposed area: Included with the CCN applications. | | Date received from the applicant: Submitted with the applications as Exhibit G and Exhibit L |
| Maps showing existing customers in the proposed area: n/a | | Date received from the applicant: n/a |
| Maps showing locations for existing service area for water, proposed amended area for water, and proposed sewer were submitted with the application. | | Date received from the applicant: Submitted with the applications as Exhibit G and Exhibit L |
| §13.244(c) | Has the applicant received the required consent, franchise, or permit of the proper municipality or other public authority. If a WSC is decertifying a portion of their CCN area, consent from USDA is required. | Date verified: 12/5/13 |
| Description: N/A as the transferred area and proposed amended areas are not located within the city limits of a municipality. | | |

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| §13.246(a) & §13.301(a) | Notice of the application has been provided to all affected parties. Yes. | Date verified: 12/5/13 |
| Comment period end date: 9/10/13 | | |
| Date(s) of Individual and Landowner Notices: 7/26/13 | | |
| Name of Newspaper: The Bay City Tribune | | |
| Waivers?: No | | |
| Additional notice required for amendment?: Yes, amendment is for water, and to obtain a sewer CCN. | | |
| Date(s) of Publication: 8/4/13 & 8/11/13 | | County(ies) Published: Matagorda |
| Date Notice Information (affidavits, copies of individual notices) was received. 8/21/13. | | |
| Were notices revised by the applicant? Yes. If yes, please explain: Per directive in the BTR letter dated 7/23/13. | | |
| If applicable, have protestants' concerns been addressed by letter from the staff or utility? No protest received. | | Date verified: 12/5/13 |
| Names of protestants: n/a | | |
| Description of protests: n/a | | |
| Protestants included on mailing list?: n/a | | |
| §13.246(c) (1) | What is the adequacy of service currently being provided to the requested area? | Date verified: 12/5/13 |
| Description: Corix is proposing to acquire through the STM process approximately 412 acres of existing certificated water service area from the LCRA, and to amend to add an additional 47 acres to the water CCN. In addition, Corix is obtaining a sewer CCN for approximately 459 acres which the LCRA provides service to which was uncertificated. There are 135 water customers and 40 sewer customers. | | |
| §13.246(c) (3) | What is the effect of granting of a CCN to the recipient and on any other retail public utility of the same kind already serving the proximate area? | Date verified: 12/5/13 |
| Description: See above. | | |
| §13.246(c) (4) | Will the applicant be able to provide adequate service to the proposed area? Yes. | Date verified: 12/5/13 |
| Description: Reference the Comprehensive Compliance Investigations conducted on 9/5/10 for water and 7/17/12 for wastewater. | | |
| §13.246(c) (5) | Is it feasible to obtain service from an adjacent retail public utility? No. | Date verified: 12/5/13 |

Description: Corix is proposing to acquire through the STM process approximately 412 acres of existing certificated water service area from the LCRA, and to amend to add an additional 47 acres to the water CCN. In addition, Corix is obtaining a sewer CCN for approximately 459 acres which the LCRA provides service to which was uncertificated. There are 135 water customers and 40 sewer customers.

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| §13.246(c) (7) | Is there an effect on the environmental integrity of the proposed area? | Date verified: 12/5/13 |
|-------------------|---|---------------------------|

Description: No negative effect. See above.

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| §13.246(c) (8) | Is there probable improvement of service or lowering of cost to consumers in the proposed area? | Date verified: 12/5/13 |
|-------------------|---|---------------------------|

Description: N/A, see above.

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| §13.246(c) (9) | What is the effect on the land in the proposed area? | Date verified: 12/5/13 |
|-------------------|--|---------------------------|

Description: No effect, see above.

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| §13.246(e) | If applicable, has the applicant made efforts to extend service to any economically distressed areas? | Date verified: 12/5/13 |
|------------|---|---------------------------|

Description: Existing transfer area and proposed area are not in an economically distressed area. In addition, Corix is proposing to acquire through the STM process approximately 412 acres of existing certificated water service area from the LCRA, and to amend to add an additional 47 acres to the water CCN. In addition, Corix is obtaining a sewer CCN for approximately 459 acres which the LCRA provides service to which was uncertificated. There are 135 water customers and 40 sewer customers.

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| §13.241(b) (1) | Is the applicant capable of providing drinking water that meets the requirements of Chapter 341, Health & Safety Code. | Date verified: 12/5/13 |
|-------------------|--|---------------------------|

Description: Yes, see Compliance Summary Investigation.

| | | |
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| §13.241(b) (2) | Does the applicant have access to an adequate supply of water. | Date verified: 12/5/13 |
|-------------------|--|---------------------------|

Description: Yes, see Compliance Summary Investigation.

| | | |
|------------|--|---------------------------|
| §13.241(c) | Is the applicant capable of meeting commission's design criteria for sewer treatment plants. | Date verified: 12/5/13 |
|------------|--|---------------------------|

Description: Yes, see Compliance Summary Investigation.

| | | |
|------------|--|---------------------------|
| §13.241(d) | If the applicant has proposed to construct a physically separate water or sewer system, the applicant has demonstrated that regionalization with retail public utility is not economically feasible. | Date verified: 12/5/13 |
|------------|--|---------------------------|

Description. N/A as this application is to transfer existing water CCN area. Corix is proposing to acquire the water CCN through the STM process approximately 412 acres of existing certificated water service area from the LCRA, and to amend to add an additional 47 acres to the water CCN. In addition, Corix is obtaining a sewer CCN for approximately 459 acres which the LCRA provides service to which was uncertificated. There are 135 water customers and 40 sewer customers. See attached Feasibility Checklist.

| | | |
|---|--|-----------------------------------|
| | <p>If applicable, the staff person must send an email to Central Registry requesting them to link the appropriate CCN, CN and RN numbers.</p> <p>The email should be addressed to: WWW-Registry with WUD Priority in the subject line.</p> <p>If these numbers are not linked appropriately, the Chief Clerk's Office will not be able to accept the application for posting and the file will be returned to our program area. This will cause a delay in the getting the final order and CCN(s) signed.</p> | <p>Date verified: 12/5/13</p> |
| Description: CN & RN numbers already established in Central Registry. | | |

| | | |
|--|---|-----------------------------------|
| | <p>If a WSC is decertifying a portion of their CCN area, consent from USDA is required.</p> | <p>Date verified: 12/5/13</p> |
| Description: N/A, as this application is to transfer certificated service area from a river authority to an IOU. And for Corix to obtain a sewer CCN for uncertificated service area currently served by the LCRA. | | |

COMPLIANCE SUMMARY:

General: Water System Name: LCRA Matagorda Dunes Water Beach Fron Drive
Plans & Specs Approval Letter Date (*if applicable*): n/a
Log # (*if applicable*): n/a
Public Water System No.: 1610052
Inspection Date: 10/5/10
Deficiencies: None noted as a result of the investigation.

General: Wastewater System: Matagorda Bay Nature Park and Preserve
Wastewater Treatment Plant

TPDES Permit No.: WQ0014404001

Issued Date: Previously issued to the LCRA. Corix has applied to transfer the permit as of March 27, 2013. Reference letter in the file from TCEQ's Water Quality Assessment Section.

List of deficiencies/violations/area(s) of concern: Failed to maintain compliance with the permitted effluent limits. Failed to collect and analyze effluent samples at the required frequency.

Description of region inspector's comments: Both resolved on 7/30/12

Date of letter describing improvements/compliance: Reference letter from TCEQ Region 12 that adequate documentation to resolve the alleged violations.

Signed: Elizabeth Flores Date: 12/5/13

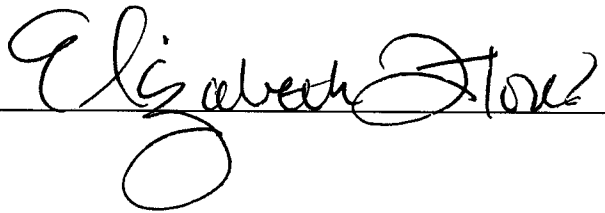
Feasibility Checklist

Applicant: Corix Utilities (Texas) Inc. (Matagorda Dunes)

Application No.: 37608-S

| | | |
|--|--|---------------------------|
| §291.102(3)) | Applicant has provided a list of all public drinking water supply systems within a 2 mile radius. Yes | Date verified: 12/5/13 |
| Description: Provided with the applications. | | |
| §291.102(3)) | Applicant has provided copies of written requests seeking to obtain service from each system within a 2 mile radius. | Date verified: 12/5/13 |
| Description: N/A as Corix is proposing to acquire through the STM process approximately 412 acres of existing certificated water service area from the LCRA, and to amend to add an additional 47 acres to the water CCN where the LCRA is already providing service. In addition, Corix is obtaining a sewer CCN for approximately 459 acres which the LCRA provides sewer service which is uncertificated. There are 135 water customers and 40 sewer customers. | | |
| §291.102(a) (3) | Applicant has demonstrated that it is not economically feasible to obtain service from a neighboring system. | Date verified: 12/5/13 |
| Description: N/A, see above. | | |
| §291.102(a) (3) | Applicant has provided copies of written responses or evidence that the neighboring system has failed to respond. | Date verified: 12/5/13 |
| Description: N/A, see above. | | |
| Date of letters sent to neighboring systems: n/a | | |
| §291.102(a) (3) | Applicant has provided a description of the type of service that the neighboring system is willing to provide and has compared it with the service the applicant is proposing and the applicant's service is clearly better. | Date verified: 12/5/13 |
| Description: N/A, see above. | | |
| §291.102(a) (3) | Applicant has provided an analysis of all necessary costs for constructing, operating, and maintaining the new system for at least the first five years. | Date verified: 12/5/13 |
| Description: N/A, see above. | | |
| §291.102(a) (3) | Applicant has provided an analysis of all necessary costs for acquiring and continuing to receive service from the neighboring system for at least the first five years. | Date verified: 12/5/13 |
| Description: N/A, see above. | | |

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|------------------------------|---|---------------------------|
| §291.102(a) (3) | How do the costs for providing service as a stand-alone system compare with the costs of obtaining service from a neighboring system? | Date verified: 12/5/13 |
| Description: N/A, see above. | | |

Signed:  Date: 12/5/13

| | | |
|---|---|------------------------|
| §13.301(d) | Will the transaction serve the public interest? Yes, the LCRA has chosen to divest of its water and wastewater operations in the Central Texas region. These applications are for one water system and a sewer system to be acquired by Corix Utilities (Texas) Inc. Corix has experience as a utility service provider, and indicates that it has the ability to provide the necessary capital investment to ensure continuous and adequate service. | Date verified: 12/5/13 |
| | Is the applicant willing to make improvements?: No violations were noted on the water inspection. However, the wastewater inspection noted violations which have been corrected. | Date verified: 12/5/13 |
| §13.301(e) | Does the purchaser or any affiliate of the purchaser have a history of noncompliance with the requirements of the commission within the past 5 years? No. | Date verified: 12/5/13 |
| Description: Verified in CCEDS and Corix Utilities Inc., RN: 106448079 does not have any enforcement actions. | | |
| Any active enforcement actions?: No. | | |
| Enforcement Coordinator: n/a | | |
| Date of previous enforcement orders: n/a | | |
| Penalties: n/a | | |
| In compliance with previous orders?: n/a | | |
| §13.301(e) | Does the purchaser or any affiliate of the purchaser have a history of continuing mismanagement or misuse of revenues as a utility service provider? No. | Date verified: 12/5/13 |
| Description: Verified in CCEDS and Corix Utilities Inc., RN: 106448079 does not have any enforcement actions. | | |
| §13.301(j) | If applicable, has the seller made a written disclosure to the purchaser related to customer contributions in aid of construction derived from specific surcharges? | Date verified: 12/5/13 |
| Description: Yes. Corix Utilities (Texas) Inc. attached Exhibit G: <i>Price and Utility Cost Data</i> for the system(s) being sold from the LCRA. Matagorda Dunes's CIAC is listed as \$ 1,635.00 & \$0.00 in this exhibit for both water and wastewater respectively. | | |
| Have any customer deposits been accounted for? Yes, Corix provided a list of customers holding deposits; reference Exhibit B in the application. In addition Exhibit H <i>Other Transaction Considerations</i> states that " <i>Customer deposits will be purchases from LCRA and held on account. Amounts will be reviewed and adjusted as per the TCEQ rules and refunds will be provided to customers as required.</i> " | | Date verified: 12/5/13 |

| | |
|--|---------------------------|
| Do any of the systems being transferred have violations that need to be corrected? Violations were noted and corrected for the WWTP, and no violations noted for the water system; see Compliance Summaries. | Date verified: 12/5/13 |
| If the purchaser is a corporation, is it in good standing with the State Comptroller? Yes, reference Exhibit C. | Date verified: 12/5/13 |
| Have all TCEQ Fees and penalties and any laboratory fees owed by either the seller or purchaser been paid? Yes. | Date verified: 12/5/13 |
| What are the terms of the sale? The LCRA has chosen to divest of its water and wastewater operations in the Central Texas region. This application is for one of those systems to be acquired by Corix Utilities (Texas) Inc. The other application is to obtain a sewer CCN for area already being served by the LCRA. In addition, Corix has experience as a utility service provider, and indicates that it has the ability to provide the necessary capital investment to ensure continuous and adequate service. | Date verified: 12/5/13 |
| Sales price: \$275,000 (water) & \$150,000 (wastewater) reference Exhibit G | |
| # of customers affected: 135 water customers and 40 sewer customers, per the notice. | |
| Original cost of plant being transferred: \$837,940 (water) & \$1,301,331 sewer reference Exhibit G | |
| Accumulated depreciation: \$293,625 (water) & \$205,610 (wastewater), reference Exhibit G | |
| Date of closing: Upon TCEQ approval, however, Corix has indicated that they would like to close by 12/17/13. | |
| If facility being transferred is a wastewater treatment system, has the applicant requested a transfer of the wastewater discharge permit? Yes. This request was made on March 27, 2013 to the TCEQ's Water Quality Assessment Section. | Date verified: 12/5/13 |
| Miscellaneous information: none | Date verified: 12/5/13 |
| Is the system under the jurisdiction of a city (if yes, name the city)? No. | |
| Is the seller's CCN being canceled?: No, Corix Utilities (Texas) Inc. will be obtaining a water and sewer CCN. | |

Signed: Elizabeth Stone Date: 12/5/13

To: Administrative Reviewer

Date Complete: June 21, 2013

From: Cartographer-Utilities & Districts Section

Subject: Overlap & Notice Check for Administrative Review No. **A-061-13/37602&3-S**
Corix Utilities to acquire a portion of LCRA (11670) and amend and transfer uncertificated
LCRA sewer system and obtain sewer CCN (Matagorda Dunes) in Matagorda county

- X 1. No new overlap of service areas exists.
2. An overlap:
3. Dual certification:
4. An overlap exists with the city limits of:
5. If this is a Sale, Transfer, or Merger, is additional area being requested?
7. Map submitted is digital request digital data.
9. Utility notice was sufficient.
- X 10. Utility notice was insufficient. In addition to those systems listed in the application, they will also need to notify:

TWO MILES: sewer request for service sewer
Beach Road Utilities (20753)

TWO MILES: notice for water
Beach Road Utilities (12622)

Beach Road MUD

Matagorda county

Coastal Plains GCD

All cities and etj's within 2 miles of proposed area

Any other Utility, District or entity that would be required to receive notice

FIVE MILES: notice for obtain sewer
Beach Road Utilities (20753)

Matagorda Waste Disposal & WSC (20547)

Beach Road MUD

All cities and etj's within 5 miles of proposed area

Any other Utility, District or entity that would be required to receive notice

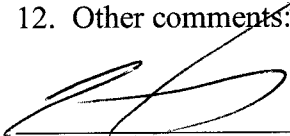
X

11. Notice: **transfer and amend water and obtain sewer CCN (transfer of uncertificated facilities)**

boundaries are OK

WILL NEED TO DO FULL LANDOWNWE AND PUBLISH BECAUSE OF AMAND/OBTAIN.

12. Other comments:



Kent Steelman

To: Administrative Reviewer

Date Complete: May 2, 2013

From: Cartographer-Utilities & Districts Section

Subject: Overlap & Notice Check for Administrative Review No. A-062-13/37604-C
Corix Utilities to obtain a sewer CCN (Matagorda Dunes) in Matagorda county

1. No new overlap of service areas exists.
2. An overlap:
3. Dual certification:
4. An overlap exists with the city limits of:
5. If this is a Sale, Transfer, or Merger, is additional area being requested?
7. Map submitted is digital request digital data.
9. Utility notice was sufficient.
10. Utility notice was insufficient. In addition to those systems listed in the application, they will also need to notify:
TWO MILES:

All cities and etj's within 2 miles of proposed area

Any other Utility, District or entity that would be required to receive notice

11. Notice: **DO NOT NOTICE**

X 12. Other comments: **Maps do not meet requirements. Please submit the following. (Need maps as required in the Obtain/Amend application. Maps and data should be specific for each 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.

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).



Kent Steelman