

During the inspection it was noted that the exterior surface of the storage tank had rust and deteriorated paint.

290.46(m)(1)(A) Ground and elevated storage tank inspections must determine that the vents are in place and properly screened, the roof hatches closed and locked, flap valves and gasketing provide adequate protection against insects, rodents and other vermin, the interior and exterior coating systems are continuing to provide adequate protection to all metal surfaces, and the tank remains in a water tight condition.

**Recommended Corrective Action:** Repair and maintain the exterior coating of the storage tank and provide a photo or copy of the invoice.

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

## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

October 4, 2011

**e-Signature Confirmation - 91 3408 2133 3932 0108 9304**

Edward R. Wallace, President  
10913 Metronome Drive  
Houston, TX 77043-2201

Re: Notice of Violation for the Compliance Evaluation Investigation at:  
Hills of Oliver Creek WS, Rhome, Wise County, Texas  
RN 101218360, TCEQ ID No.: 2490046, Investigation No.:956912

Dear Mr. Wallace:

On September 14, 2011, Mr. Steven Mindt of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supply. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by January 2, 2012, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the D/FW Region Office at 817-588-5800 or the Central Office Publications Ordering Team at 512-239-0028.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the D/FW Region Office within 10 days from the date of this letter. At that time, Mr. Charles Marshall will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may

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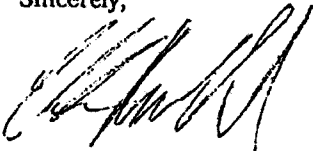
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Mr. Wallace  
October 4, 2011  
Page 2

still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

If you or members of your staff have any questions, please feel free to contact Mr. Steven Mindt in the D/FW Region Office at (817) 588-5843.

Sincerely,



Charles Marshall, Public Water Supply Section, Team Leader  
Dallas/Fort Worth Region Office

CM/sm

Enclosures: Summary of Investigation Findings

CC: David Bowman; 801 S. Files St., Itasca, TX 76055

## Summary of Investigation Findings

HILLS OF OLIVER CREEK THE	Investigation # 956912
, WISE COUNTY,	Investigation Date: 09/14/2011
Additional ID(s): 2490046	

### OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 447099      Compliance Due Date: 01/02/2012  
30-TAC Chapter 290.46(n)(3)

**Alleged Violation:**

Investigation: 956912

Comment Date: 9/26/2011

Failure to provide a copy of the well data sheet for wells # 1 & 2 at the time of the inspection.

At the time of inspection the water system was unable to provide a copy of the well log.

290.46(n)(3) Copies of well completion data such as well material setting data, geological log, sealing information disinfection,, microbiological sample results, and chemical analysis report of a representative sample of water from the well shall be kept on file for as long as the well remains in service.

**Recommended Corrective Action:**

Provide a copy of the well logs for Wells # 1 & 2 to the TCEQ Region 4 Office to document that the alleged violation has been corrected.

### ADDITIONAL ISSUES

**Description**  
Item 3

**Additional Comments**

During the inspection it was noted that the exterior surface of the storage tank had a small amount of rust.

Corrective action: Repair and maintain the exterior coating of the storage tank.

(3) A retail public utility that possesses a certificate of public convenience and necessity that has reached 85% of its capacity as compared to the most restrictive criteria of the commission's minimum capacity requirements in Chapter 290 of this title shall submit to the executive director a planning report that clearly explains how the retail public utility will provide the expected service demands to the remaining areas within the boundaries of its certificated area. A report is not required if the source of supply available to the utility service provider is reduced to below the 85% level due to a court or agency conservation order unless that order is expected to extend for more than 18 months from the date it is entered in which case a report shall be required.

(A) After any commission field inspection, a retail public utility must analyze the systems capacity to determine if it has reached 85% of its capacity. If the retail public utility has reached 85% of its capacity, it must file this report no later than 90 days after the date of a commission letter detailing the results of the inspection. Capacity is considered to be the overall rated capacity in number of residential connection equivalents based on the most restrictive criteria for production, treatment, storage, or pumping.

Well Capacity required is 117 gpm (0.6 gpm x 195 connections). The actual well capacity is 116 gpm. The system is at 100% of capacity.

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

## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

September 28, 2011

**e-Signature Confirmation - 91 3408 2133 3932 0108 9342**

Edward R. Wallace, President  
10913 Metronome Drive  
Houston, TX 77043-2201

Re: Notice of Violation for the Compliance Evaluation Investigation at:  
Sage Brush Estates WS, Decatur, Wise County, Texas  
RN 101224533, TCEQ ID No.: 2490058, Investigation No.: 955891

Dear Mr. Wallace:

On September 7, 2011, Mr. Steven Mindt of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supply. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by December 27, 2011, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the D/FW Region Office at 817-588-5800 or the Central Office Publications Ordering Team at 512-239-0028.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the D/FW Region Office within 10 days from the date of this letter. At that time, Mr. Charles Marshall will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may

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Mr. Wallace  
September 28, 2011  
Page 2

still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

If you or members of your staff have any questions, please feel free to contact Mr. Steven Mindt in the D/FW Region Office at (817) 588-5843.

Sincerely,



Charles Marshall, Public Water Supply Section, Team Leader  
Dallas/Fort Worth Region Office

CM/sm

Enclosures: Summary of Investigation Findings

CC: ✓ David Bowman; 801 S. Files St., Itasca, TX 76055

# Summary of Investigation Findings

<b>SAGE BRUSH ESTATES</b>	<b>Investigation # 955891</b>
<b>, WISE COUNTY,</b>	<b>Investigation Date: 09/07/2011</b>
<b>Additional ID(s): 2490058</b>	

## OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 446714      Compliance Due Date: 12/28/2011  
30 TAC Chapter 290.46(n)(3)

**Alleged Violation:**

Investigation: 955891

Comment Date: 9/12/2011

Failure to provide a copy of the well data sheet at the time of the inspection.

At the time of inspection the water system was unable to provide a copy of the well log.

290.46(n)(3) Copies of well completion data such as well material setting data, geological log, sealing information disinfection, microbiological sample results, and chemical analysis report of a representative sample of water from the well shall be kept on file for as long as the well remains in service.

Recommended Corrective Action: Provide a copy of the well log to TCEQ.

## ADDITIONAL ISSUES

Description

Additional Comments



(3) A retail public utility that possesses a certificate of public convenience and necessity that has reached 85% of its capacity as compared to the most restrictive criteria of the commission's minimum capacity requirements in Chapter 290 of this title shall submit to the executive director a planning report that clearly explains how the retail public utility will provide the expected service demands to the remaining areas within the boundaries of its certificated area. A report is not required if the source of supply available to the utility service provider is reduced to below the 85% level due to a court or agency conservation order unless that order is expected to extend for more than 18 months from the date it is entered in which case a report shall be required.

(A) After any commission field inspection, a retail public utility must analyze the system's capacity to determine if it has reached 85% of its capacity. If the retail public utility has reached 85% of its capacity, it must file this report no later than 90 days after the date of a commission letter detailing the results of the inspection. Capacity is considered to be the overall rated capacity in number of residential connection equivalents based on the most restrictive criteria for production, treatment, storage, or pumping.

(B) The report should be submitted in writing and should contain the following:

(i) a brief description of the overall utility system and service area;

(ii) an analysis of the plant capacity as defined in subparagraph (A) of this paragraph;

(iii) details on how the retail public utility will provide service to the remaining areas within the boundaries of its certificated area. This includes projections of cost and expected design and installation dates for additional facilities.

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

## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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September 28, 2011

**c-Signature Confirmation - 91 3408 2133 3932 0108 9113**

Edward R. Wallace, President  
10913 Metronome Drive  
Houston, TX 77043-2201

Re: Notice of Violation for the Compliance Evaluation Investigation at:  
Windmill Trail WS, Paradise, Wise County, Texas  
RN 101180917, TCEQ ID No.: 2490050, Investigation No.: 955855

Dear Mr. Wallace:

On September 7, 2011, Mr. Steven Mindt of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supply. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by December 27, 2011, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the D/FW Region Office at 817-588-5800 or the Central Office Publications Ordering Team at 512-239-0028.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the D/FW Region Office within 10 days from the date of this letter. At that time, Mr. Charles Marshall will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may

Mr. Wallace  
September 28, 2011  
Page 2

still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

If you or members of your staff have any questions, please feel free to contact Mr. Steven Mindt in the D/FW Region Office at (817) 588-5843.

Sincerely,



Charles Marshall, Public Water Supply Section, Team Leader  
Dallas/Fort Worth Region Office

CM/sm

Enclosures: Summary of Investigation Findings

CC: ✓ David Bowman; 801 S. Files St., Itasca, TX 76055

## Summary of Investigation Findings

WINDMILL TRAIL	Investigation # 955855
, WISE COUNTY,	Investigation Date: 09/07/2011
Additional ID(s): 2490050	

### OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 446705      Compliance Due Date: 12/27/2011  
30 TAC Chapter 290.46(n)(3)

**Alleged Violation:**

Investigation: 955855

Comment Date: 9/12/2011

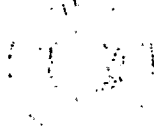
Failure to provide a copy of the well data sheet at the time of the inspection.

At the time of inspection the water system was unable to provide a copy of the well log.

290.46(n)(3) Copies of well completion data such as well material setting data, geological log, sealing information disinfection,, microbiological sample results, and chemical analysis report of a representative sample of water from the well shall be kept on file for as long as the well remains in service.

**Recommended Corrective Action:** Provide a copy of the well log to TCEQ.

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



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

October 4, 2011

**c-Signature Confirmation - 91 3408 2133 3932 0108 9120**

Edward R. Wallace, President  
10913 Metronome Drive  
Houston, TX 77043-2201

Re: Notice of Violation for the Compliance Evaluation Investigation at:  
Coyote Ridge Addition WS, Rhome, Wise County, Texas  
RN 101214534, TCEQ ID No.: 2490053, Investigation No.: 956957

Dear Mr. Wallace:

On September 14, 2011, Mr. Steven Mindt of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supply. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by January 2, 2012, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the D/FW Region Office at 817-588-5800 or the Central Office Publications Ordering Team at 512-239-0028.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the D/FW Region Office within 10 days from the date of this letter. At that time, Mr. Charles Marshall will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may

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Mr. Wallace  
October 4, 2011  
Page 2

still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

If you or members of your staff have any questions, please feel free to contact Mr. Steven Mindt in the D/FW Region Office at (817) 588-5843.

Sincerely,



Charles Marshall, Public Water Supply Section, Team Leader  
Dallas/Fort Worth Region Office

CM/sm

Enclosures: Summary of Investigation Findings

CC: David Bowman; 801 S. Files St., Itasca, TX 76055

## Summary of Investigation Findings

COYOTE RIDGE ADDITION	Investigation # 956957
, WISE COUNTY,	Investigation Date: 09/14/2011
Additional ID(s): 2490053	

### OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 447114      Compliance Due Date: 01/02/2012  
30 TAC Chapter 290.41(c)(3)(N)

**Alleged Violation:**

Investigation: 956957

Comment Date: 9/20/2011

Failure to provide a functioning flow measuring device.

The well meter at Plant #2 was not operational at the time of the inspection.

290.41(c)(3)(N) Flow measuring devices shall be provided for each well to measure production yields and provide for the accumulation of water production data.

**Recommended Corrective Action:**

Repair or replace the meter and maintain in proper working order.

Track No: 447115      Compliance Due Date: 01/02/2012  
30 TAC Chapter 290.46(n)(3)

**Alleged Violation:**

Investigation: 956957

Comment Date: 9/20/2011

Failure to provide a copy of the well data sheet at the time of the inspection.

At the time of inspection the water system was unable to provide a copy of the well log.

290.46(n)(3) Copies of well completion data such as well material setting data, geological log, sealing information disinfection,, microbiological sample results, and chemical analysis report of a representative sample of water from the well shall be kept on file for as long as the well remains in service.

**Recommended Corrective Action:** Provide a copy of the well log to TCEQ.

Track No: 447208      Compliance Due Date: 01/02/2012  
30 TAC Chapter 290.45(b)(1)(C)(i)

**Alleged Violation:**

Investigation: 956957

Comment Date: 9/22/2011

Failure to provide 0.6 gpm per connection.

The well capacity required for 113 connections is 67.8 gpm (113 x 0.6 gpm), the system only provides 50 gpm.

290.45(b)(1)(C)(i) [For 50 to 250 connections the system must meet the following requirements:] a well capacity of 0.6gpm per connection.

**Recommended Corrective Action:** Increase the total production capacity in order to meet the minimum required capacity of 0.6 gpm per connection. Please note that if any changes are made to the water production facilities in order to correct this violation which will result in any increase or decrease in capacity, notification as outlined below will be required.

Public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, pressure maintenance, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request. The following is considered to be significant: proposed changes to existing systems which result in an increase or decrease in production, treatment, storage, or pressure maintenance capacity.

Please notify TCEQ in writing if a significant change has or will occur. After notification, the TCEQ will determine if plans and specifications prepared by a licensed engineer will be required. Send the notification to : TCEQ, Water Supply Division, Technical Review and Oversight Team, MC 155, P.O. Box 13087, Austin, Texas 78711-3087; Phone: (512) 239-4961.

The water system also has the option to request an exception to these requirements by writing to the TCEQ Water Supply Division, Technical Oversight Team, at the address listed above.

Please submit compliance documentation to the TCEQ Region 4 Office which describes the corrective action taken by the water system. Please include a copy of the notification if a significant change is made or a copy of the granted exception request from the Technical Review and Oversight Team, if applicable.

**ADDITIONAL ISSUES**

Description  
Item 4

Additional Comments

During the inspection it was noted that the exterior surface of the storage tank had a small amount of rust.

**Corrective action:** Repair and maintain the exterior coating of the storage tank.



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



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

September 28, 2011

**c-Signature Confirmation - 91 3408 2133 3932 0108 9335**

Edward R. Wallace, President  
10913 Metronome Drive  
Houston, TX 77043-2201

Re: Notice of Violation for the Compliance Evaluation Investigation at:  
Sky View Ranch Estates WS, Rhome, Wise County, Texas  
RN 101200392, TCEQ ID No.: 2490061, Investigation No.: 955867

Dear Mr. Wallace:

On September 7, 2011, Mr. Steven Mindt of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supply. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by December 27, 2011, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the D/FW Region Office at 817-588-5800 or the Central Office Publications Ordering Team at 512-239-0028.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the D/FW Region Office within 10 days from the date of this letter. At that time, Mr. Charles Marshall will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may

## Summary of Investigation Findings

SKY VIEW RANCH ESTATES

Investigation # 955867

, WISE COUNTY,

Investigation Date: 09/07/2011

Additional ID(s): 2490061

### OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 446707 Compliance Due Date: 12/27/2011  
30 TAC Chapter 290.46(n)(3)

**Alleged Violation:**

Investigation: 955867

Comment Date: 9/12/2011

Failure to provide a copy of the well data sheet at the time of the inspection.

At the time of inspection the water system was unable to provide a copy of the well log.

290.46(n)(3) Copies of well completion data such as well material setting data, geological log, sealing information disinfection,, microbiological sample results, and chemical analysis report of a representative sample of water from the well shall be kept on file for as long as the well remains in service.

**Recommended Corrective Action:**

Provide a copy of the well log to TCEQ.

**EXHIBIT J**

**EXPLANATION OF NI AMERICA TEXAS, LLC ACTIONS**

**Ty Embrey**

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**From:** Steven Mindt <Steven.Mindt@tceq.texas.gov>  
**Sent:** Thursday, January 05, 2012 2:26 PM  
**To:** Mike Ashfield  
**Cc:** Craig Sherwood  
**Subject:** Re: Brighton follow up

Hello Mike,

Thank you for the well log. I have already processed the paperwork. I gave you partial compliance with full compliance pending the next inspection. So, there is nothing else that needs to be done. Just make certain that all of the information that you sent to me makes it into the systems' files for review during the next inspection.

At that time we will sign off on all of the painting and 85% capacity rules (provided the well rehab. has worked or the wells come back).

So, for now, thank you and we'll clean-up the files and resolve all of the remaining alleged violations and "additional issues" on the next inspection cycle.

Steve

If you have any questions, feel free to contact me at (817) 588-5843, or e-mail me at [Steven.Mindt@tceq.texas.gov](mailto:Steven.Mindt@tceq.texas.gov)

Thank you,

Steven Mindt  
Environmental Investigator  
Texas Commission on Environmental Quality, Region 4 Public Water Supply  
2309 Gravel Drive  
Fort Worth, Texas 76118-6951

>>> Mike Ashfield <[mashfield@niamerica.com](mailto:mashfield@niamerica.com)> 1/5/2012 2:12 PM >>>  
Steve,

Attached is the well report for Coyote Ridge as noted in your voice mail that didn't make the documents submitted. Thanks for the follow up and hope this is what is needed.

Mike

Michael J. Ashfield  
Ni America LLC

10913 Metronome Dr.  
Houston, Texas 77043  
(o) 713-574-7762  
(c) 979-224-2334

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## Ni America Texas, LLC

October 13, 2011

Charles Marshall  
TCEQ Public Water supply Section  
D/FW Region Office  
2309 Gravel Dr.  
Fort Worth, TX 76118-6951

Re: NOV for Chisholm Hills Estates, Decatur, Wise County, Texas; Investigation No. 956891

Dear Mr. Marshall:

I am writing in response to the above referenced Compliance Evaluation Inspection, performed September 14, 2011. Within your correspondence to us, dated October 4, 2011, it was noted there was a "Failure to maintain or properly plug an abandoned well." per 30 TAC Chapter 290.46(u).

While we have until January 2, 2012, to respond and correct the noted violations, if additional information is available to support a position to the contrary, we are to submit it to your office within ten days of our letter (October 14). As such, attached herein is a Plugging Report completed by a licensed well driller and approved by the previous owner of the utility.

We welcome the opportunity to visit with you and your staff concerning this item as well as our general plan to address all noted violations for this well site as well as the others inspected for same utility. Due to our internal travel schedules, we offer the following dates for a meeting with you: November 11th, 14th, or 15th.

You can either call me (713-574-7762) or email me ([mashfield@niamerica.com](mailto:mashfield@niamerica.com)) to confirm which date and time is good for you.

Sincerely,



Michael J. Ashfield

Attachment

cc: Ni America: Andy Thomas, Craig Sherwood, and Rick Melcher

Please use black ink.

File WHITE COPY with:  
TNRCC  
P.O. Box 13087, MC 177  
Austin, TX 78711-3087  
512-239-0530

State of Texas  
PLUGGING REPORT

(This form must be completed and filed with the TNRCC  
within 30 days following the date the well is plugged as  
required by current statutory law.)

Texas Water Well Drillers Advisory Council  
P.O. Box 13087  
Austin, TX 78711-3087  
512-239-0530

A. WELL IDENTIFICATION AND LOCATION DATA

1) OWNER WISE SERVICES (WATER DEPT.) ADDRESS BOX 269 DECATUR, TEXAS 76234  
(Name) (Street or RFD) (City) (State) (Zip)

2) ADDRESS OF WELL: County WISE CHISHOLM DRIVE DECATUR, TEXAS 76234 GRID # 19-61-2  
(Street, RFD or other) (City) (State) (Zip)

3) OWNER'S WELL NO: 2 4) WELL TYPE(Check):  Water  Monitor  Injection  De-watering

Driller, Pump Installer, or Landowner performing the plugging operations must locate and identify the location of the well within a specific grid on a full scale-gridded County map available from the TNRCC/Installers Certification Program. The location of the well should be denoted within the grid by placing a corresponding dot in the grid to the right. The legal description section below is optional.

LEGAL DESCRIPTION:

Section No. \_\_\_\_\_ Block No. \_\_\_\_\_ Township \_\_\_\_\_

Abstract No. \_\_\_\_\_ Survey Name \_\_\_\_\_

Distance and direction from two intersecting section lines or survey lines: \_\_\_\_\_

B. HISTORICAL DATA ON WELL TO BE PLUGGED (if available)

6) Driller EDWARD THOMAS License No. 1293 WI City BOWIE, TEXAS

7) Drilled AUGUST 19 96: 8) Diameter of hole 10 inches; 9) Total depth of well 620 feet.

C. CURRENT PLUGGING DATA

10) Date well plugged JAN. 1, 2002

11) Sketch of well: Using space at right, show method of plugging the well including all casing and cemented intervals.

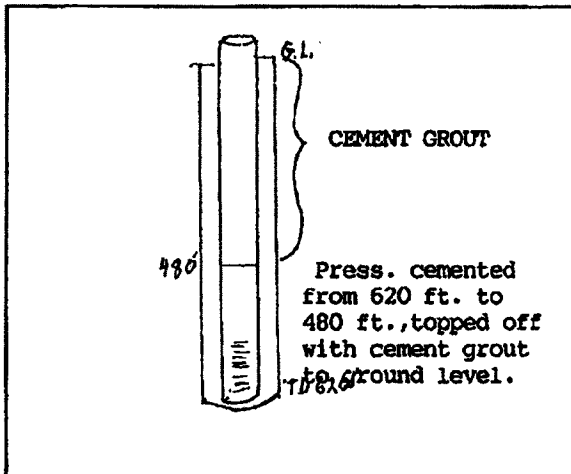
12) Name of Driller/Pump Installer actually performing the plugging operations

EDWARD THOMAS

License number 1293WI

13) Casing and cementing data relative to the plugging operations:

DIAMETER (inches)	CASING LEFT IN WELL	
	FROM (feet)	TO (feet)
6 5/8	G.L.	620
CEMENT PLUG(S) PLACED IN WELL		SACK(S) OF CEMENT USED
FROM (feet)	TO (feet)	
480	620	25-portland
G.L.	480	95 cu ft.



D. VALIDATION OF INFORMATION INCLUDED IN FORM

I hereby certify that this well was plugged by me (or under my supervision) and that each and all of the statements herein are true to the best of my knowledge and belief. I understand that failure to complete items 1 thru 13 will result in the report(s) being returned for completion and resubmittal.

Company or Individual's Name (type or print) TIM HALL INC

Address: Street or RFD BOX 1300 City Bowie State Texas Zip 76230

Signatures: [Signature] 2-5-2002  
Licensed Driller/Pump Installer Date

[Signature] 2-5-02  
Owner of Well Date

Trainee/Apprentice \_\_\_\_\_ Date \_\_\_\_\_

Send one (1) copy each to: TNRCC, WELL OWNER, LICENSED WELL DRILLER/PUMP INSTALLER

**EXHIBIT K**

EFFECT OF GRANTING OF CCN AMENDMENT



## **EXHIBIT K – EFFECT OF GRANTING CERTIFICATE AMENDMENT**

### **Applicant**

The applicant, Ni America Texas LLC will benefit from the granting of the proposed CCN amendment by increasing its customer base, growing its water sales and creating more economies of scale.

### **Retail Public Utility of Same Kind Already Serving the Proximate Area**

The granting of this requested CCN amendment will not impact Aqua Utilities (CCN No. 11157) - the only retail public utility within two (2) miles of the proposed service area. Aqua Utilities was approached about providing water service to the proposed service area and Aqua Utilities was not interested in providing the requested service.

### **Landowner in the Requested Area**

As the enclosed request for water service correspondence indicates, the landowner, Doud Land Company, and its lessee, Multi Chem Group, will benefit from the provision of water service by Ni America Texas, LLC. If this CCN amendment application is granted, the source of the water that is needed by the Multi Chem Group to operate its oil and gas services facility will be Ni America Texas's centralized water distribution system. Currently, the water source for the Multi Chem Group facility is a water well and Multi Chem would like to lessen its reliance on this groundwater source.

**EXHIBIT L**

**PROFIT AND LOSS STATEMENT / CURRENT BALANCE SHEET**

**Ni America Texas LLC**  
**Consolidated Balance Sheet**  
**As of September 30, 2013 and December 31, 2012**

<i>Balance Sheet</i>	<u>9/30/2013</u>	<u>12/31/2012</u>
Current Assets		
Cash		
Cash	\$ 280,586	\$ 107,781
Total Checking/Savings	280,586	107,781
Other Current Assets		
Accts Rec from Customers	165,241	119,155
Accum Provision for Uncollectible Accts	(49,687)	(40,072)
Accrued Utility Revenues	2,489	2,489
Accts Rec from Others	269	-
Accts Rec from Assoc Co - Ni Am Cap Mgmt	48,386	48,386
Accts Rec from Assoc Co - Ni America Operating	11,733	18,943
Accts Rec from Assoc Co - Ni Am TX Dev	15,072	8,857
Accts Rec from Assoc Co - Ni Florida	765,079	-
Accts Rec from Assoc Co - Palmetto WW Reclamation	467,000	320,000
Inventory	9,011	-
Prepayments	10,096	3,894
Total Other Current Assets	1,444,690	481,651
Total Current Assets	1,725,275	589,432
Advances to affiliates - Ni Cap Mgmt	1,421,023	1,268,729
Deferred Rate Case Expenses	23,645	32,898
Unamortized Debt Expense	23,369	5,198
Fixed Assets		
Utility Property	2,795,334	2,769,796
Accumulated Depreciation	(592,860)	(480,189)
Total Property and Investments	3,670,511	3,596,432
Total Assets	<u>\$ 5,395,786</u>	<u>\$ 4,185,865</u>
Liabilities & Equity		
Liabilities		
Current & Accrued Liabilities		
Accounts Payable	\$ 22,725	\$ 21,585
Short-Term Notes Payable	9,492	12,120
Short-Term Notes Payable - Bank of America	142,022	102,450
A/P to Assoc Co. - Ni America Operating	89,519	89,513
A/P to Assoc Co. - Ni America Cap Mgmt	6,710	6,340
A/P to Assoc Co. - Ni Florida	38,086	36,505
A/P to Assoc Co. - Palmetto Utilities	269,989	161,585
A/P to Assoc Co. - Palmetto of Richland County	943	-
Customer Deposits	29,601	26,651
Accrued Interest	2,644	4,536
Accrued Taxes	22,686	15,187
Misc Current & Accrued Liabilities	9,764	9,132
Total Current & Accrued Liabilities	644,183	485,604
Long-Term Liabilities		
Long-Term Notes Payable	-	6,384
Long-Term Notes Payable - Bank of America	1,923,255	1,079,740
CIAC - Net	16,887	5,824
Total Long-Term Liabilities	1,940,142	1,091,948
Total Liabilities	2,584,325	1,577,552
Equity		
Other Paid-In Capital	2,048,587	2,048,587
Accum Other Comp Income	(1,205)	(1,205)
Retained Earnings	560,930	378,486
Net Income (Loss)	203,149	182,444
Total Equity	2,811,461	2,608,313
Total Liabilities & Equity	<u>\$ 5,395,786</u>	<u>\$ 4,185,865</u>

**NI America Texas LLC**  
**Consolidated Income Statement and Statement of Cash Flows**  
**For the One Month Ending September 30, 2013**

<i>Income Statement</i>	<u>Actual</u>	<u>Budget</u>
ERCs	953	951
Revenue	\$ 89,455	\$ 85,910
Operation and Maintenance	32,254	34,053
Utility EBITDA	<u>57,202</u>	<u>51,857</u>
Interest Expense	7,455	7,455
Depreciation/Amortization Expense	13,482	13,481
Net Income / (Loss)	<u>\$ 36,265</u>	<u>\$ 30,921</u>
<i>Statement of Cash Flow</i>		
Operating		
Net Income / (Loss)	\$ 36,265	
Depreciation/Amortization Expense	13,482	
Working Capital	(3,511)	
Net cash provided by (used in) Operating Activities	<u>46,236</u>	
Investing		
Fixed Assets	(1,200)	
Net cash provided by (used in) Investing Activities	<u>(1,200)</u>	
Financing		
Long-Term Notes Payable	(4,585)	
Net cash provided by (used in) Financing Activities	<u>(4,585)</u>	
Net cash increase (decrease) for period	<u>40,452</u>	
Cash at beginning of period	240,134	
Cash at end of period	<u>\$ 280,586</u>	

**Ni America Texas LLC**  
**Consolidated Income Statement and Statement of Cash Flows**  
**For the Nine Months Ending September 30, 2013**

<i>Income Statement</i>	<u>Actual</u>	<u>Budget</u>
<i>ERCs</i>	953	951
Revenue	\$ 692,564	\$ 709,439
Operation and Maintenance	305,113	311,744
Utility EBITDA	<u>387,451</u>	<u>397,695</u>
Interest Expense	63,025	63,028
Depreciation/Amortization Expense	121,276	121,272
Net Income / (Loss)	<u>\$ 203,149</u>	<u>\$ 213,394</u>
<i>Statement of Cash Flow</i>		
Operating		
Net Income / (Loss)	\$ 203,149	
Depreciation/Amortization Expense	121,276	
Working Capital	<u>(859,575)</u>	
Net cash provided by (used in) Operating Activities	(535,150)	
Investing		
Investment in/Advances to Affiliates	(152,294)	
Fixed Assets	<u>(25,537)</u>	
Net cash provided by (used in) Investing Activities	(177,831)	
Financing		
Long-Term Notes Payable	874,076	
CIAC-Net	<u>11,710</u>	
Net cash provided by (used in) Financing Activities	<u>885,786</u>	
Net cash increase (decrease) for period	<u>172,805</u>	
Cash at beginning of period	<u>107,781</u>	
Cash at end of period	<u>\$ 280,586</u>	

**EXHIBIT M**

TARIFF

**WATER UTILITY TARIFF  
FOR**

Ni America Texas, LLC  
(Utility Name)

10913 Metronome Dr.  
(Business Address)

Houston, Texas 77043  
(City, State, Zip Code)

(713) 574-5952  
(Area Code/Telephone)

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

11922

This tariff is effective in the following county:

Johnson & Wise

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

N/A

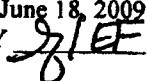
This tariff is effective in the following subdivisions and public water systems:

See attached List

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES .....	4
SECTION 3.0 -- EXTENSION POLICY .....	11
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN .....	16
APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

TEXAS COMM. ON ENVIRONMENTAL QUALITY  
36197-S, CCN 11922, June 18, 2009  
APPROVED TARIFF BY 

Ni America Texas, LLC

Shaded Lane Estates	1260103	Johnson
Chisholm Hills	2490046	Wise
Coyote Ridge	2490053	Wise
Hills of Oliver Creek	2490046	Wise
Royal Oaks		Wise
Sage Brush Estates	2490058	Wise
Skyview Ranch	2490061	Wise
Windmill Trails	2490050	Wise

TEXAS COMM. ON ENVIRONMENTAL QUALITY  
36197-S, CCN 11922, June 18, 2009  
APPROVED TARIFF BY *JLEF*



SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
-------------------	-------------------------------	-------------------------

These rates are effective on August 25, 2011 for Brighton Cycle 1 and Brighton Cycle 2 customers. These rates are effective on August 29, 2011 for Shaded Lane customers.

5/8" or 3/4"	<u>\$40.00</u> (Includes 0 gallons)	<u>\$4.00</u> per 1,000 gallons up to 10,000 gallons
1"	<u>\$159.23</u>	<u>\$7.50</u> per 1,000 gallons over 10,000 gallons
1 1/2 "	<u>\$318.45</u>	
2"	<u>\$509.52</u>	
3"	<u>\$955.35</u>	

On August 25, 2012, the 5/8" or 3/4" rate will be \$50.00 (Includes 0 gallons) for Brighton Cycle 1 and Brighton Cycle 2 customers, and on August 29, 2012, the 5/8" or 3/4" rate will be \$50.00 for Shaded Lane customers (Includes 0 gallons). No other changes to the rates listed in this tariff.

On August 25, 2013, the 5/8" or 3/4" rate will be \$60.00 (Includes 0 gallons) for Brighton Cycle 1 and Brighton Cycle 2 customers, and on August 29, 2013, the 5/8" or 3/4" rate will be \$60.00 for Shaded Lane customers (Includes 0 gallons). No other changes to the rates listed in this tariff.

FORM OF PAYMENT: The utility will accept the following forms of payment: Cash X, Check X, Money Order X, Credit Card X, Other (specify) \_\_\_\_\_  
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 ASSESSMENT..... 1.0%  
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE ..... \$750.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs) ..... Actual Cost  
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

RATES LISTED ARE EFFECTIVE ONLY  
IF THIS PAGE HAS TCEQ APPROVAL STAMP

TEXAS COMM. ON ENVIRONMENTAL QUALITY  
36926-R, CCN 11922, AUG. 25, 2011 & AUG. 29, 2011  
APPROVED TARIFF BY: *JIEF*

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER TEST FEE ..... \$25.00  
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

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

- a) Non payment of bill (Maximum \$25.00) ..... \$25.00
- b) Customer's request that service be disconnected ..... \$40.00

TRANSFER FEE ..... \$30.00  
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) ..... 10%  
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 (Maximum \$50) ..... \$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT ..... 1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE ..... N/A  
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)]

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.

RATES LISTED ARE EFFECTIVE ONLY  
IF THIS PAGE HAS TCEQ APPROVAL STAMP

TEXAS COMM. ON ENVIRONMENTAL QUALITY  
36197-S, CCN 11922, June 18, 2009  
APPROVED TARIFF BY SLP

**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 Water 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.

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 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 if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 30 T. A. C. 291.86(a)(1)(C). 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 2.04 - Utility Response to Applications for Service**

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and utility cut-off valve 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 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

No direct connection between a public water supply system and any potential source of contamination or between a public water supply system and a private water source (ex. private well) will be allowed. A customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises.

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality Rules and Regulations for Public Water Systems, Section 290.46(j). The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required.

## SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in Section 290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

Section 2.08 - Access to Customer's Premises

The utility will have the right of access to the customer's premises at all reasonable times for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours and the utility personnel will attempt to notify the customer that they will be working on the customer's property. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

All customers or service applicants shall provide access to meters and utility cutoff valves 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.

TEXAS COMM. ON ENVIRONMENTAL QUALITY  
35749-S, CCN 11922, APRIL 10, 2008  
APPROVED TARIFF BY *JIEE*

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.09 - Meter Requirements, Readings, and Testing

One meter is required for each residential, commercial, or industrial connection. All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers.

Meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

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.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

(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 2.11- 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.



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 36 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 production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the Texas Commission on Environmental Quality Rules and Regulations for Public Water Systems.

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.

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the Commission.

Section 2.17 - Customer Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

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.

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the additional cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

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SECTION 3.0 -- EXTENSION POLICY (Continued)

Unless an exception is granted by the TCEQ's Executive Director, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the TCEQ Executive Director if

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

The utility will bear the full cost of any over-sizing of water mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional production, storage, or treatment facilities. Contributions in aid of construction may not be required of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.03 - Contributions in Aid of Construction

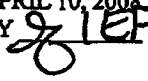
Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with Texas Commission on Environmental Quality minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or Texas Commission on Environmental Quality minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction for the actual costs of any additional facilities required to maintain compliance with the Texas Commission on Environmental Quality minimum design criteria for water production, treatment, pumping, storage and transmission.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 TAC 291.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the Texas Commission on Environmental Quality minimum design criteria. As provided by 30 T.A.C. 291.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

A utility may only charge a developer standby fees for unrecovered costs of facilities committed to a developer's property under the following circumstances:

- Under a contract and only in accordance with the terms of the contract; or
- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utility's approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.
- for purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

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## SECTION 3.0 -- EXTENSION POLICY (Continued)

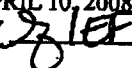
Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, TCEQ rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant 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 payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the 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 property(ies) is located.

Section 3.05 - Applying for Service

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. Service application forms will be available at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, the applicant may refer the matter to the TCEQ for resolution.

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SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.06 - Qualified Service Applicant

A "qualified service applicant" is an applicant who has: (1) met all of the Utility's requirements for service contained in this tariff, TCEQ rules and/or TCEQ order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the Utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

The Utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by TCEQ rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The TCEQ service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by TCEQ rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, the Utility shall require a developer (as defined by TCEQ rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.

**EXHIBIT N**

**List of Neighboring Utilities and Cities**


**EXHIBIT N**

**LIST OF NEIGHBORING UTILITIES WITHIN TWO MILES OF PROPOSED SERVICE AREA**

CCN No. 11157  
Aqua Utilities, Inc. (dba Aqua Texas, Inc.)  
1106 Clayton Lane, Suite 400W  
Austin, Texas 78723-1066

**LIST OF CITIES WITHIN TWO MILES OF PROPOSED SERVICE AREA**

City of New Fairview  
999 Illinois Lane  
New Fairview, Texas 76078



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