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APPLICATION FOR A RATE/TARIFF CHANGE

SECTION IA - GENERAL INFORMATION

Applicant: W. E. Vlasek (Individual, Corporation, or Other Legal Entity)

Utility Name: dba Shalako Estates and Canyon Springs Water Systems
(If different than above)

Legal form of Application:

☒ Individual
☐ Partnership
☐ Corporation Provide Charter Number _____
☐ Sub Chapter-S Corporation
☐ Other: _____

Utility Address: PO Box 326 Hunt TX 78024
Street Address or Location City State Zip Code

County(ies) where services are provided: Kerr

CCN Number(s): 12685

Contact Person: Karen Hux Telephone Number: 830-238-4877

Position: Office Manager Fax Number: 830-367-1347

Address: PO Box 326 Hunt TX 78024
Street Address or Location City State Zip Code

If the applicant is a corporation, please provide a copy of the corporation's "Certificate of Account Status" (regarding the payment of franchise taxes) from the State Comptroller's Office. This "Certificate of Account Status" can be obtained from the website at:

Comptroller of Public Accounts, Office Management

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

SECTION - MISCELLANEOUS INFORMATION

- A. How often and on what dates are water meters typically read? Monthly, on or after the 20th of each month
- B. When are bills typically sent out? As they are prepared, within a week of meters being read
- C. Do you serve customers within the corporate limits of a municipality? If No, Go to D.
 ___ Yes **X** No

If yes, which municipalities? _____

Have you filed a request to change rates with the municipality? ___ Yes ___ No.

If no, please explain: _____

- D. Are you currently collecting the Regulatory Assessment Fee from your customers? **X** Yes ___ No

If yes, are you current in your payment of the Regulatory Assessment Fee to the Texas Commission on Environmental Quality or the predecessor agency, Texas Water Commission, for assessments payable beginning January 1, 1992? **X** Yes ___ No

- E. *Water Utilities:* Please indicate the Public Water System Identification numbers for each of your systems:

System Name	TCEQ PWS ID #	County	Rate Increase Applicable?
Canyon Springs Water Works	1330006	Kerr	Yes
Shalako Water Supply	1330119	Kerr	Yes
Rustic Hills WSC	1330086	Kerr	No
Mary Meade Water Company	1330093	Kerr	No
Village West Water System	1330136	Kerr	No

For each of the systems, please provide a copy of the most recent public water system annual inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies.

ay Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 22, 2009

Mr. Bill Vlasek, Owner
Vlaseks Pump Company
PO BOX 326
Hunt, TX 78024-0326

Re: Notice of Compliance with Notice of Violation (NOV) dated February 5, 2009:
Canyon Springs Water Works, Hwy 39 between Ingram and Hunt, Kerr County, Texas
RN102410990, TCEQ PWS ID: 1330006, Investigation No. 749412

Dear Mr. Vlasek:

This letter is to inform you that Texas Commission on Environmental Quality (TCEQ) TCEQ San Antonio Region Office received compliance documentation on March 24, May 20 and June 9, 2009 to resolve the alleged violations documented during the investigation of the above-referenced regulated entity conducted on December 17, 2009. Based on the information submitted, no further action is required concerning this investigation.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions, please feel free to contact Mr. Chris Friesenhahn in the San Antonio Region Office at (210) 403-4055.

Sincerely,

A handwritten signature in black ink, appearing to read "Joy Thurston-Cook", is written over the typed name.

Joy Thurston-Cook
Water Section Work Leader
San Antonio Region Office

A handwritten mark, possibly initials, in black ink, is written to the right of the typed name.

JTC/CF/adj

File: C/S

(Rev. 9/20/07)

REPLY TO: REGION 13 • 14250 JUDSON RD. • SAN ANTONIO, TEXAS 78233-4480 • 210-490-3096 • FAX 210-545-4329

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • Internet address: www.tceq.state.tx.us

VLASEK PUMP COMPANY

P.O. Box 326
Hunt, Texas 78024

Phone: 830-238-4877

Fax: 830-367-1346

May 19, 2009

Texas Commission On Environmental Quality
Attn: Chris Friesenhahn
Region 13 – San Antonio
14250 Judson Road
San Antonio, Texas 78233-4480

Re: Response to Notice of Violation for the Comprehensive Compliance Investigation at:
Canyon Springs Water Works, Hwy 39 between Ingram and Hunt, Kerr County, Texas
RN102410990, TCEQ PWS ID: 1330006, Investigation No. 724156

Dear Mr. Friesenhahn,

Well, the corrective work continues. I have enclosed photos of work we have completed at Ranch Rim Well in Canyon Springs Water Works PWS ID No. 1330006. As referenced by the enclosed pictures, we have:

- Repaired and sealed leaks on the storage tank at Ranch Rim to make it watertight.
- Painted the sight gauge at high, medium, and low water levels.
- Installed a new manway cover, chain, and lock.

The pressure tank at the Clearwater well in Canyon Springs Water Works is still under repair. I will notify you when it is completed.

If you have any questions or comments, please contact me at (830) 238-4877. Thanks for all of your assistance.

Sincerely,



Art Swan,
Canyon Springs Water Works

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 5, 2009

CERTIFIED MAIL 91 7108 2133 3934 3852 4143
RETURN RECEIPT REQUESTED

Mr. Bill Vlasek, Owner
Vlaseks Pump Company
PO BOX 326
Hunt, TX 78024-0326

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Canyon Springs Water Works, Hwy 39 between Ingram and Hunt, Kerr County, Texas
RN102410990, TCEQ PWS ID: 1330006, Investigation No. 724156

Dear Mr. Vlasek:

On December 17, 2008, Mr. Chris Friesenhahn of the Texas Commission on Environmental Quality (TCEQ) San Antonio Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supplies. 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 March 24, 2009 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 alleged violations, we have cited applicable requirements, including TCEQ rules. If you would like to obtain a copy of the applicable TCEQ rules, you may contact any of the sources listed in the enclosed brochure entitled "Obtaining TCEQ Rules." Copies of applicable federal regulations may be obtained by calling Environmental Protection Agency's Publications at (800) 490-9198.

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 San Antonio Region Office within 10 days from the date of this letter. At that time, Mr. Tom Haberle, Water Section Manager 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 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.


REPLY TO: REGION 13 • 14250 JUDSON RD. • SAN ANTONIO, TEXAS 78233-4480 • 210-490-3096 • FAX 210-545-4329

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • Internet address: www.tceq.state.tx.us

Mr. Bill Vlasek
Page 2
January 30, 2009

If you or members of your staff have any questions, please feel free to contact Mr. Friesenhahn in the San Antonio Region Office at (210) 403-4055.

Sincerely,

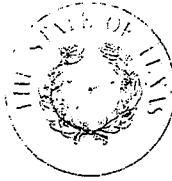


Joy Thurston-Cook
Water Section Work Leader
Texas Commission on Environmental Quality
San Antonio Region Office

JTC/CF/adj

Enclosures: Summary of Investigation Findings
 Obtaining TCEQ Rules

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 12, 2009

Mr. Bill Vlasek, Owner
Vlasek Pump Company
P.O. Box 326
Hunt, TX 78024

Re: Notice of Compliance with Notice of Violation (NOV) dated: April 17, 2009
Shalako Water Supply, Kerr County, Texas
RN1012686847, TCEQ Additional ID: 1330119, Investigation No. 748734

Dear Mr. Vlasek:

This letter is to inform you that the Texas Commission on Environmental Quality (TCEQ) San Antonio Region Office has received adequate compliance documentation on May 8, 2009 to resolve the alleged violations documented during the investigation of the above-referenced regulated entity conducted on March 29, 2009. Based on the information submitted by Mr. Art Swan, no further action is required concerning this investigation.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment and the Public's health. If you or members of your staff have any questions, please feel free to contact Mr. Don White at the San Antonio Region Office at (210) 403-4054.

Sincerely,

A handwritten signature in cursive script that reads "Joy Thurston-Cook".

Ms. Joy Thurston-Cook
Water Section Work Leader
San Antonio Region Office

JTC/DCW/adj

(Rev. 9/20/07)

REPLY TO: REGION 13 • 14250 JUDSON RD. • SAN ANTONIO, TEXAS 78233-4480 • 210-490-3096 • FAX 210-545-4329

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • Internet address: www.tceq.state.tx.us

VLASEK PUMP COMPANY

P.O. Box 326
Hunt, Texas 78024

Phone: (830) 238-4877

Fax: (830) 367-1347

May 7, 2009

Texas Commission On Environmental Quality
Attn: Don White
Region 13 – San Antonio
14250 Judson Road
San Antonio, Texas 78233-4480

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Shalako Water Supply, Kerr County, Texas
RN102686847, PWS ID No. 1330119, Investigation No. 741474

Dear Mr. White,

Enclosed is the documentation of our response to the above referenced Notice of Violation.

Since your visit, we have:

1. Completed and maintain a ground storage Tank Inspection Report.
2. Completed and maintain a current Distribution Map.
3. Completed and maintain a current Operations Manual.
4. Chained and locked the manway to the ground storage tank.
5. Installed and maintain a raw water sample tap at the well.

We hope these actions will resolve the violations noted in this investigation. Thank you for all of your assistance and if you have any further comments or questions, please feel free to contact me.

Sincerely,



Art Swan
Shalako Estates Water Supply

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

April 14, 2009

Mr. Bill Vlasek, Owner,
Vlaseks Pump Company
P.O. Box 326
Hunt, Texas 78024

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Shalako Water Supply, Kerr County, Texas,
RN102686847, PWS ID No. 1330119, Investigation No. 741474

Dear Mr. Vlasek:

On March 25, 2009, Mr. Don White of the Texas Commission on Environmental Quality (TCEQ) San Antonio Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supply systems. Enclosed is a summary which lists the investigation findings. During the investigation five outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by June 25, 2009 a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for the outstanding alleged violations.

In the listing of alleged violations, we have cited applicable requirements, including TCEQ rules. If you would like to obtain a copy of the applicable TCEQ rules, you may contact any of the sources listed in the enclosed brochure entitled "Obtaining TCEQ Rules." Copies of applicable federal regulations may be obtained by calling the Environmental Protection Agency's Publications at (800) 490-9198.

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 and the Public's health. If you have additional information that we are unaware of, you have the opportunity to contest the violation(s) documented in this notice. Should you choose to do so, you must notify the Region Office within 10 days from the date of this letter. At that time, Mr. Tom Haberle, Water Program Manager will schedule a violation review meeting to be conducted within 21 days of the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may 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.

Mr. Bill Vlasek
Page 2
April 14, 2009

If you or members of your staff have any questions, please feel free to contact Mr. Don White in the San Antonio Region Office at (210) 403-4054.

Sincerely,



Joy Thurston-Cook
Water Section Work Leader
San Antonio Region Office

JTC/DCW/adj

Enclosures: Summary of Investigation Findings
 Annual Tank Inspection Checklist

INFORMATION REQUIRED
FOR A
WATER RATE/TARIFF CHANGE

SECTION II: OPERATION INFORMATION – WATER

Manager (or owner if services are routinely provided to the utility)

Name: Buren "Trey" Whitten, III Relationship to Owner: NoneShort job description: Administrative support and oversight of all repair and maintenance needsApproximate number of hours per week this person works for the company: **8**Salary: \$50,400.00 Hourly _____ Weekly _____ Monthly X Annual _____**Employees**Name: Karen Hux Relationship to Owner: NoneShort job description: Office Manager, Accounts Payable, payroll, assist receive payments and make deposits; Prepare TCEQ applicationsApproximate number of hours per week this person works for the company: **12**Salary: \$14.00 / hr Hourly _____ Weekly _____ Monthly _____ Annual _____Name: Ryan C. Smith Relationship to Owner: NoneShort job description: Testing / Sampling of system water as required, compile and submit all required reports, maintain direct customer contact, submit work orders for all repairs and maintenance, perform system, equipment and mechanical maintenance as needed, read meters monthly 5/1/09 to presentApproximate number of hours per week this person works for the company: **16**Salary: \$14.00 / hr Hourly _____ Weekly _____ Monthly _____ Annual _____Name: H. Art Swan Relationship to Owner: NoneShort job description Bill customers for monthly usage, maintain direct customer contact, submit work orders for all repairs and maintenance, compile and submit all required reports 5/26/080-presentApproximate number of hours per week this person works for the company: **24**Salary: \$12.00 / hr Hourly _____ Weekly _____ Monthly _____ Annual _____**Please provide the names and classification of the utility's certified operators:**

Certified Operator's Name/ Classification	Certified Operator's Name/Classification
Ryan C. Smith Class D Operator	

-Attach additional sheet(s) if necessary-

SECTION III. PLANT & EQUIPMENT INFORMATION – WATER

A. CUSTOMER CONTRIBUTIONS

If any of the items included in your plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., you may not include depreciation or return on those items in your cost of service. However, if those customer contributions did not cover the entire cost of the asset, you may include the amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate amount that the customers contributed for each item.

Table III. A.

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E] = [C] - [D]
N/A	N/A	N/A	N/A	N/A €
				€
				€
				€
				0

- Attach additional sheet(s) if necessary -

€ If any amount in this column is greater than zero, enter that item in the appropriate category in Table III. B

A.

ORIGINAL COST & DEPRECIATION SCHEDULE - WATER

Canyon Springs & Shalako Combined

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year. You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. Amounts should be computed as of the end of the "test year."

Table III. B.

	[A] Item	[B] Date of Installation	[C] Service Life (yrs)		[D] Original Cost when installed (\$)	Depreciation					[G] = [D]-[F] Value (\$)
			*	**		Years in Service			[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$)	
						Yrs	Mos	Days			
CS	Land	Aug 84	n/a		\$ 60,000.00						\$ 60,000.00
S	Land	Aug-84	n/a		\$ 10,000.00						\$ 10,000.00
	Wells										
CW	Well Clearwater	Nov-72	50		\$ 70,500.00	38	2		\$ 1,410.00	\$ 53,815.00	\$ 16,685.00
RR	Well Ranch Rim	Sep-78	50		\$ 84,800.00	32	4		\$ 1,696.00	\$ 54,837.33	\$ 29,962.67
TM	Well Terry Mason	Jun-72	50		\$ 29,500.00	38	7		\$ 590.00	\$ 22,764.17	\$ 6,735.83
S		Aug-84	50		\$ 35,650.00	25	5		\$ 713.00	\$ 18,122.08	\$ 17,527.92
	Well Pumps:										
RR	greater than 5 hp	Jan-07	10		\$ 13,274.00	4	0		\$ 1,327.40	\$ 5,309.60	\$ 7,964.40
CW	greater than 5 hp	Sep-04	10		\$ 13,497.00	6	4		\$ 1,349.70	\$ 8,548.10	\$ 4,948.90
TM	greater than 5 hp	Dec-06	10		\$ 7,685.00	4	1		\$ 768.50	\$ 3,138.04	\$ 4,546.96
S	greater than 5 hp (10 hp)	Sep-10	10		\$ 11,186.00		4		\$ 1,118.60	\$ 372.87	\$ 10,813.13
S	Well Pump Control Box	Sep-10	10		\$ 746.00		4		\$ 74.60	\$ 24.87	\$ 721.13
	Booster Pumps:										
RR	greater than 5 hp	Oct-06	10	5	\$ 1,310.00	4	3		\$ 262.00	\$ 1,113.50	\$ 196.50
RR	greater than 5 hp	Apr-07	10	5	\$ 1,140.00	3	9		\$ 228.00	\$ 855.00	\$ 285.00
CW	greater than 5 hp	Oct-05	10	5	\$ 3,840.00	5	3		\$ 768.00	\$ 4,032.00	\$ (192.00)
TM	5 hp or less	Aug-09	10	5	\$ 1,478.00	1	5		\$ 295.60	\$ 418.77	\$ 1,059.23
TM	5 hp or less	Apr-08	10		\$ 1,140.00	1	9		\$ 114.00	\$ 199.50	\$ 940.50
S	less than 5 hp 1.5 hp	Jun-07	5		\$ 1,140.00	3	7		\$ 228.00	\$ 817.00	\$ 323.00
S	less than 5 hp 1.0 hp	Sep-07	10		\$ 1,300.00	3	4		\$ 130.00	\$ 433.33	\$ 866.67
RR	Chlorinators	Apr 2008	10	7	\$ 600.00	1	9		\$ 85.71	\$ 150.00	\$ 450.00
CW	Chlorinators	Apr 2008	10	7	\$ 600.00	1	9		\$ 85.71	\$ 150.00	\$ 450.00
TM	Chlorinators	Aug-07	10	7	\$ 600.00	3	5		\$ 85.71	\$ 292.86	\$ 307.14
S	Chlorinators	Apr-08	10		\$ 693.00	2	9		\$ 69.30	\$ 190.58	\$ 502.43
RR	Chlorinator (NAPCO) for polyphosphates	Apr-07	10	7	\$ 396.00	2	9		\$ 56.57	\$ 155.57	\$ 240.43
	Structures:										
All	Wood	Aug 84	15		\$ 4,700.00	25	5		\$ -	\$ 4,700.00	\$ -
S	Masonry	Jun-04	30		\$ 6,000.00	6	7		\$ 200.00	\$ 1,316.67	\$ 4,683.33
All/CS	Storage Tanks	Aug 84	50		\$ 186,940.00	25	5		\$ 3,738.80	\$ 95,027.83	\$ 91,912.17
S	Storage Tank	Aug-84	50		\$ 14,000.00	25	5		\$ 280.00	\$ 7,116.67	\$ 6,883.33
RR	Pressure Tanks	Jul-95	50		\$ 15,000.00	14	6		\$ 300.00	\$ 4,350.00	\$ 10,650.00
TM	Pressure Tanks	Apr-02	50		\$ 1,500.00	8	9		\$ 30.00	\$ 262.50	\$ 1,237.50
CW	Pressure Tanks	Jun-95	50		\$ 10,000.00	15	7		\$ 200.00	\$ 3,116.67	\$ 6,883.33
S	Pressure Tanks 315 gal	Apr-04	50		\$ 1,500.00	6	9		\$ 30.00	\$ 202.50	\$ 1,297.50
RR	Distribution System (mains and lines)	Aug 84	50		\$ 359,833.00	25	5		\$ 7,196.66	\$ 182,915.11	\$ 176,917.89
RR	2000" line extension	May-03	50		\$ 15,000.00	7	8		\$ 300.00	\$ 2,300.00	\$ 12,700.00
S	(mains and lines)	Aug-84	50		\$ 67,442.00	25	5		\$ 1,348.84	\$ 34,283.02	\$ 33,158.98
CS	Meters and Service (taps not covered by fees)	Aug 84	20		\$ 46,735.00	25	5		\$ -	\$ 46,735.00	\$ -
S	Meters and Service (taps not covered by fees)	Aug 84	20		\$ 7,363.00	25	5		\$ -	\$ 7,363.00	\$ -

Table III. B.

	[A]	[B]	[C]		[D]	Depreciation			[G] = [D]-[F] Value (\$)		
	Item	Date of Installation	Service Life (yrs)		Original Cost when installed (\$)	Years in Service				[E] = [D]/[C] Annual	[F] Accumulated
			*	**		Yrs	Mos	Days		(\$)	(\$)
	(taps not covered by fees)										
RR	Office Equipment - 2 computers	Sep-06		5	\$ 1,388.00	4	4		\$ 277.60	\$ 1,202.93	\$ 185.07
	Storage Tank Rehab	Jul-01		10	\$ 8,000.00	9	6		\$ 405.48	\$ 3,852.06	\$ 4,147.94
CS	Fencing	Aug 84	20		\$ 1,000.00	25	5		\$ -	\$ 1,000.00	\$ -
S	Fencing	Aug-84	20		\$ 2,200.00	25	5		\$ -	\$ 2,200.00	\$ -
RR	Other: (Please list)										
RR	Drop pipe	Mar-02	20		\$ 3,324.00	8	10		\$ 166.20	\$ 1,468.10	\$ 1,855.90
	Replaced electrical box and componenents at service pole due to lightening strike	Aug-09		10	\$ 4,559.00	1	9		\$ 455.90	\$ 797.83	\$ 3,761.18
CW											
RR	Air compressor for pressure tank	Sep-09		5	\$ 1,074.00	1	4		\$ 214.80	\$ 286.40	\$ 787.60
S	Air Compressor	Feb-08	10		\$ 800.00	2	11		\$ 80.00	\$ 233.33	\$ 566.67
RR	Storage Tank Rehab	Mar-09	15	8	\$ 12,650.00	1	10		\$ 1,581.25	\$ 2,898.96	\$ 9,751.04
RR	Pressure Tank rehab	Feb-09	15	10	\$ 4,736.00	1	11		\$ 473.60	\$ 907.73	\$ 3,828.27
TM	motor & dropline	Jan-07	10		\$ 3,453.00	4	0		\$ 345.30	\$ 1,381.20	\$ 2,071.80
	Total				\$ 1,130,272.00				\$ 29,080.84	\$ 581,657.66	\$ 548,614.34

* TNRCC Suggested Service Life ** Other Service Life

† Enter this number in Table VI. A., Line [O], Column † † If [F] is greater than [D], enter the total for [D]

‡ Enter this number in Table IV. E., Line [A]

A.

ORIGINAL COST & DEPRECIATION SCHEDULE - WATER

Canyon Springs

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year. You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. Amounts should be computed as of the end of the "test year."

Table III. B.

	[A]	[B]	[C]		[D]	Depreciation					[G] = [D]-[F] Net Book Value	
	Item	Date of Installation	Service Life (yrs)			Years in Service			Annual (\$)	Accumulated (\$)		
			*	**		Yrs	Mos	Days				
					Original Cost when installed (\$)							
CS	Land	Aug 84	n/a		\$ 60,000.00							\$ 60,000.00
	Wells											
CW	Well Clearwater	Nov-72	50		\$ 70,500.00	38	2		\$ 1,410.00	\$ 53,815.00		\$ 16,685.00
RR	Well Ranch Rim	Sep-78	50		\$ 84,800.00	32	4		\$ 1,696.00	\$ 54,837.33		\$ 29,962.67
TM	Well Terry Mason	Jun-72	50		\$ 29,500.00	38	7		\$ 590.00	\$ 22,764.17		\$ 6,735.83
	Well Pumps:											
RR	greater than 5 hp	Jan-07	10		\$ 13,274.00	4	0		\$ 1,327.40	\$ 5,309.60		\$ 7,964.40
CW	greater than 5 hp	Sep-04	10		\$ 13,497.00	6	4		\$ 1,349.70	\$ 8,548.10		\$ 4,948.90
TM	greater than 5 hp	Dec-06	10		\$ 7,685.00	4	1		\$ 768.50	\$ 3,138.04		\$ 4,546.96
	Booster Pumps:											
	greater than 5 hp Pump 1	Oct-06	10	5	\$ 1,310.00	4	3		\$ 262.00	\$ 1,113.50		\$ 196.50
	greater than 5 hp Pump 2	Apr-07	10	5	\$ 1,140.00	3	9		\$ 228.00	\$ 855.00		\$ 285.00
	greater than 5 hp	Oct-05	10	5	\$ 3,840.00	5	3		\$ 768.00	\$ 4,032.00		\$ (192.00)
	5 hp or less Pump 1	Aug-09	10	5	\$ 1,478.00	1	5		\$ 295.60	\$ 418.77		\$ 1,059.23
	5 hp or less Pump 2	Apr-08	10		\$ 1,140.00	1	9		\$ 114.00	\$ 199.50		\$ 940.50
RR	Chlorinators	Apr 2008	10	7	\$ 600.00	1	9		\$ 85.71	\$ 150.00		\$ 450.00
CW	Chlorinators	Apr 2008	10	7	\$ 600.00	1	9		\$ 85.71	\$ 150.00		\$ 450.00
TM	Chlorinators	Aug-07	10	7	\$ 600.00	3	5		\$ 85.71	\$ 292.86		\$ 307.14
RR	Chlorinator (NAPCO) for polyphosphates	Apr-07	10	7	\$ 396.00	2	9		\$ 56.57	\$ 155.57		\$ 240.43
	Structures:											
All	Wood	Aug 84	15		\$ 4,700.00	25	5		\$ -	\$ 4,700.00		\$ -
All/CS	Storage Tanks	Aug 84	50		\$ 186,940.00	25	5		\$ 3,738.80	\$ 95,027.83		\$ 91,912.17
RR	Pressure Tanks	Jul-95	50		\$ 15,000.00	14	6		\$ 300.00	\$ 4,350.00		\$ 10,650.00
TM	Pressure Tanks	Apr-02	50		\$ 1,500.00	8	9		\$ 30.00	\$ 262.50		\$ 1,237.50
CW	Pressure Tanks	Jun-95	50		\$ 10,000.00	15	7		\$ 200.00	\$ 3,116.67		\$ 6,883.33
RR	Distribution System (mains and lines)	Aug 84	50		\$ 359,833.00	25	5		\$ 7,196.66	\$ 182,915.11		\$ 176,917.89
RR	2000" line extension	May-03	50		\$ 15,000.00	7	8		\$ 300.00	\$ 2,300.00		\$ 12,700.00
CS	Meters and Service (taps not covered by fees)	Aug 84	20		\$ 46,735.00	25	5		\$ -	\$ 46,735.00		\$ -
	Office Equipment - 2 computers	Sep-06		5	\$ 1,388.00	4	4		\$ 277.60	\$ 1,202.93		\$ 185.07
RR	Storage Tank Rehab	Jul-01		10	\$ 8,000.00	9	6		\$ 405.48	\$ 3,852.06		\$ 4,147.94
CS	Fencing	Aug 84	20		\$ 1,000.00	25	5		\$ -	\$ 1,000.00		\$ -
RR	Other: (Please list)											
RR	Drop pipe	Mar-02	20		\$ 3,324.00	8	10		\$ 166.20	\$ 1,468.10		\$ 1,855.90
	Replaced electrical box and componenents at service pole due to lightening strike	Aug-09			\$ 4,559.00	1	9		\$ 455.90	\$ 797.83		\$ 3,761.18
CW				10								

RR	Air compressor for pressure tank	Sep-09		5	\$ 1,074.00	1	4	\$ 214.80	\$ 286.40	\$,787.60
RR	Storage Tank Rehab	Mar-09	15	8	\$ 12,650.00	1	10	\$ 1,581.25	\$ 2,898.96	\$ 9,751.04
RR	Pressure Tank rehab	Feb-09	15	10	\$ 4,736.00	1	11	\$ 473.60	\$ 907.73	\$ 3,828.27
TM	motor & dropline	Jan-07	10		\$ 3,453.00	4	0	\$ 345.30	\$ 1,381.20	\$ 2,071.80
	Total				\$ 970,252.00			\$ 24,808.50	\$ 508,981.76	\$ 401,270.24

* TNRCC Suggested Service Life ** Other Service Life

↑ Enter this number in **Table VI. A., Line [O], Column ↑** If [F] is greater than [D], enter the total for [D]

⌀ Enter this number in **Table IV. E., Line [A]**

A.

ORIGINAL COST & DEPRECIATION SCHEDULE - WATER

Shalako

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year. You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. **Amounts should be computed as of the end of the "test year."**

Table III. B.

[A] Item	[B] Date of Installation	[C]		[D] Original Cost when installed (\$)	Depreciation					[G] = [D]-[F] Net Book Value (\$)
		Service Life (yrs)			Years in Service			[E] = [D]/[C] Annual	[F] Accumulated	
		*	**		Yrs	Mos	Days	(\$)	(\$)	
s Land	Aug-84	n/a		\$ 10,000.00						\$ 10,000.00
s Well Shalako	Aug-84	50		\$ 35,650.00	25	5		\$ 713.00	\$ 18,122.08	\$ 17,527.92
Well Pumps:										
s greater than 5 hp (10 hp)	Sep-10	10		\$ 11,186.00		4		\$ 1,118.60	\$ 372.87	\$ 10,813.13
s Well Pump Control Box	Sep-10	10		\$ 746.00		4		\$ 74.60	\$ 24.87	\$ 721.13
Booster Pumps:										
s less than 5 hp 1.5 hp	Jun-07	5		\$ 1,140.00	3	7		\$ 228.00	\$ 817.00	\$ 323.00
s less than 5 hp 1.0 hp	Sep-07	10		\$ 1,300.00	3	4		\$ 130.00	\$ 433.33	\$ 866.67
s Chlorinators	Apr-08	10		\$ 693.00	2	9		\$ 69.30	\$ 190.58	\$ 502.43
Structures:										
s Masonry	Jun-04	30		\$ 6,000.00	6	7		\$ 200.00	\$ 1,316.67	\$ 4,683.33
s Storage Tank	Aug-84	50		\$ 14,000.00	25	5		\$ 280.00	\$ 7,116.67	\$ 6,883.33
s Pressure Tanks 315 gal	Apr-04	50		\$ 1,500.00	6	9		\$ 30.00	\$ 202.50	\$ 1,297.50
s Distribution System	Aug-84	50		\$ 67,442.00	25	5		\$ 1,348.84	\$ 34,283.02	\$ 33,158.98
s (mains and lines)										
s Meters and Service (taps not covered by fees)	Aug 84	20		\$ 7,363.00	25	5		\$ -	\$ 7,363.00	\$ -
s Air Compressor	Feb-08	10		\$ 800.00	2	11		\$ 80.00	\$ 233.33	\$ 566.67
s Fencing	Aug-84	20		\$ 2,200.00	25	5		\$ -	\$ 2,200.00	\$ -
Total				\$ 160,020.00				\$ 4,272.34	\$ 72,675.91	\$ 77,344.09

* TNRCC Suggested Service Life ** Other Service Life

† Enter this number in **Table VI. A., Line [O], Column 1** ‡ If [F] is greater than [D], enter the total for [D]

§ Enter this number in **Table IV. E., Line [A]**

C. DEVELOPER CONTRIBUTIONS - WATER

If any of the Items listed in the Depreciation Schedule were contributed by a developer, please list those items and the associated cost below.

Table III. C.

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III.B.)
N/A	N/A	N/A	N/A	N/A
Total				€

€ Insert this amount in Table IV. E., Line [E]

- Attach additional sheet(s) if necessary -

SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – WATER

A. EQUITY

How much equity or total capital does the company have in the utility? \$1,130,272.00

Enter also in Table IV. D., Box \angle below

B. RATE OF RETURN

What rate of return (profit) on investment in plant (equity) is expected? 10.96 %

Enter also in Table IV. D., Box ∇ below

NOTE: You may choose

- an average equity return established by the staff each year and included with the Annual Report Instructions **OR**
- an interest rate that you think is fair that is less than the rate established by the staff **OR**
- to use the **Rate of Return Worksheet** which is attached to the **Instructions**.

C. BANKRUPTCY

Has the utility or utility owner filed bankruptcy within the last seven years? _____ YES X NO

If YES, explain status of applicant at this time. _____

D. NOTES PAYABLE - WATER

List the following information concerning debt and equity of the utility and attach copies of notes payable:

Round all percentages to two (2) decimal places.

Table IV. D.

[A] Name of Bank/Lender	[B] Date of Issue	[C] Date of Maturity	[D] Original Amount of Loan	[E] Outstanding or Unpaid Balance- End of Test Year	[F] Interest Rate	[G] Weighted Average [E) ®*[F]
Part 1 - Debt						
	N/A	N/A	\$ N/A	\$ N/A	N/A %	N/A %
			\$	\$	%	%
			\$	\$	%	%
			\$	\$	%	%
			\$	\$	%	%
Total			\$ €	\$ €		0 %©
Part 2 - Investment/Equity						
				\$ 1,130,272.00	10.96 %∇	10.96 %™
Total Debt & Equity				\$ 1,130,272.00 ®		
					Rate of Return	10.96 % []

€ Total amount of original loans

€ Total amount of the outstanding balance on the loans

∠ Equity in the utility - From Section IV. A.

∇ Return on Equity - From Section IV. B.

® Total of € + ∠

© Total weighted average of debt - To Table V, Line [C]

™ Weighted average of Investment/Equity ∠) ®*∇

[] Sum of © + ™ - To Table IV. E., Line [G]

E. INVESTED CAPITAL RETURN - WATER**Table IV. E.**

Net Book Value - From Table III. B., Box ∠	[A]	\$ 548, 614.34
Working cash allowance - (Amount From Table VI. A., Line [L] Column ∠, Box TM () 8)	[B]	\$ 12, 319.93
Materials and supplies	[C]	\$ 0.00
Subtotal - Sum of [A] thru [C]	[D]	\$ 560, 934.26
Developer Contributions - From Table III. C., Box ∈	[E]	\$ 0.00
Total invested capital [D] - [E]	[F]	\$ 560, 934.26
Rate of return - From Table IV. D., Box []	[G]	10.96%
Return/Interest - If [F] is greater than -0-, then enter [F] * [G]. If [F] is less than -0-, enter -0-. Enter this amount in Table V., Line [A] and Table VI. A., Line [Q], Column ∉	[H]	\$ 61, 478.40

SECTION V - INCOME TAX CALCULATION – WATER

Use the following table to determine the amount of income tax that can be included in your revenue requirement.

Table V.

Return - From Table IV. E., Line [H]	[A]	\$ 61, 478.40
Interest Calculation		
Total Invested Capital - From Table IV. E., Line [F]	[B]	\$ 560, 934.26
Weighted Cost of Debt Capital - Percentage From Table IV. D., Box ©	[C]	0 %
Interest [B]*[C]	[D]	\$ 0.00
Taxable Income [A] - [D]	[E]	\$ 61, 478.40
Enter Income Tax from Tax Table (Appendix A)	[F]	\$ 13, 879.00

€ To **Table VI. A., Line [P], Column ∉**

SECTION VI - UTILITY INCOME & EXPENSE INFORMATION - WATER

A REVENUE REQUIREMENT

Please provide the following information regarding the cost to the utility of providing water utility service over your selected twelve month "test year." **Note 1** - Instead of using the percentages listed, you may take the Total Cost and multiply it by 67% to determine the fixed portion and 33% for the variable portion.

TABLE VI. A.

Test Year <u>January 1, 2010</u> to <u>December 31, 2010</u>		Line	12 Month "test year" per books	Known and Measurable Changes	Revenue Requirement for next yr	% of \angle that is fixed (Note 1)		Fixed Expenses (Note 1)	Variable Expenses (Note 1)
						Rec.	Act.		
			\in	ϕ	$\angle = \in + \phi$	∇	$\textcircled{R} = (\angle * \nabla) / 10$	$\textcircled{C} = \angle - \textcircled{R}$	
Salaries and Wages		[A]	25, 399.18	3, 043.80	28, 442.98	50	14, 221.49	14, 221.49	
Contract Labor		[B]	0	0	0	90	0	0	0
Purchased water		[C]	0	0	0	0	0	0	0
Chemicals for treatment		[D]	2, 361.79	0	2, 361.79	0	0	0	2, 361.79
Utilities (electricity)		[E]	9, 219.43	3,282.06	12, 501.49	0	0	0	12, 501.49
Repairs/maintenance/supplies		[F]	18, 120.09	21,305.64	39, 425.73	50	19, 712.87	19, 712.87	
Office expenses		[G]	2, 995.90	1,649.74	4, 645.64	50	2, 322.82	2, 322.82	
Accounting & Legal fees		[H]	2, 152.62	0	2, 152.62	100	2, 152.62	0	
Insurance		[I]	2, 466.58	0	2, 466.58	100	2, 466.58	0	
Rate case expense		[J]	475.00	0	475.00	100	475.00	0	
Miscellaneous		[K]	6, 087.57	0	6, 087.57	50	3, 043.79	3, 043.79	
Subtotal - Sum of Line [A] thru Line [K]		[L]	69, 278.16	29, 281.24	98, 559.40 TM		44, 395.16	54, 164.24	
Payroll Taxes		[M]	2, 046.73	817.30	2,864.03	50	1, 432.02	1, 432.02	
Property and other taxes		[N]	1, 197.94	0	1, 197.94	100	1, 197.94	0	
Annual Depreciation and Amortization - From Table III. B Box \in		[O]	29, 080.84	0	29, 080.84	100	29, 080.84	0	
Income Taxes - From Table V, Line [F]		[P]			13, 879.00	100	13, 879.00	0	
Return - From Table IV. E., Line [H]		[Q]			61, 478.40	100	61, 478.40	0	
Subtotal - Sum of Line [L] thru Line [Q]		[R]	101, 603.67	30, 098.54	207, 059.61		151, 463.36	55, 596.26	
Other Revenues		[S]	1, 508.45		1, 508.45	100	1, 508.45	0	
Total Cost = Line [R] - Line [S]		[T]	100, 095.22	30, 098.54	205, 551.16 Π		149, 954.91 \checkmark	55, 596.26	
Alternative Allocation between Fixed and Variable [Note 1]		[U]			205, 551.16 Π	67	137, 719.28 \checkmark	67, 831.88	

B. KNOWN & MEASURABLE

If you listed anything in **TABLE VI. A.** above as an increase/decrease expected in the next 12 months, please provide a short explanation by item why there will be a change and how you projected the cost. Changes in cost must be known and measurable and supported by invoices or other documentation.

Salaries & Wages based on actual 2011 expenses thru Oct, then projected to 12 months

Utilities (electricity) based on actual 2011 expenses thru Oct, then projected to 12 months

Repairs/Maintenance based on actual 2011 expenses thru Oct, then projected to 12 months; 2011 has been a drought year with a steady supply of water leaks to be repaired

Office Expenses based on actual 2011 expenses thru Oct, then projected to 12 months and includes charges for the purchase of billing software, printer, and supplies

Payroll Taxes based on actual 2011 expenses thru Oct, then projected to 12 months

-Attach additional sheet(s) or a separate listing for sewer service if necessary-

SECTION VII - CUSTOMER INFORMATION - WATER

NUMBER OF CUSTOMERS

How many customers (active connections) did you have at the beginning and at the end of the twelve month test year?

TABLE VII

Connection Type	Line	Beginning of period €	End of period €	Equivalency Factor ∠	Meter Equivalents ∇=€*∠
Non-Metered Connections:					
Residential	[A]	0	0	1	0
Commercial	[B]	0	0	1	0
Standby	[C]	0	0	1	0
Metered Connections:					
5/8" x 3/4"	[D]	203	209	1	209
3/4"	[E]	0	0	1.5	0
1"	[F]	19	18	2.5	45
1 1/2"	[G]	4	2	5	10
2"	[H]	0	0	8	0
3"	[I]	0	0	15	0
Other:	[J]	0	0		0
Total	[K]	226	229		264 ®

® To Table IX. B., Line [B] AND Table X. A., Line [F]

SECTION VIII - PRODUCTION & CONSUMPTION INFORMATION - WATER

Please provide the following information regarding water utility operations over your selected twelve month "test year".

Table VIII

Total number of gallons pumped (total master meter reading for the year)	[A]	25, 111, 300	gallons
Total number of gallons purchased from another source for sale to customers (if any)	[B]	0	gallons
Total number of gallons provided to customers [C]=[A]+[B]	[C]	25, 111, 300	gallons
Total number of gallons billed to your customers (total customer consumption)	[D]	23, 428, 844 €	gallons
System losses: $([C] - [D]) \times 100\% = [E]$	[E]	6.70%	%
Source of Purchased water		N/A	

€ To Table IX. A., Line [B] and Table X. A., Line [B]

SECTION IX - RATE DESIGN - WATER

A. VARIABLE RATE CALCULATIONS

Table IX. A.

	Line		Instructions
Total Variable Costs	[A]	\$ 67, 831.88	From Table VI. A., Line [T], Box · or Line [U], Box ·
Total # of Gallons Billed to Customers	[B]	23, 428, 844	From Table VIII, Line [B]
Total # of 1,000 Gallons billed	[C]	23, 429	Divide Line [B] by 1,000
Variable Cost per 1,000 gallons	[D]	\$ 2.90	Divide Line [A] by Line [C] Transfer to Table IX. B., Lines [E] through [J], Box ©

B. BASE RATE CALCULATIONS

Table IX. B.

	Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost to be added to base rate	Total base rate per meter size
		€	€	∠	∇=€*∠	®=€+∇
Total fixed costs - From Table VI. A., Line [T], Box √ or Line [U], Box ·	[A]	\$ 137, 719.28				
Total meter equivalents at end of test year - From Table VII, Line [K], Box ®	[B]	264				
Base charge per meter equivalent or for each unmetered connection [A])[B] and then divide by 12	[C]	\$ 43.47				
Base charge per meter size						
5/8" x 3/4" or unmetered	[D]	\$ 43.47		©		\$ 43.47
3/4"	[E]	\$ 65.21		©		\$ 65.21
1"	[F]	\$ 108.68		©		\$ 108.68
1 1/2"	[G]	\$ 217.36		©		\$ 217.36
2"	[H]	\$ 347.78		©		\$ 347.78
3"	[I]	\$ 652.08		©		\$ 652.08
Other:	[J]			©		

© From Table IX. A., Line [D]

SECTION X - ALTERNATE METHOD OF RATE DESIGN - WATER

After you have performed the calculations in **SECTION IX**, you may find that the cost per 1,000 gallons is not what you think your customers will approve. If that is the case, then the following will allow you to calculate a rate structure that still recovers your revenue requirement, but with rates that you think may be more appropriate for your customers.

Table X. A.

	Line		
Cost per 1,000 gallons	[A]	\$ 4.85	This is the rate that you think is appropriate Enter in Table X. B., Column \angle, Lines [B] through [H]
Total # of 1,000 Gallons billed	[B]	23, 429	From Table IX. A., Line [C]
Total Cost to be recovered through gallonage charge	[C]	\$ 113, 629.89	Multiply Line [A] times Line [B]
Total Revenue Requirement	[D]	\$ 205, 551.16	From Table VI. A., Line [T] Box \square
Total to be recovered through base rate	[E]	\$ 91, 921.27	Subtract Line [C] from Line [D]
Total number of meter equivalents	[F]	264	From Table VII, Line [K], Box \textcircled{R}
Base rate per meter equivalent	[G]	\$ 29.02	Divide Line [E] by Line [F] & then divide by 12months Enter this in Table X. B, Line [A] Column ϵ

Table X. B.

	Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost added to base	Total base bill per meter size
		ϵ	\notin	\angle	$\nabla = \notin * \angle$	$\textcircled{R} = \epsilon + \nabla$
Base charge per meter equivalent or for each unmetered connection From Table X. A, Line [G]	[A]	\$ 29.02				
Base rate per meter size						
5/8" x 3/4" or unmetered	Multiply [A] ϵ by 1	[B]	\$ 29.02	\textcircled{C}		\$ 31.97
3/4"	Multiply [A] ϵ by 1.5	[C]		\textcircled{C}		
1"	Multiply [A] ϵ by 2.5	[D]	\$ 72.54	\textcircled{C}		\$ 79.93
1 1/2"	Multiply [A] ϵ by 5.0	[E]	\$ 145.08	\textcircled{C}		\$ 159.87
2"	Multiply [A] ϵ by 8.0	[F]	\$ 232.12	\textcircled{C}		\$ 255.79
3"	Multiply [A] ϵ by 15.0	[G]	\$ 435.23	\textcircled{C}		\$ 479.61
Other:		[H]		\textcircled{C}		

\textcircled{C} From **Table X. A., Line [A]**

SECTION X - ALTERNATE METHOD OF RATE DESIGN - WATER

After you have performed the calculations in **SECTION IX**, you may find that the cost per 1,000 gallons is not what you think your customers will approve. If that is the case, then the following will allow you to calculate a rate structure that still recovers your revenue requirement, but with rates that you think may be more appropriate for your customers.

Table X. A.

	Line		
Cost per 1,000 gallons	[A]	\$ 4.58	This is the rate that you think is appropriate Enter in Table X. B., Column ∠, Lines [B] through [H]
Total # of 1,000 Gallons billed	[B]	23, 429	From Table IX. A., Line [C]
Total Cost to be recovered through gallonage charge	[C]	\$ 107, 304.11	Multiply Line [A] times Line [B]
Total Revenue Requirement	[D]	\$ 205, 551.16	From Table VI. A., Line [T] Box □
Total to be recovered through base rate	[E]	\$ 98, 247.06	Subtract Line [C] from Line [D]
Total number of meter equivalents	[F]	264	From Table VII, Line [K], Box ®
Base rate per meter equivalent	[G]	\$ 31.01	Divide Line [E] by Line [F] & then divide by 12months Enter this in Table X. B, Line [A] Column €

Table X. B.

	Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost added to base	Total base bill per meter size
		€	£	∠	∇=£*∠	®=€+∇
Base charge per meter equivalent or for each unmetered connection From Table X. A, Line [G]	[A]	\$ 31.01				
Base rate per meter size						
5/8" x 3/4" or unmetered	Multiply [A] € by 1 [B]	\$ 31.97		©		\$ 31.97
3/4"	Multiply [A] € by 1.5 [C]			©		
1"	Multiply [A] € by 2.5 [D]	\$ 77.53		©		\$ 79.93
1½"	Multiply [A] € by 5.0 [E]	\$ 155.06		©		\$ 159.87
2"	Multiply [A] € by 8.0 [F]	\$ 248.10		©		\$ 255.79
3"	Multiply [A] € by 15.0 [G]	\$ 465.18		©		\$ 479.61
Other:	[H]			©		

© From **Table X. A., Line [A]**

Rate Design Increasing Blocks

After careful analysis of actual water usage for the test year 2010 it was found that

25 connections used more than 10, 000 gal/month (23, 428, 844 gal annual total)
or put another way, 12% of the connections used 23% of the water sold

Canyon Springs Water Works (CSWW) and Shalako Water Supply (SWS) do not believe it is fair to charge the majority of the customers the same rates as the high end users, who by their use, put strain on the system. Based on the negotiated agreement for the rate/tariff increase effective in 2010 and 2011, it is apparent that the systems' customers are in agreement. CSWW & SWS have decided to use the alternate method of rate design and to make use of Increasing Block Rates. To be in line with the current rate structure, CSWW and SWS believe \$29.00 would be a fair and consistent base rate for a ¾" meter.

Using the sample in Chapter 12 of the AWWA Manual for calculating Increasing Block Rates, the following calculations were made (using figures based on a base rate of \$43.47 for ¾" meter):

$$B1 = \frac{\text{consumption-based revenue requirement}}{B1 \text{ sales} + [B2 \text{ sales} \times (1 + \text{price differential})]}$$

Consumption-based revenue requirement = \$67, 831.88 (from Table VI A. ⑩)

Price differential = .25; sales are in 1000 gallons

$$B1 = \frac{\$67,831.88}{18,219.87 + (5,298.97 \times 1.25)}$$

$$B1 = \frac{\$67,831.88}{18,219.87 + 6,623.71}$$

$$B1 = \frac{\$67,831.88}{24,843.58}$$

B1 = \$2.73 / 1000 gallons

B2 = \$3.41 / 1000 gallons (B1 X 1.25)

Since the utility has determined it wants to charge a base rate of \$29.00 for ¾" meter, for the first year, the same formula was used with a revenue requirement of \$113, 629.89 (from Table X. A. Line C)

$$B1 = \frac{\$113,629.89}{24,843.58}$$

B1 = \$4.57 / 1000 gallons

B2 = \$5.72 / 1000 gallons

For the second year a base rate of \$31.00 for ¾" meter ,was elected. The revenue requirement is \$107, 304.11. Plugging this figure into the formula gives us the following:

$$B1 = \frac{\$107,304.11}{24,843.58}$$

B1 = \$4.32 / 1000 gallons

B2 = \$5.40 / 1000 gallons

In an effort to minimize confusion on the part of the ratepayers CSWW and SWS opted to request the \$30.00 base rate gallonage charge for the customers who use up to 10,000 gallons of \$4.45 for both years of this requested rate/ tariff change; and to reverse the gallonage charges for the 10,001+ gallon users. These rates are shown in the chart on page 24 of this application.

WATER RATE/TARIFF CHANGE

AFFIDAVIT

STATE OF TEXAS

COUNTY OF KERR

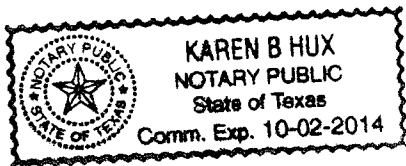
I, W. E. Vlasek, being duly sworn, file this NOTICE OF PROPOSED RATE CHANGE as Owner (indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

I further represent that a copy of the attached notice was provided by mail to
(mail or hand delivery)
each customer or other affected party on or about December 20, 2011.

W. E. Vlasek
Affiant (Utility's Authorized Representative)

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

Subscribed and sworn to before me this the 19 day of December, 20 11, to certify which witness my hand and seal of office.



Karen B Hux
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

SEAL

Karen B ux
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 10/02/2014

NOTICE OF RATE/TARIFF CHANGE
TO BE PROVIDED TO CUSTOMERS

NOTICE OF PROPOSED RATE CHANGE

Canyon Springs Water Works, Shalako Water Supply

12685

Company Name

CCN Number

has submitted a rate change application to the Texas Commission on Environmental Quality (Commission). The proposed rates listed on the next page will apply to service received after the effective date provided below. If the Commission receives protests to the proposed increase from 10 percent of the ratepayers or from any affected municipality before the 91st day after the proposed effective date, a public hearing will be scheduled to determine if the proposed rates are reasonable. Protests should be mailed to:

**Texas Commission on Environmental Quality
Water Supply Division
Utilities & Districts Section, MC 153
P. O. Box 13087
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Canyon Springs Water Works, Shalako Water Supply

Subdivisions or Systems Affected by Rate Change				
PO Box 326	Hunt	TX	78024	830-238-4877
Company Address	City	State	Zip	Telephone
\$72, 279.78				December 19, 2011
Annual Revenue Increase	Date Customer Notice Mailed			
May 21, 2011	on or near 20th of each month			
Date of Last Rate Change	Date Meters Typically Read			

EFFECTIVE DATE OF PROPOSED INCREASE: May 21, 2012

BILLING COMPARISON

¾" meter	Existing	10,000 gal	<u>\$ 62.00 /mo</u>	Existing	30,000 gallons:	<u>\$ 152.00 /mo</u>
"	Proposed	10,000 gal	<u>\$ 85.60 /mo</u>	Proposed	30,000 gallons:	<u>\$ 181.50 /mo</u>
1" meter	Existing	10,000 gal	<u>\$ 102.56 /mo</u>	Existing	30,000 gallons:	<u>\$ 192.56 /mo</u>
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"	Proposed	10,000 gal	<u>\$ 201.68 /mo</u>	Proposed	30,000 gallons:	<u>\$ 297.58 /mo</u>

The proposed rates will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 to 45 days after the effective date.

In the event that the application is set for hearing, the specific rates requested by the utility may be decreased or increased by order of the Commission. If the Commission orders a lower rate to be set, the utility may be ordered to refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest. You may inspect a copy of the rate change application at your utility's office or at the Commission's office at Park 35 - Building F, 12015 Park 35 Circle, Suite 3101, Austin, Texas, west side of IH-35, south of Yager Lane. Additional information about the application can be obtained by contacting the Utilities and Districts Section at 512/239-4691. Information about how you can participate in the rate setting process can be obtained by contacting the Public Interest Counsel at 512/239-6363.

Si desea informacion en Espanol, puede llamar al 512-239-0200

NOTICE OF PROPOSED RATE CHANGE -WATER (Cont.)

Page 2

CURRENT RATES		PROPOSED RATES	
Monthly base rate including <u>0</u> gallons		Monthly base rate including <u>0</u> gallons	
Meter Size:		Meter Size:	
Residential		Residential	
5/8" or 3/4"	\$ 27.00	5/8" or 3/4"	\$ 29.00
1"	\$ 67.56	1"	\$ 72.54
1 1/2"	\$ 135.12	1 1/2"	\$ 145.08
2"	\$ 216.19	2"	\$ 232.12
3"	\$ 405.36	3"	\$ 435.23
Other: _____ \$		Other: _____ @ \$	
Gallonge Charge:		Gallonge Charge:	
\$ 3.50 for 0 – 10,000 gallons (per 1000 gal)		\$ 4.45 for 0 – 10,000 gallons (per 1000 gal)	
\$ 4.50 for 10,001 gal and over (per 1000 gal)		\$ 5.40 for 10,001 gal and over (per 1000 gal)	
<u>Miscellaneous Fees</u>		<u>Miscellaneous Fees</u>	
Tap fee	\$750.00	Tap fee	\$ 750.00
Reconnect fee:		Reconnect fee:	
Non-payment (Maximum - \$25.00)	\$ 25.00	Non-payment (Maximum - \$25.00)	\$ 25.00
Customer's request	\$ 50.00	Customer's request	\$ 40.00
Transfer fee	\$ 55.00	Transfer fee	\$ 35.00
Late charge	\$ 5.00	Late charge	\$ 5.00
Returned check charge	\$ 25.00	Returned check charge	\$ 25.00
Deposit	\$ 0	Deposit (Maximum \$50.00)	\$ 50.00
Meter test fee	\$	Meter test fee	\$ 25.00
Meter Relocation Fee	Actual Cost, not to exceed tap fee	Meter Relocation Fee	Actual Cost, not to exceed tap fee

Regulatory Assessment of 1% is added to base rate and gallonage charges.

SECTION 1.0 – RATE SCHEDULE

Section 1.01 – Rates

Monthly Base Rate by Meter Size (includes 0 gal)	Effective May 21, 2012	Effective May 21, 2013
5/8 X 3/4	\$29.00	\$31.00
1"	\$72.54	\$77.53
1 1/2"	\$145.08	\$155.06
2"	\$232.12	\$248.10
3"	\$435.23	\$465.18
Gallage charge per 1000 gallons		
0 - 10,000 gal	\$4.45	\$4.45
10,000 gal and over	\$5.40	\$5.72

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

Cash X , Check X , Money Order X Credit Card 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 ASSESSMENT1%

A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER.

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.

TAP FEE (Large meter) Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

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

METER RELOCATION FEE.....Actual Relocation Cost, Not to Exceed Tap Fee

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

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 \$25.00. **THERE WILL BE NO CHARGE FOR THE INITIAL TEST REQUEST.**

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.....\$35.00

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).....\$5.00

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 \$50.00)\$50.00

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURGHARGE:

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

Rate of Return Worksheet

Step		✓	%
A	Most current Baa Public Utility Bond average. (Call TCEQ staff at 512/239-6960 to get this #.)		0.0596
B	Add 2% - for utilities with 200 or less customers		0.02
C	Add 1% if the utility can demonstrate that it has both:		
	1 Debt/equity ratio is greater than 60% (Table IV. D. - \leq) AND		
	2 No affiliated companies with access to revenues or other funds to support utility operations		
D	Add 1% if the utility can demonstrate that it has at least 2 of the following 4 conditions:		0.01
	1 unstable population - Weekender/seasonal population: a. >25% of total customers; OR b. >10% of total customers and do not use seasonal reconnect fee;		
	2 commercial customers account for more than 15% of revenues		
	3 low growth a. less than 5% customer growth over the last three years; OR b. documentation of potential customer growth of less than 5% over the next three years; declining population	X	
	4 aging system a. more than 50% depreciated; OR a. low rate base (<\$500/customer)	X	
E	Add 1% if the utility is a stand alone sewer system with no agreement for either billing and collection or discontinuance for nonpayment with the water supplier.		
F	Add 1% if the utility can demonstrate that it has at least 3 of the 4 following conditions:		0.01
	1 Number of complaints 2 complaints or less per year to TCEQ for less than 200 customer system		
	2 No major deficiencies in the most recent PWS inspection report	X	
	3 No current or prior enforcement actions under current management w/in the last 3 yrs	X	
	4 Good faith efforts to solve any current problems	X	
G	Add 1% if the utility can demonstrate that it has at least 4 of the following 5 conditions:		0.01
	1 well-maintained, up-to-date books and records	X	
	2 effective communications and good customer relations	X	
	3 consistently timely in meeting reporting requirements (ex. annual reports for last 3 years) and payment of fees	X	
	4 exhibit fiscal responsibility with respect to rate filings, including completeness, accuracy and frequency	X	
	5 Less than 12% unaccounted for water - (Section VIII of the Application)	X	
H	Add 1% if the utility can demonstrate that it has at least 4 of the following 5 conditions:		
	1 rate structure - any two of the following a. zero gallons included in minimum bill b. gallonage rate set high enough to encourage conservation (> \$2.00/1000 gal.) c. use of inclining blocks, i.e. higher use pays higher cost	X	
	2 drought contingency plan included in tariff and enforced (if applicable)	X	
	3 conservation plan including encouragement of the use of water conserving devices, efficient lawn watering, or xeriscaping	X	
	4 program to educate the customers about the nature of the system, its production and distribution ability, PWS standards, and the need for water conservation		
	5 unaccounted for water a. greater than or equal to 10% and/or a. successful program to reduce losses (ex. leak detection & repair) (within last 3 years 25% reduction since program implemented)		
I	Total Rate of Return %		10.96%

Canyon Springs Water Works

PWS 1330006 • CCN 12685

PO Box 326

Hunt, TX 78024

Dear Customer:

Canyon Springs Water Works and Shalako Water Supply (CCN 12685) are filing an Application for a Rate / Tariff change. Enclosed you will find the official Notice of Proposed Rate Change. However, this document presents an incomplete picture of the rate change being requested.

Most of you will recall that the last rate change, effective May 21, 2010 was actually a two tier change with different rates effective May 21, 2010 and May 21, 2011. From the feedback we have received this has been an acceptable approach to rate increases. With this in mind, we have structured this new rate change request in the same way. The actual structure is shown below.

Monthly Base Rate by Meter Size (includes 0 gal)	Effective May 21, 2012	Effective May 21, 2013
5/8 X 3/4	\$29.00	\$31.00
1"	\$72.54	\$77.53
1½"	\$145.08	\$155.06
2"	\$232.12	\$248.10
3"	\$435.23	\$465.18
Gallonge charge per 1000 gallons		
0 - 10,000 gal	\$4.45	\$4.45
10,000 gal and over	\$5.40	\$5.72

A copy of the complete Application is available in our office at 654 Hwy 39, Ingram, TX. If you have any questions, please contact us during office hours, 8:00 am – 5:00 pm, Monday thru Friday. Our phone number is 830-238-4877.

Sincerely,

Canyon Springs Water Works

NOTICE OF PROPOSED RATE CHANGE**Canyon Springs Water Works, Shalako Water Supply****12685**

Company Name

CCN Number

has submitted a rate change application to the Texas Commission on Environmental Quality (Commission). The proposed rates listed on the next page will apply to service received after the effective date provided below. If the Commission receives protests to the proposed increase from 10 percent of the ratepayers or from any affected municipality before the 91st day after the proposed effective date, a public hearing will be scheduled to determine if the proposed rates are reasonable. Protests should be mailed to:

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Water Supply Division
Utilities & Districts Section, MC 153
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Canyon Springs Water Works, Shalako Water Supply

Subdivisions or Systems Affected by Rate Change

PO Box 326	Hunt	TX	78024	830-238-4877
Company Address	City	State	Zip	Telephone
\$72, 279.78				December 19, 2011
Annual Revenue Increase				Date Customer Notice Mailed
May 21, 2011				on or near 20th of each month
Date of Last Rate Change				Date Meters Typically Read

EFFECTIVE DATE OF PROPOSED INCREASE: May 21, 2012**BILLING COMPARISON**

¾" meter	Existing	10,000 gal	<u>\$ 62.00 /mo</u>	Existing	30,000 gallons:	<u>\$ 152.00 /mo</u>
"	Proposed	10,000 gal	<u>\$ 85.60 /mo</u>	Proposed	30,000 gallons:	<u>\$ 181.50 /mo</u>
1" meter	Existing	10,000 gal	<u>\$ 102.56 /mo</u>	Existing	30,000 gallons:	<u>\$ 192.56 /mo</u>
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The proposed rates will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 to 45 days after the effective date.

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CURRENT RATES		PROPOSED RATES	
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<u>Miscellaneous Fees</u>		<u>Miscellaneous Fees</u>	
Tap fee	\$750.00	Tap fee	\$ 750.00
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Shalako Water Supply

PWS 1330119 • CCN 12685

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EXHIBIT LIST AND CERTIFICATION

DOCKET NUMBER: 582-12-8091STYLE OF CASE: Shalako EstatesDATE OF HEARING: 10/11/12

PHC

Page

of

EXH NO.	DESCRIPTION	OBJ Y/N	ADM Y/N	REMARKS
Petitioner's Exhibits				
ED-A		N	y	
ED-B		N	y	
ED-C		N	y	
Respondent's Exhibits				

I hereby affirm that the exhibits included on this exhibit list identify all the exhibits admitted in this proceeding. Any exhibits not admitted but included in an offer of proof are also listed and identified as such. The referenced exhibits are being placed under seal and returned to the referring agency in the condition in which they were received into evidence.


ADMINISTRATIVE LAW JUDGE

Date Signed: 10/18/12

AFFIDAVIT

STATE OF TEXAS

COUNTY OF KERR

THE COMMISSION EXPIRES IN 10/02/2014
B. Hux
OCT 10 2012

OCT 10 2012

THE STATE OF TEXAS
COUNTY OF TRAVIS
I HEREBY CERTIFY THAT I AM A
NOTARY PUBLIC IN THE STATE OF TEXAS
AND THAT I AM CURRENTLY
EXERCISING MY OFFICE

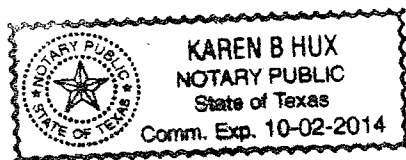
I, W. E. Vlasek, being duly sworn, file this NOTICE OF PROPOSED RATE
CHANGE as Owner (indicate relationship to Utility, that is, owner, member of partnership,
title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and
authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and
correct.

I further represent that a copy of the attached notice was provided by mail to
(mail or hand delivery)
each customer or other affected party on or about February 8, 2012.

W. E. Vlasek
Affiant (Utility's Authorized Representative)

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

Subscribed and sworn to before me this the 8 day of February, 20 12, to certify
which witness my hand and seal of office.

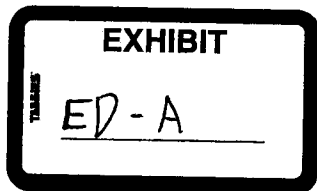


SEAL

Karen B Hux
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Karen B Hux
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 10/02/2014



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WATER SUPPLY DIV
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12685

Si desea informacion en Espanol, puede llamar al 512-239-0200

NOTICE OF PROPOSED RATE CHANGE -WATER (Cont.)

Page 2

CURRENT RATES		PROPOSED RATES Effective 5/21/2012		
Monthly base rate including <u>0</u> gallons		Monthly base rate including <u>0</u> gallons		
Meter Size:		Meter Size:		
Residential		Residential effective: 5/21/2012	5/21/2013	
5/8" or 3/4"	\$ 27.00	5/8" or 3/4"	\$ 29.00	\$ 31.00
1"	\$ 67.56	1"	\$ 72.54	\$ 77.53
1 1/2"	\$ 135.12	1 1/2"	\$ 145.08	\$155.06
2"	\$ 216.19	2"	\$ 232.12	\$248.10
3"	\$ 405.36	3"	\$ 435.23	\$465.18
Other: _____ \$		Other: _____ @ \$		
Gallonge Charge:		Gallonge Charge:		
\$ 3.50 for 0 – 10,000 gallons (per 1000 gal)		0-10,000 gallons (per 1000 gal)	\$4.45	\$4.45
\$ 4.50 for 10,001 gal and over (per 1000 gal)		10,001 gal and over (per 1000 gal)	\$5.40	\$5.72
<u>Miscellaneous Fees</u>		<u>Miscellaneous Fees</u>		
Tap fee	\$750.00	Tap fee	\$ 750.00	
Reconnect fee:		Reconnect fee:		
Non-payment (Maximum - \$25.00)	\$ 25.00	Non-payment (Maximum - \$25.00)	\$ 25.00	
Customer's request	\$ 50.00	Customer's request	\$ 40.00	
Transfer fee	\$ 55.00	Transfer fee	\$ 35.00	
Late charge	\$ 5.00	Late charge	\$ 5.00	
Returned check charge	\$ 25.00	Returned check charge	\$ 25.00	
Deposit	\$ 0	Deposit (Maximum \$50.00)	\$ 50.00	
Meter test fee	\$ 25.00	Meter test fee	\$ 25.00	
Meter Relocation Fee	Actual Cost, not to exceed tap fee	Meter Relocation Fee	Actual Cost, not to exceed tap fee	

Regulatory Assessment of 1% is added to base rate and gallonage charges.

Canyon Springs Water Works

PWS 1330006 • CCN 12685
PO Box 326
Hunt, TX 78024

Dear Customer:

In December Canyon Springs Water Works and Shalako Water Supply (CCN 12685) filed an Application for a Rate / Tariff change. TCEQ (Texas Commission on Environmental Quality) has requested that we a new Notice to Customers with expanded information about the rate change. You will find this notice enclosed. Additionally, there was a math error in figuring the "0 to 10,000 gallons" charge for the first year of the proposed rate change (rates effective May 21, 2012). You will note that this proposed amount is less than shown on the original notice.

Most of you will recall that the last rate change, effective May 21, 2010 was actually a two tier change with different rates effective May 21, 2010 and May 21, 2011. From the feedback we have received this has been an acceptable approach to rate increases. With this in mind, we have structured this new rate change request in the same way. The actual structure is shown below.

Monthly Base Rate by Meter Size (includes 0 gal)	Effective May 21, 2012	Effective May 21, 2013
5/8 X 3/4	\$29.00	\$31.00
1"	\$72.54	\$77.53
1 1/2"	\$145.08	\$155.06
2"	\$232.12	\$248.10
3"	\$435.23	\$465.18
Gallonge charge per 1000 gallons		
0 - 10,000 gal	\$4.45	\$4.45
10,000 gal and over	\$5.40	\$5.72

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A copy of the complete Application is available in our office at 654 Hwy 39, Ingram, TX. If you have any questions, please contact us during office hours, 8:00 am – 5:00 pm, Monday thru Friday. Our phone number is 830-238-4877.

Sincerely,

Canyon Springs Water Works

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS
COUNTY OF TRAVIS
I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT COPY
OF A TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
DOCKET NO. 582-12-8091, TCEQ DOCKET NO. 2012-1463-UCR
OCT 10 2012

OCT 10 2012

OFFICE OF THE CLERK
OF THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
1000 RICE STREET, SUITE 100
AUSTIN, TEXAS 78701
TEL: 512.261.1234 FAX: 512.261.1235
WWW.TCEQ.COM

STATE OF TEXAS

§

COUNTY OF TRAVIS

§

I, Bridget C. Bohac, Chief Clerk of the Texas Commission on Environmental Quality, do hereby certify that the attached mailing list provides the persons to whom the notice of the public hearing for Shalako Estates and Canyon Springs Water Systems, SOAH Docket No. 582-12-8091, TCEQ Docket No. 2012-1463-UCR, was mailed on September 11, 2012. Given under my hand and the seal of the Texas Commission on Environmental Quality, this the 11th day of September, 2012.

Bridget C. Bohac
Bridget C. Bohac, Chief Clerk
Texas Commission on Environmental Quality

SEAL

EXHIBIT

ED-B

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



NOTICE OF HEARING SHALAKO ESTATES AND CANYON SPRINGS WATER SYSTEMS SOAH Docket No. 582-12-8091 TCEQ Docket No. 2012-1463-UCR

APPLICATION.

Shalako Estates and Canyon Springs Water Systems, P.O. Box 326, Hunt, Texas 78024, has applied to the Texas Commission on Environmental Quality (TCEQ) to change its water rate/tariff effective May 21, 2012 for its service area located in Kerr County, Texas (Certificate of Convenience and Necessity No. 12685, Application No. 37233-R). This application concerns service areas located within the USPS zip codes on the attached list.

CONTESTED CASE HEARING.

The State Office of Administrative Hearings (SOAH) will conduct a preliminary hearing on this application at:

**10:00 a.m. – October 11, 2012
William P. Clements Building
300 West 15th Street, 4th Floor
Austin, Texas 78701**

The purpose of a preliminary hearing is to establish jurisdiction, name the parties, establish a procedural schedule for the remainder of the proceeding, allow an opportunity for settlement discussions, and to address other matters as determined by the judge. The evidentiary hearing phase of the proceeding will be similar to a civil trial in state district court. The hearing will be conducted in accordance with Chapter 2001, Texas Government Code; Chapter 13, Texas Water Code; TCEQ rules, including 30 Texas Administrative Code (TAC) Chapter 291; and the procedural rules of the TCEQ and SOAH, including 30 TAC Chapter 80 and 1 TAC Chapter 155. To participate in the evidentiary hearing as a party, you must attend the preliminary hearing and show you would be affected by the petition in a way not common to members of the general public.