

**WINN PROFESSIONAL ENGINEERS
AND
CONSTRUCTORS, LLC**

July 29, 2009

Mr. Jo E. Ball
Trinity Rural WSC
P.O. Box 709
Trinity, Texas 75862

RE: Eagle Falls Development Study

Dear Jo:

The current KYPipe model for Trinity Rural Water Supply Corporation (TRWSC) was used to perform a water service analysis for providing service to the proposed Eagle Falls Subdivision located on FM 356 south of Carlisle. According to the plans provided by Mr. D. Ray Young, P.E. of Water Engineers, Inc., 223 lots are proposed for Section 1, and 253 connections are proposed for Section 2. This analysis was performed to establish the capacity of the existing system and to define any upgrades that may be needed to serve the proposed development. The study was evaluated under four scenarios at existing conditions:

1. Without an elevated tank or pump station at Eagle Falls
2. With an elevated tank or pump station at Eagle Falls
3. Leasing the Trinity River Authority (TRA) line along FM 356 across White Rock Creek to Sebastopol
4. Leasing the TRA line and having participation from Westwood Shores, another potential TRWSC customer, to fund needed line work

Scenario 1

Water from the new surface water treatment plant on SH 19 will be pumped to the Pinecrest Plant. The Pinecrest Plant will pump the water to the Lake L elevated tank. Water will then flow by gravity to the Eagle Falls subdivision. Each segment of water transportation was evaluated to ensure that water could be transferred to Eagle Falls. Water demands in Eagle Falls were set at 1.5 gpm per connection peak demand. From the new surface water treatment plant to the Pinecrest plant, there is a 12" line along SH 19 and 6" line along FM 3453. The 9,000' of 6" line along FM 3453 will need to be upgraded to a 10" line. The water lines between Pinecrest and Lake L are mainly 4" and 6" lines. Again, these will need to be replaced with approximately 15,200' of 10" line. Currently, there is not a TRWSC water line that crosses White Rock Creek. The remainder of the service area is comprised of 6" lines and smaller. To provide service for all 476 proposed connections in Eagle Falls, a 12" line from the Lake L Elevated Tank to the subdivision is needed. A preliminary cost estimate for this scenario is shown in Table 1, and a drawing of the proposed improvements is provided as Figure 1.

Scenario 2

This scenario evaluated the installation of an elevated tank or pump station located at the subdivision. Therefore, the Lake L elevated tank would only need to transfer water to the Eagle Falls elevated tank or pump station at a rate of 0.6 gpm per connection average demand. Based on the TCEQ elevated storage requirement of 100 gallons per connection, a 50,000 gallon elevated tank would be necessary to serve the development. An alternate pump station would include a 100,000 gal. ground storage tank, two 500 gpm booster pumps, and a 10,000 gal. pressure tank. Under this scenario, most of the needed 12" line from Lake L to Eagle Falls can be reduced to 10" and 8" lines, as shown in Figure 2. A 10" line is still needed along FM 3453 and between the Pinecrest Plant and the Lake L elevated tank. The cost estimate for this scenario is shown in Table 1. The elevated tank is considered to have approximately the same cost as the pump station.

Scenario 3

This scenario still proposes an elevated tank or pump station at Eagle Falls; however, TRA currently has a 10" line running along FM 356 from Trinity to Sebastopol. By leasing the 10" TRA line, the amount of 10" line that would need to be installed along FM 356 to serve Eagle Falls would be reduced. Use of the TRA line also eliminates the need for a crossing of White Rock Creek. The cost estimate for this scenario is shown in Table 1. The cost shown for leasing the TRA line is the present value of a proposed lease payment of \$3,300 per year.

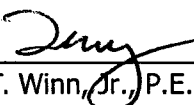
Scenario 4

Scenario 4 is the same as Scenario 3; however, costs could be split with another development, Westwood Shores, that is also considering purchase of water from TRWSC. Westwood Shores is located just north of Lake L and operates at a rate of 125 gpm. To support both phases of Eagle Falls, 286 gpm is needed. Based on these water flow rates, Westwood Shores could be responsible for 30% of the total costs for the proposed lines between the surface water treatment plant and the Lake L elevated tank. Line upgrades from the water treatment plant to Lake L will be needed to provide service to Westwood Shores as well. However, to serve both developments, these lines would need to be 12", rather than 10", as proposed in scenarios 1 through 3. Table 1 shows the cost estimate for dividing costs between Eagle Falls and Westwood Shores.

We appreciate the opportunity to perform this evaluation, and we look forward to assisting TRWSC in implementation of the recommendations. Please do not hesitate to call if you have any questions.

Sincerely yours,

Winn Professional Engineers & Constructors, LLC
Texas Firm License No. F-7846



Walter T. Winn, Jr., P.E.
Principal

WTW/pkw

Enclosures

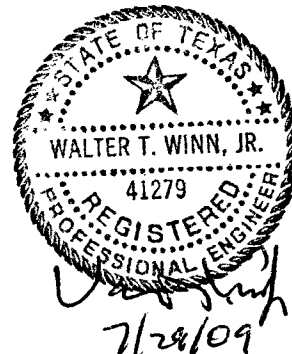


TABLE 1
TRINITY RURAL WATER SUPPLY CORPORATION
EAGLE FALLS SUBDIVISION
PRELIMINARY COST ESTIMATE

Item	Quantity	Unit	Unit Cost (\$)	Cost (\$)
Scenario 1 - Without Elevated Tank				
10" Water Line w/ Tracer Wire - FM 3453	9,000	L.F.	25	225,000
10" Water Line w/ Tracer Wire - Pinecrest to Lake L	15,200	L.F.	25	380,000
12" Water Line w/ Tracer Wire - Lake L to White Rock Creek	24,000	L.F.	30	720,000
12" White Rock Creek Crossing	2,000	L.F.	120	240,000
12" Water Line w/ Tracer Wire - White Rock Cr. to Eagle Falls	40,600	L.F.	30	1,218,000
Eagle Falls Onsite Water Lines (See Table 2)	1	L.S.	471,000	471,000
		Subtotal Construction		3,254,000
Contingency (10%)				325,400
Basic Engineering				312,300
Surveying				50,000
Project Representative				130,200
		Total Scenario 1		4,071,900
Scenario 2 - With Elevated Tank				
10" Water Line w/ Tracer Wire - FM 3453	9,000	L.F.	25	225,000
10" Water Line w/ Tracer Wire - Pinecrest to Lake L	15,200	L.F.	25	380,000
12" Water Line w/ Tracer Wire - Lake L to Trinity Forest	12,600	L.F.	30	378,000
10" Water Line w/ Tracer Wire Trinity Forest to White Rock Cr.	11,000	L.F.	25	275,000
10" White Rock Creek Crossing	2,000	L.F.	100	200,000
10" Water Line w/ Tracer Wire White Rock Cr. to Carlisle	25,500	L.F.	25	637,500
8" Water Line w/ Tracer Wire Carlisle to Eagle Falls	15,500	L.F.	20	310,000
50,000 gallon Elevated Tank or Pump Station	1	L.S.	400,000	400,000
Eagle Falls Onsite Water Lines (See Table 2)	1	L.S.	471,000	471,000
		Subtotal Construction		3,276,500
Contingency (10%)				327,700
Basic Engineering				314,300
Project Representative				131,100
Surveying				50,000
		Total Scenario 2		4,099,600
Scenario 3 - Lease TRA Water Line				
10" Water Line w/ Tracer Wire - FM 3453	9,000	L.F.	25	225,000
10" Water Line w/ Tracer Wire - Pinecrest to Lake L	15,200	L.F.	25	380,000
12" Water Line w/ Tracer Wire - Lake L to Trinity Forest	12,600	L.F.	30	378,000
10" TRA Water Line Crossing White Rock Creek	19,300	L.F.	3	57,900
10" Water Line w/ Tracer Wire - Sebastopol to Carlisle	19,200	L.F.	25	480,000
8" Water Line w/ Tracer Wire Carlisle to Eagle Falls	15,500	L.F.	20	310,000
50,000 gallon Elevated Tank or Pump Station	1	L.S.	400,000	400,000
Eagle Falls Onsite Water Lines (See Table 2)	1	L.S.	471,000	471,000
		Subtotal Construction		2,701,900
Contingency (10%)				270,200
Basic Engineering				264,200
Project Representative				108,100
Surveying				40,000
		Total Scenario 3		3,384,400
Scenario 4 - Lease TRA & Westwood Shores Participation				
12" Water Line w/ Tracer Wire - FM 3453 (70% Share)	9,000	L.F.	21	189,000
12" Water Line w/ Tracer Wire - Pinecrest to Lake L (70%)	15,200	L.F.	21	319,200
12" Water Line w/ Tracer Wire - Lake L to Trinity Forest	12,600	L.F.	30	378,000
10" TRA Water Line Crossing White Rock Creek	19,300	L.F.	3	57,900
10" Water Line w/ Tracer Wire - Sebastopol to Carlisle	19,200	L.F.	25	480,000
8" Water Line w/ Tracer Wire Carlisle to Eagle Falls	15,500	L.F.	20	310,000
50,000 gallon Elevated Tank or Pump Station	1	L.S.	400,000	400,000
Eagle Falls Onsite Water Lines (See Table 2)	1	L.S.	471,000	471,000
		Subtotal Construction		2,605,100
Contingency (10%)				260,500
Basic Engineering				255,700
Project Representative				104,200
Surveying				40,000
		Total Scenario 4		3,265,500

TABLE 2
EAGLE FALLS SUBDIVISION
ONSITE WATER SYSTEM
PRELIMINARY COST ESTIMATE

Item	Quantity	Unit	Unit Cost (\$)	Cost (\$)
12" Water Line w/ Tracer Wire (FM 356 to Section 2)	3,900	L.F.	30	117,000
8" Water Line w/ Tracer Wire	3,600	L.F.	20	72,000
6" Water Line w/ Tracer Wire	18,800	L.F.	15	282,000
4" Water Line w/ Tracer Wire	1,150	L.F.	10	11,500
Subtotal Construction				471,000
Contingency (10%)				47,100
Basic Engineering				54,800
Project Representative				18,800
Surveying				5,000
Total Onsite				596,700

Trinity Rural Water Supply Corporation
P.O. Box 709
Trinity, Texas 75862
Phone: 936-594-2192 Fax: 936-594-8491

August 11, 2009

Dear Sirs,

Trinity Rural WSC tariff requires that all developers pay our Parity fees for each lot developed prior to connecting water services to development. These fees are as follows.

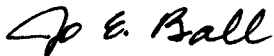
Section 1:

223 Lots @ \$ 875.00 per lot = \$ 195,125.00

Section 2:

253 Lots @ \$ 875.00 per lot = \$ 221,375.00

Thank You



Jo E. Ball
General Manager
Trinity Rural WSC

Trinity Rural Water Supply Corporation

Fees

From the Tariff adopted by the Board of Directors April 22, 2006
Amended April 17, 2008

Copies (all financial and other records and documents shall be made
available to general public according to Texas Public Information Act)

1 00/1st page – 25cents each page

Membership.....	\$100.00	
Meter Set.....	400.00	
Water Rates.....Residential.....	50.00	
Commercial.....	54.00	
Master Meter.....	54.00	
Per 1,000 gals for 1 st 2,000 over 3,000 gal min	5.50	
per 1,000 gals remainder over 5,000 gals	6.50	
Late Charge.....	10% charge for water & inventory	
Deferred Accounts.....	10% charge	
Easement Fee (Filing fee set by State subject to change)...	16.00	
PARITY (EQUITY BUY-IN FEE).....	875.00	
REGULATORY ASSESSMENT EQUAL TO ½ OF 1% OF RETAIL WATER CHARGE (INCLUDED IN BASIC RETAIL WATER CHARGE)		*State mandated
VFD (VOLUNTARY FIRE DEPT CONTRIBUTION).....	1.00	
(we can retain 5% but choose to donate)		
OWNER NOTIFICATION FEE	3.50	
(should lessee/renter be late and we must notify owner)		
MORTGAGEE/GUARANTOR NOTIFICATION FEE.....	3.50	
(same as above)		
RETURNED CHECK FEE	30.00	
RECONNECT FEE	from 7 a.m. thru 4 p.m..... 50.00	
.....after 4 p.m. thru 7 a. m.....	75.00	including weekends and holidays
SERVICE TRIP FEE.....	35.00	
(by request (other than damage) or for disconnecting or collecting payment)		
EQUIPMENT DAMAGE FEE.....	(actual costs for labor/equipment/material)	
CUSTOMER HISTORY REPORT.....	3.00	
METER TEST FEE.....	10.00	
(upon written request only)		
TRANSFER FEE.....	10.00	
(membership transfer)		
MEMBERSHIP CERTIFICATE COPY FEE.....	5.00	
(duplicate copy)		
NON-DISCLOSURE FEE.....	5.00	
(written request for privacy of information)		
CUSTOMER SERVICE INSPECTION FEE.....	20 00	
COLLECTION FEE.....	25 00	
(to collect past due accounts)		
ROAD CROSSING FEE	150 00	
TEMPORARY CONNECTION FEE		this fee will be same as reconnect @ \$50 00 and if, There is more than 1,000 gallons used then, the fee Will be an additional 6 50 per 1,000 gals These fees Will be paid up front

CONSTRUCTION COST ESTIMATE

Construction of Eagle Falls Groundwater Supply Plant

Phase I - Initial 249 connections

Date: March 20, 2009 (ENR CCI = 8534.05~1913; = 794.48~1967)

Item No.	Description	Quan.	Unit	Unit Price	Total
1	Land Cost	0.83	Ac	\$12,000	\$10,000
2	Grading & Drainage, SWPPP	1	LS	\$4,500	\$4,500
3	4" PVC Piping, Well - GST	100	LF	\$10	\$1,000
4	8" PVC Piping, ST - BP Bldg & BP Bldg - Dist	150	LF	\$20	\$3,000
5	Misc 1" Piping	50	LF	\$6	\$300
6	8" Gate Valve & Box	4	LS	\$400	\$1,600
7	4" Gate Valve & Box	1	LS	\$400	\$400
8	Crushed Concrete Access Drive	400	SY	\$20	\$8,000
9	Site Fencing - 9 ga Chain Link	700	LF	\$20	\$14,000
10	6" Water Well, 20 HP Pump	1	LS	\$50,000	\$50,000
11	Well Discharge Meter, Valves & Fittings	1	LS	\$5,000	\$5,000
12	GST Concrete Foundation & Pad	1	LS	\$8,000	\$8,000
13	65,000 Gal Bolted Ground Storage Tank	1	LS	\$60,000	\$60,000
14	Booster Pump/Chem/Storage Building	432	SF	\$100	\$43,200
15	250 gpm @ 60 psi Booster Pumps	3	Ea	\$5,000	\$15,000
16	Piping & Valves Inside Building	1	LS	\$22,500	\$22,500
17	Concrete Foundation For HPT	1	LS	\$5,000	\$5,000
18	Hydropneumatic Tank, 5,000 gallon	1	LS	\$24,000	\$24,000
19	Painting	1	LS	\$2,500	\$2,500
20	Chlorination Equipment (Liquid)	1	LS	\$1,600	\$1,600
21	Well & Booster Pump Control Panel	1	LS	\$11,400	\$11,400
22	Telephone Dialer Monitoring System	1	LS	\$3,500	\$3,500
23	Three Phase Elect Line Ext to Plant Site	4000	LF	\$20	\$80,000
24	Electrical Service Rack & Disconnects	1	LS	\$7,500	\$7,500
25	Electrical Conduit, Wiring & Switches	1	LS	\$25,000	\$25,000
26	Subtotal Phase 1				\$407,000
27	Contingency @ 10%				\$40,700
28	Total Estimated Construction Cost				\$447,700
29	Engineering @ 10 %				\$44,770
30	Total Phase 1 Capital Cost				\$492,470

CONSTRUCTION COST ESTIMATE

Construction of Eagle Falls Groundwater Supply Plant

Phase II - 249 to 476 connections

Date: March 20, 2009 (ENR CCI = 8534.05~1913; = 794.48~1967)

Item No.	Description	Quan.	Unit	Unit Price	Total
1	Grading & Drainage, SWPPP	1	LS	\$3,000	\$3,000
2	4" PVC Piping, Well - GST	250	LF	\$10	\$2,500
3	8" PVC Piping, ST - BP Bldg & BP Bldg - Dist	100	LF	\$20	\$2,000
4	8" Gate Valve & Box	3	LS	\$400	\$1,200
5	4" Gate Valve & Box	1	LS	\$400	\$400
6	Crushed Concrete Access Drive	100	SY	\$20	\$2,000
6	6" Water Well, 20 HP Pump	1	LS	\$50,000	\$50,000
7	Well Discharge Meter, Valves & Fittings	1	LS	\$5,000	\$5,000
8	GST Concrete Foundation & Pad	1	LS	\$8,000	\$8,000
9	65,000 Gal Bolted Ground Storage Tank	1	LS	\$60,000	\$60,000
10	250 gpm @ 60 psi Booster Pumps	1	Ea	\$5,000	\$5,000
11	Piping & Valves Inside Building	1	LS	\$7,500	\$7,500
12	Concrete Foundation For HPT	1	LS	\$5,000	\$5,000
13	Hydropneumatic Tank, 5,000 gallon	1	LS	\$24,000	\$24,000
14	Chlorination Equipment (Liquid)	1	LS	\$1,600	\$1,600
15	Well Control Panel	1	LS	\$3,500	\$3,500
16	Electrical Conduit, Wiring & Switches	1	LS	\$35,000	\$35,000
17	180 kVA Standby Generator	1	LS	\$60,000	\$60,000
18	Subtotal Phase 1				\$275,700
19	Contingency @ 10%				\$27,570
20	Total Estimated Construction Cost				\$303,270
21	Engineering @ 10 %				\$30,327
22	Total Phase 1 Capital Cost				\$333,597

ATTACHMENT "H"

FINANCIAL INFORMATION

EAGLE FALLS WATER SUPPLY, LLC

FINANCIAL ASSUMPTIONS AND DATA
FOR TCEQ CCN APPLICATION
EAGLE FALLS WATER SUPPLY, LLC

INCOME AND EXPENSE

Development Rate, New Connections/Month =	4				
Maximum Number of Connections =	400				
AVERAGE ANNUAL WATER USE/EQUIV. CONN. =	300	GAL/DAY			
AVERAGE ANNUAL WATER USE/EQUIV. CONN. =	9,000	GAL/MONTH			
BASIC WATER RATE =	\$35.00	Gal Included	-	\$2.50	/1000 GAL
CONSERVATION RATE =		Gal Exceeding	12,000	\$3.50	/1000 GAL
AVERAGE MONTHLY WATER/SEWER BILL/CONN. =	\$54.50				
Water Tap Fee =	\$650.00				
BAD DEBTS =	1.00%	OF SALES			
CAPITAL INVESTMENT SCHEDULE	2010	2011	2012	2013	2014
WATER PLANT CONSTRUCTION COST =	\$492,470	\$492,470	\$492,470	\$492,470	\$492,470
WATER DISTRIBUTION SYSTEM COST =	\$200,482	\$200,482	\$200,482	\$200,482	\$200,482
TOTAL SYSTEM CAPITAL COST =	\$692,952	\$692,952	\$692,952	\$692,952	\$692,952
CONTRIBUTIONS IN AID OF CONSTRUCTION =	\$0	\$0	\$0	\$0	\$0
NET SYSTEM USER CAPITAL COST =	\$692,952	\$692,952	\$692,952	\$692,952	\$692,952
ASSET MANAGEMENT REPLACEMENT COST	\$692,952	\$692,952	\$692,952	\$692,952	\$692,952
SALVAGE VALUE @ 10% =	\$69,295	\$69,295	\$69,295	\$69,295	\$69,295
AVG LIFE, YEARS =	40	40	40	40	40
ASSET REPLACEMENT RESERVE / MONTH =	\$1,299	\$1,299	\$1,299	\$1,299	\$1,299

VARIABLE OPERATING COSTS

ELEC. COST =	\$100	/Mo. Plus	\$0.15	/1000 GAL
OPERATIONS COST =	\$350	/Mo. Plus	\$2.50	/CONNECTION
CUSTOMER METER READING & BILLING COST =	\$125	/Mo. Plus	\$3.50	/CONNECTION
OFFICE SUPPLY EXPENSE COST =	\$100	/Mo. Plus	\$0.25	/CONNECTION
TCEQ FEES & LABORATORY COSTS=	\$25.00	/Mo.		
CHEMICAL COST =	\$75	/Mo. Plus	\$1.50	/CONNECTION
FIRST YEAR REPAIR COST/MO., % CAP =	0.05%	Of Invested Capital		
REPAIR COST/MO., % CAP =	0.20%	Of Invested Capital		
FIRST 2 YEARS RESERVE ACCT DEPOSIT/MO., % CAP =	0.00%	Of Invested Capital		
RESERVE ACCT DEPOSIT/MO., % CAP =	0.20%	Of Invested Capital		

FIXED OPERATING COSTS

LABORATORY COST =	\$60	/MO.
PROFESSIONAL FEES =	\$250	/MO.
EFFECTIVE LOCAL TAX RATE =	\$0.50	/ \$100
LIAB/PROP INSURANCE =	\$1.00	/ \$100

ASSUMPTION

1. Taps are made and fees are paid in the month prior to water use beginning for a particular connection.

Fiscal Year		Seasonal	Projected	Projected	Projected
Month		Use	Use	Monthly	Monthly
		Multiplier	Gal/Day	Utility Bill	Bill (*)
1	JAN	0.65	195	\$ 50.11	\$50.61
2	FEB	0.70	210	\$ 49.70	\$50.20
3	MAR	0.75	225	\$ 52.44	\$52.96
4	APR	0.90	270	\$ 55.25	\$55.80
5	MAY	1.00	300	\$ 58.25	\$58.83
6	JUN	1.50	450	\$ 70.25	\$70.95
7	JUL	1.65	495	\$ 76.71	\$77.47
8	AUG	1.65	495	\$ 76.71	\$77.47
9	SEP	1.00	300	\$ 57.50	\$58.08
10	OCT	0.80	240	\$ 53.60	\$54.14
11	NOV	0.75	225	\$ 51.88	\$52.39
12	DEC	0.65	195	\$ 50.11	\$50.61
SUMMATION		12.00	300.00	\$702.50	\$709.53
(*) Including 1% TCEQ Sales Tax					

PROJECTED INCOME & EXPENSE STATEMENT
FOR TCEQ CCN APPLICATION
EAGLE FALLS WATER SUPPLY, LLC
FISCAL YEAR 2010

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
TOTAL ON-LINE CONNECTIONS.	0	0	0	0	0	0	0	0	4	8	12	16	40
Seasonal Multiplier, mo. avg/ annual avg	0.65	0.70	0.75	0.90	1.00	1.50	1.65	1.65	1.00	0.80	0.75	0.65	12.00
Monthly Water Use/Customer, Gal	6,045	5,880	6,975	8,100	9,300	13,500	15,345	15,345	9,000	7,440	6,750	6,045	
Monthly Water Use in Base Rate, Gal	-	-	-	-	-	-	-	-	-	-	-	-	
Monthly Water Use in First Surcharge Rate, Gal	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	
Monthly Water Use Subject to Surcharge # 1, Gal	6,045	5,880	6,975	8,100	9,300	12,000	12,000	12,000	9,000	7,440	6,750	6,045	
Monthly Water Use Subject to Surcharge # 2, Gal	-	-	-	-	-	1,500	3,345	3,345	-	-	-	-	
Monthly Water Income Per Customer, \$	\$ 50.11	\$ 49.70	\$ 52.44	\$ 55.25	\$ 58.25	\$ 70.25	\$ 76.71	\$ 76.71	\$ 57.50	\$ 53.60	\$ 51.88	\$ 50.11	\$ 702.50
Total Monthly Water Pumped, Gal	0	0	0	0	0	0	0	0	36,000	59,520	81,000	96,720	273,240
WATER USE INCOME	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230.00	\$ 428.80	\$ 622.50	\$ 801.80	\$ 2,083
TAP FEE INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,600	\$2,600	\$2,600	\$2,600	\$10,400
TOTAL INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,830	\$3,029	\$3,223	\$3,402	\$12,483
RESERVE FOR BAD DEBTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$28	\$30	\$32	\$34	\$125
INCOME (ADJUSTED FOR BAD DEBTS)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,802	\$2,999	\$3,190	\$3,368	\$12,358
EXPENSE													
GENERAL & ADMINISTRATIVE													
OFFICE SUPPLY EXPENSE	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$101	\$102	\$103	\$104	\$1,210
PROFESSIONAL FEES	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
INSURANCE	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$6,930
ADVALOREM TAXES	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$3,465
TCEQ PERMIT FEES	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
TOTAL G&A	\$1,241	\$1,241	\$1,241	\$1,241	\$1,241	\$1,241	\$1,241	\$1,241	\$1,242	\$1,243	\$1,244	\$1,245	\$14,904
OPERATIONS													
OPERATIONS COST	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$360	\$370	\$380	\$390	\$4,300
CUSTOMER BILLING COST	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$139	\$153	\$167	\$181	\$1,640
ELECTRICITY	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$105	\$109	\$112	\$115	\$1,241
CHEMICAL COST	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$81	\$87	\$93	\$99	\$960
TAP MAT'L & FIELD LABOR COST	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,300	\$1,300	\$1,300	\$1,300	\$5,200
REPAIR COSTS	\$346	\$346	\$346	\$346	\$346	\$346	\$346	\$346	\$346	\$346	\$346	\$346	\$4,158
CONTRIBUTION TO RESERVE ACCT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL MONTHLY OPERATING COST	\$996	\$996	\$996	\$996	\$996	\$996	\$996	\$996	\$2,332	\$2,365	\$2,399	\$2,431	\$17,499
NET INCOME OR EXPENSE/MONTH	(\$2,238)	(\$2,238)	(\$2,238)	(\$2,238)	(\$2,238)	(\$2,238)	(\$2,238)	(\$2,238)	(\$744)	(\$580)	(\$420)	(\$274)	(\$19,920)

PROJECTED INCOME & EXPENSE STATEMENT
FOR TCEQ CCN APPLICATION
EAGLE FALLS WATER SUPPLY, LLC
FISCAL YEAR 2011

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
TOTAL ON-LINE EQUIVALENT CONN.	20	24	28	32	36	40	44	48	52	56	60	64	504
Seasonal Multiplier, mo. avg/ annual avg	0.65	0.70	0.75	0.90	1.00	1.50	1.65	1.65	1.00	0.80	0.75	0.65	12.00
Monthly Water Use/Customer, Gal	6,045	5,880	6,975	8,100	9,300	13,500	15,345	15,345	9,000	7,440	6,750	6,045	
Monthly Water Use in Base Rate, Gal	-	-	-	-	-	-	-	-	-	-	-	-	
Monthly Water Use in First Surcharge Rate, Gal	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	
Monthly Water Use Subject to Surcharge # 1, Gal	6,045	5,880	6,975	8,100	9,300	12,000	12,000	12,000	9,000	7,440	6,750	6,045	
Monthly Water Use Subject to Surcharge # 2, Gal	-	-	-	-	-	1,500	3,345	3,345	-	-	-	-	
Monthly Water Income Per Customer, \$	\$ 50.11	\$ 49.70	\$ 52.44	\$ 55.25	\$ 58.25	\$ 70.25	\$ 76.71	\$ 76.71	\$ 57.50	\$ 53.60	\$ 51.88	\$ 50.11	\$ 702.50
Total Monthly Water Pumped, Gal	120,900	141,120	195,300	259,200	334,800	540,000	675,180	736,560	468,000	416,640	405,000	386,880	4,679,580
WATER USE INCOME	\$ 1,002	\$ 1,193	\$ 1,468	\$ 1,768	\$ 2,097	\$ 2,810	\$ 3,375	\$ 3,682	\$ 2,990	\$ 3,002	\$ 3,113	\$ 3,207	\$29,707
TAP FEE INCOME	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$31,200
TOTAL INCOME	\$3,602	\$3,793	\$4,068	\$4,368	\$4,697	\$5,410	\$5,975	\$6,282	\$5,590	\$5,602	\$5,713	\$5,807	\$60,907
RESERVE FOR BAD DEBTS	\$36	\$38	\$41	\$44	\$47	\$54	\$60	\$63	\$56	\$56	\$57	\$58	\$609
INCOME (ADJUSTED FOR BAD DEBTS)	\$3,566	\$3,755	\$4,028	\$4,324	\$4,650	\$5,356	\$5,915	\$6,219	\$5,534	\$5,546	\$5,655	\$5,749	\$60,298

EXPENSE

GENERAL & ADMINISTRATIVE													
OFFICE EXPENSE	\$105	\$106	\$107	\$108	\$109	\$110	\$111	\$112	\$113	\$114	\$115	\$116	\$1,326
PROFESSIONAL FEES	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
INSURANCE	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$6,930
ADVALOREM TAXES	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$3,465
TCEQ PERMIT FEES	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
TOTAL G&A	\$1,246	\$1,247	\$1,248	\$1,249	\$1,250	\$1,251	\$1,252	\$1,253	\$1,254	\$1,255	\$1,256	\$1,257	\$16,020
OPERATIONS													
OPERATIONS COST	\$400	\$410	\$420	\$430	\$440	\$450	\$460	\$470	\$480	\$490	\$500	\$510	\$5,460
CUSTOMER BILLING COST	\$195	\$209	\$223	\$237	\$251	\$265	\$279	\$293	\$307	\$321	\$335	\$349	\$3,264
ELECTRICITY	\$118	\$121	\$129	\$139	\$150	\$161	\$201	\$210	\$170	\$162	\$161	\$158	\$1,902
CHEMICAL COST	\$105	\$111	\$117	\$123	\$129	\$135	\$141	\$147	\$153	\$159	\$165	\$171	\$1,656
TAP MAT'L & FIELD LABOR COST	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$15,600
REPAIR COSTS	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$16,631
CONTRIBUTION TO RESERVE ACCT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL MONTHLY OPERATING COST	\$3,504	\$3,537	\$3,575	\$3,615	\$3,656	\$3,717	\$3,767	\$3,806	\$3,796	\$3,818	\$3,847	\$3,874	\$44,513
NET INCOME OR EXPENSE/MONTH	(\$1,148)	(\$991)	(\$755)	(\$496)	(\$209)	\$442	\$956	\$1,222	\$540	\$528	\$610	\$676	\$1,374

PROJECTED INCOME & EXPENSE STATEMENT
FOR TCEQ CCN APPLICATION
EAGLE FALLS WATER SUPPLY, LLC
FISCAL YEAR 2012

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
TOTAL ON-LINE EQUIVALENT CONN	68	72	76	80	84	88	92	96	100	104	108	112	1,080
Seasonal Multiplier, mo. avg/ annual avg	0.65	0.70	0.75	0.90	1.00	1.50	1.65	1.65	1.00	0.80	0.75	0.65	12.00
Monthly Water Use/Customer, Gal	6,045	5,880	6,975	8,100	9,300	13,500	15,345	15,345	9,000	7,440	6,750	6,045	
Monthly Water Use in Base Rate, Gal	-	-	-	-	-	-	-	-	-	-	-	-	
Monthly Water Use in First Surcharge Rate, Gal	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	
Monthly Water Use Subject to Surcharge # 1, Gal	6,045	5,880	6,975	8,100	9,300	12,000	12,000	12,000	9,000	7,440	6,750	6,045	
Monthly Water Use Subject to Surcharge # 2, Gal	-	-	-	-	-	1,500	3,345	3,345	-	-	-	-	
Monthly Water Income Per Customer, \$	\$ 50.11	\$ 49.70	\$ 52.44	\$ 55.25	\$ 58.25	\$ 70.25	\$ 76.71	\$ 76.71	\$ 57.50	\$ 53.60	\$ 51.88	\$ 50.11	\$ 702.50
Total Monthly Water Pumped, Gal	411,060	423,360	530,100	648,000	781,200	1,188,000	1,411,740	1,473,120	900,000	773,760	729,000	677,040	9,946,380
WATER USE INCOME	\$3,407.65	\$3,578.40	\$3,985.25	\$4,420.00	\$4,893.00	\$6,182.00	\$7,057.09	\$7,363.92	\$5,750.00	\$5,574.40	\$5,602.50	\$5,612.60	\$63,427
TAP FEE INCOME	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$31,200
TOTAL INCOME	\$6,007.65	\$6,178.40	\$6,585.25	\$7,020.00	\$7,493.00	\$8,782.00	\$9,657.09	\$9,963.92	\$8,350.00	\$8,174.40	\$8,202.50	\$8,212.60	\$94,627
RESERVE FOR BAD DEBTS	\$60	\$62	\$66	\$70	\$75	\$88	\$97	\$100	\$84	\$82	\$82	\$82	\$946
INCOME (ADJUSTED FOR BAD DEBTS)	\$5,948	\$6,117	\$6,519	\$6,950	\$7,418	\$8,694	\$9,561	\$9,864	\$8,267	\$8,093	\$8,120	\$8,130	\$93,681
EXPENSE													
GENERAL & ADMINISTRATIVE													
MGMT, ACCT'G & OFFICE EXPENSE	\$117	\$118	\$119	\$120	\$121	\$122	\$123	\$124	\$125	\$126	\$127	\$128	\$1,470
PROFESSIONAL FEES	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
INSURANCE	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$6,930
ADVALOREM TAXES	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$3,465
TCEQ PERMIT FEES	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
TOTAL G&A	\$1,258	\$1,259	\$1,260	\$1,261	\$1,262	\$1,263	\$1,264	\$1,265	\$1,266	\$1,267	\$1,268	\$1,269	\$15,164
OPERATIONS													
OPERATIONS COST	\$520	\$530	\$540	\$550	\$560	\$570	\$580	\$590	\$600	\$610	\$620	\$630	\$6,900
CUSTOMER BILLING COST	\$363	\$377	\$391	\$405	\$419	\$433	\$447	\$461	\$475	\$489	\$503	\$517	\$5,280
ELECTRICITY	\$162	\$164	\$180	\$197	\$217	\$278	\$312	\$321	\$235	\$216	\$209	\$202	\$2,692
CHEMICAL COST	\$177	\$183	\$189	\$195	\$201	\$207	\$213	\$219	\$225	\$231	\$237	\$243	\$2,520
TAP MAT'L & FIELD LABOR COST	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$15,600
REPAIR COSTS	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$16,631
CONTRIBUTION TO RESERVE ACCT	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$16,631
TOTAL MONTHLY OPERATING COST	\$5,293	\$5,325	\$5,371	\$5,419	\$5,469	\$5,560	\$5,624	\$5,663	\$5,607	\$5,618	\$5,641	\$5,663	\$66,254
NET INCOME OR EXPENSE/MONTH	(\$544)	(\$406)	(\$46)	\$340	\$762	\$1,959	\$2,769	\$3,036	\$1,477	\$1,289	\$1,293	\$1,280	\$13,209

PROJECTED INCOME & EXPENSE STATEMENT
FOR TCEQ CCN APPLICATION
EAGLE FALLS WATER SUPPLY, LLC
FISCAL YEAR 2013

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
TOTAL ON-LINE EQUIVALENT CONN.	116	120	124	128	132	136	140	144	148	152	156	160	1,856
Seasonal Multiplier, mo. avg/ annual avg	0.65	0.70	0.75	0.90	1.00	1.50	1.65	1.65	1.00	0.80	0.75	0.65	12.00
Monthly Water Use/Customer, Gal	6,045	5,880	6,975	8,100	9,300	13,500	15,345	15,345	9,000	7,440	6,750	6,045	
Monthly Water Use in Base Rate, Gal	-	-	-	-	-	-	-	-	-	-	-	-	
Monthly Water Use in First Surcharge Rate, Gal	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	
Monthly Water Use Subject to Surcharge # 1, Gal	6,045	5,880	6,975	8,100	9,300	12,000	12,000	12,000	9,000	7,440	6,750	6,045	
Monthly Water Use Subject to Surcharge # 2, Gal	-	-	-	-	-	1,500	3,345	3,345	-	-	-	-	
Monthly Water Income Per Customer, \$	\$ 50.11	\$ 49.70	\$ 52.44	\$ 55.25	\$ 58.25	\$ 70.25	\$ 76.71	\$ 76.71	\$ 57.50	\$ 53.60	\$ 51.88	\$ 50.11	\$ 702.50
Total Monthly Water Pumped, Gal	701,220	705,600	864,900	1,036,800	1,227,600	1,836,000	2,148,300	2,209,680	1,332,000	1,130,880	1,053,000	967,200	15,213,180
WATER USE INCOME	\$5,813.05	\$5,964.00	\$6,502.25	\$7,072.00	\$ 7,689.00	\$ 9,554.00	#####	#####	\$ 8,510.00	\$ 8,147.20	\$ 8,092.50	\$ 8,018.00	\$97,147
TAP FEE INCOME	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$31,200
TOTAL INCOME	\$8,413	\$8,564	\$9,102	\$9,672	\$10,289	\$12,154	\$13,339	\$13,646	\$11,110	\$10,747	\$10,693	\$10,618	\$128,347
RESERVE FOR BAD DEBTS	\$84	\$86	\$91	\$97	\$103	\$122	\$133	\$136	\$111	\$107	\$107	\$106	\$1,283
INCOME (ADJUSTED FOR BAD DEBTS)	\$8,329	\$8,478	\$9,011	\$9,575	\$10,186	\$12,032	\$13,206	\$13,509	\$10,999	\$10,640	\$10,586	\$10,512	\$127,063

EXPENSE

GENERAL & ADMINISTRATIVE													
MGMT, ACCTING & OFFICE EXPENSE	\$129	\$130	\$131	\$132	\$133	\$134	\$135	\$136	\$137	\$138	\$139	\$140	\$1,614
PROFESSIONAL FEES	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
INSURANCE	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$6,930
ADVALOREM TAXES	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$3,465
TCEQ PERMIT FEES	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
TOTAL G&A	\$1,270	\$1,271	\$1,272	\$1,273	\$1,274	\$1,275	\$1,276	\$1,277	\$1,278	\$1,279	\$1,280	\$1,281	\$15,308
OPERATIONS													
OPERATIONS COST	\$640	\$650	\$660	\$670	\$680	\$690	\$700	\$710	\$720	\$730	\$740	\$750	\$8,340
CUSTOMER BILLING COST	\$531	\$545	\$559	\$573	\$587	\$601	\$615	\$629	\$643	\$657	\$671	\$685	\$7,296
ELECTRICITY	\$205	\$206	\$230	\$256	\$284	\$375	\$422	\$431	\$300	\$270	\$258	\$245	\$3,482
CHEMICAL COST	\$249	\$255	\$261	\$267	\$273	\$279	\$285	\$291	\$297	\$303	\$309	\$315	\$3,384
TAP MAT'L & FIELD LABOR COST	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$15,600
REPAIR COSTS	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$16,631
CONTRIBUTION TO RESERVE ACCT	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$16,631
TOTAL MONTHLY OPERATING COST	\$5,697	\$5,728	\$5,782	\$5,837	\$5,896	\$6,017	\$6,094	\$6,133	\$6,032	\$6,031	\$6,050	\$6,067	\$71,364
NET INCOME OR EXPENSE/MONTH	\$1,446	\$1,565	\$2,049	\$2,561	\$3,119	\$4,862	\$5,969	\$6,235	\$3,800	\$3,437	\$3,363	\$3,270	\$41,675

PROJECTED INCOME & EXPENSE STATEMENT
FOR TCEQ CCN APPLICATION
EAGLE FALLS WATER SUPPLY, LLC
FISCAL YEAR 2014

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
TOTAL ON-LINE EQUIVALENT CONN.	164	168	172	176	180	184	188	192	196	200	204	208	2,232
Seasonal Multiplier, mo. avg/ annual avg	0.65	0.70	0.75	0.90	1.00	1.50	1.65	1.65	1.00	0.80	0.75	0.65	12.00
Monthly Water Use/Customer, Gal	6,045	5,880	6,975	8,100	9,300	13,500	15,345	15,345	9,000	7,440	6,750	6,045	
Monthly Water Use in Base Rate, Gal	-	-	-	-	-	-	-	-	-	-	-	-	
Monthly Water Use in First Surcharge Rate, Gal	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	
Monthly Water Use Subject to Surcharge # 1, Gal	6,045	5,880	6,975	8,100	9,300	12,000	12,000	12,000	9,000	7,440	6,750	6,045	
Monthly Water Use Subject to Surcharge # 2, Gal	-	-	-	-	-	1,500	3,345	3,345	-	-	-	-	
Monthly Water Income Per Customer, \$	\$ 50.11	\$ 49.70	\$ 52.44	\$ 55.25	\$ 56.25	\$ 70.25	\$ 76.71	\$ 76.71	\$ 57.50	\$ 53.60	\$ 51.88	\$ 50.11	\$ 702.60
Total Monthly Water Pumped, Gal	991,380	987,840	1,199,700	1,425,600	1,674,000	2,484,000	2,884,860	2,946,240	1,764,000	1,488,000	1,377,000	1,257,360	20,479,980
WATER USE INCOME	\$8,218.45	\$8,349.60	\$9,019.25	\$9,724.00	\$10,485.00	#####	#####	#####	\$11,270.00	\$10,720.00	\$10,582.50	\$10,423.40	\$130,867
TAP FEE INCOME	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$31,200
TOTAL INCOME	\$10,818	\$10,950	\$11,619	\$12,324	\$13,085	\$15,526	\$17,021	\$17,328	\$13,870	\$13,320	\$13,183	\$13,023	\$162,067
RESERVE FOR BAD DEBTS	\$108	\$109	\$116	\$123	\$131	\$155	\$170	\$173	\$139	\$133	\$132	\$130	\$1,621
INCOME (ADJUSTED FOR BAD DEBTS)	\$10,710	\$10,840	\$11,503	\$12,201	\$12,954	\$15,371	\$16,851	\$17,155	\$13,731	\$13,187	\$13,051	\$12,893	\$160,446
EXPENSE													
GENERAL & ADMINISTRATIVE													
MGMT, ACCTING & OFFICE EXPENSE	\$141	\$142	\$143	\$144	\$145	\$146	\$147	\$148	\$149	\$150	\$151	\$152	\$1,768
PROFESSIONAL FEES	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
INSURANCE	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$6,930
ADVALOREM TAXES	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$289	\$3,465
TCEQ PERMIT FEES	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
TOTAL G&A	\$1,282	\$1,283	\$1,284	\$1,285	\$1,286	\$1,287	\$1,288	\$1,289	\$1,290	\$1,291	\$1,292	\$1,293	\$15,452
OPERATIONS													\$0
OPERATIONS COST	\$760	\$770	\$780	\$790	\$800	\$810	\$820	\$830	\$840	\$850	\$860	\$870	\$9,780
CUSTOMER BILLING COST	\$699	\$713	\$727	\$741	\$755	\$769	\$783	\$797	\$811	\$825	\$839	\$853	\$9,312
ELECTRICITY	\$249	\$248	\$280	\$314	\$351	\$473	\$533	\$542	\$365	\$323	\$307	\$289	\$4,272
CHEMICAL COST	\$321	\$327	\$333	\$339	\$345	\$351	\$357	\$363	\$369	\$375	\$381	\$387	\$4,248
TAP MAT'L & FIELD LABOR COST	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$16,600
REPAIR COSTS	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$16,631
CONTRIBUTION TO RESERVE ACCT	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$16,631
TOTAL MONTHLY OPERATING COST	\$6,101	\$6,130	\$6,192	\$6,256	\$6,323	\$6,474	\$6,565	\$6,604	\$6,456	\$6,445	\$6,458	\$6,470	\$76,474
NET INCOME OR EXPENSE/MONTH	\$3,436	\$3,536	\$4,143	\$4,783	\$5,476	\$7,764	\$9,168	\$9,435	\$6,123	\$5,584	\$5,432	\$5,260	\$70,141

**FIVE YEAR SUMMARY OF INCOME & EXPENSE
FOR TCEQ CCN APPLICATION
EAGLE FALLS WATER SUPPLY, LLC**

PROJECTED INCOME & EXPENSE STATEMENT

	DECEMBER 31					
	2009	2010	2011	2012	2013	2014
AVERAGE NUMBER OF CUSTOMERS	0	3	42	90	138	186
TOTAL ANNUAL WATER USE, 1000 GAL	0	273,240	4,679,580	9,946,380	15,213,180	20,479,980
WATER USE INCOME	\$0	\$2,083	\$29,707	\$63,427	\$97,147	\$130,867
TAP FEE INCOME	\$0	\$10,400	\$31,200	\$31,200	\$31,200	\$31,200
TOTAL INCOME	\$0	\$12,483	\$60,907	\$94,627	\$128,347	\$162,067
EXPENSE						
GENERAL & ADMINISTRATIVE						
MGMT, ACCTING & OFFICE EXPENSE	\$0	\$1,210	\$1,326	\$1,470	\$1,614	\$1,758
PROFESSIONAL FEES	\$0	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
INSURANCE	\$0	\$6,930	\$6,930	\$6,930	\$6,930	\$6,930
ADVALOREM TAXES	\$0	\$3,465	\$3,465	\$3,465	\$3,465	\$3,465
TCEQ PERMIT FEES	\$0	\$300	\$300	\$300	\$300	\$300
TOTAL G&A	\$0	\$14,904	\$15,020	\$15,164	\$15,308	\$15,452
OPERATIONS						
OPERATIONS COST	\$0	\$4,300	\$5,460	\$6,900	\$8,340	\$9,780
CUSTOMER BILLING COST	\$0	\$1,640	\$3,264	\$5,280	\$7,296	\$9,312
ELECTRICITY	\$0	\$1,241	\$1,902	\$2,692	\$3,482	\$4,272
CHEMICAL COST	\$0	\$960	\$1,656	\$2,520	\$3,384	\$4,248
TAP MAT'L & FIELD LABOR COST	\$0	\$5,200	\$15,600	\$15,600	\$15,600	\$15,600
REPAIR COSTS	\$0	\$4,158	\$16,631	\$16,631	\$16,631	\$16,631
CONTRIBUTION TO RESERVE ACCT	\$0	\$0	\$0	\$16,631	\$16,631	\$16,631
TOTAL OPERATING COST	\$0	\$17,499	\$44,513	\$66,254	\$71,364	\$76,474
TOTAL G&A + OPERATING EXPENSE	\$0	\$32,403	\$59,533	\$81,418	\$86,672	\$91,926
INCOME (LOSS) BEFORE DEPRECIATION	\$0	(\$19,920)	\$1,374	\$13,209	\$41,675	\$70,141
DEPRECIATION	\$0	\$15,591	\$15,591	\$15,591	\$15,591	\$15,591
NET INCOME (LOSS)	\$0	(\$35,511)	(\$14,218)	(\$2,383)	\$26,084	\$54,550

PROJECTED BALANCE SHEET

	2009	2010	2011	2012	2013	2014
ASSETS						
CASH (CHECKING)	\$20,000	(\$4,920)	(\$13,546)	(\$5,337)	\$36,338	\$106,479
RESERVE ACCOUNT	\$0	\$0	\$0	\$16,631	\$33,262	\$49,893
ACCOUNTS RECEIVABLE	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CURRENT ASSETS	\$20,000	(\$4,920)	(\$13,546)	\$11,293	\$69,599	\$156,371
PROPERTY AND EQUIPMENT						
WATER PLANT	\$0	\$492,470	\$492,470	\$492,470	\$492,470	\$492,470
WATER DISTRIBUTION LINES	\$0	\$200,482	\$200,482	\$200,482	\$200,482	\$200,482
TOTAL PROPERTY AND EQUIPMENT	\$0	\$692,952	\$692,952	\$692,952	\$692,952	\$692,952
LESS ACCUMULATED DEPRECIATION	\$0	\$15,591	\$31,183	\$46,774	\$62,366	\$77,957
TOTAL PROPERTY & EQUIPMENT, NET	\$0	\$677,361	\$661,769	\$646,178	\$630,586	\$614,995
TOTAL ASSETS	\$20,000	\$672,441	\$648,223	\$657,471	\$700,186	\$771,366
RETURN ON INVESTED CAPITAL ASSETS, %		-5.24%	-2.15%	-0.37%	4.14%	8.87%
LIABILITIES AND CAPITAL						
LIABILITIES						
ACCOUNTS PAYABLE	\$0	\$0	\$0	\$0	\$0	\$0
SHORT TERM DEBT	\$20,000	\$15,000	\$5,000	\$0	\$0	\$0
ACCRUED RESERVES	\$0	\$0	\$0	\$16,631	\$33,262	\$49,893
LONG TERM DEBT	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL LIABILITIES	\$20,000	\$15,000	\$5,000	\$16,631	\$33,262	\$49,893
OWNER/STOCKHOLDER EQUITY						
COMMON STOCK	\$0	\$692,952	\$692,952	\$692,952	\$692,952	\$692,952
RETAINED EARNINGS (CUMMULATIVE)	\$0	\$0	(\$35,511)	(\$49,729)	(\$52,112)	(\$26,028)
NET INCOME	\$0	(\$35,511)	(\$14,218)	(\$2,383)	\$26,084	\$54,550
TOTAL CAPITAL	\$0	\$657,441	\$643,223	\$640,840	\$666,924	\$721,474
TOTAL LIABILITIES + CAPITAL	\$20,000	\$672,441	\$648,223	\$657,471	\$700,186	\$771,366

ATTACHMENT "I"

TARIFF/RATE INFORMATION

EAGLE FALLS WATER SUPPLY, LLC

**WATER UTILITY TARIFF
FOR**

Eagle Falls Water Supply, LLC
(Utility Name)

100 I-45 North, Suite 109
(Business Address)

Conroe, Texas 77301
(City, State, Zip Code)

936-494-1124
(Area Code/Telephone)

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

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

Trinity and Polk

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

This tariff is effective in the following subdivisions or systems:

Eagle Falls Subdivision

This tariff is effective for the following public water system number(s):

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
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SECTION 3.0 -- EXTENSION POLICY	12
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN	17
APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Meter Size	Monthly Minimum Charge	Gallonage Charge
5/8" or 3/4"	\$ <u>35.00</u> (Includes <u>0</u> gallons)	\$ <u>2.50</u> per 1000 gallons up to 12,000 gallons
1"	\$ <u>87.50</u>	\$ <u>3.50</u> per 1000 gallons over 12,000 gallons
1 ½ "	\$ <u>175.00</u>	
2"	\$ <u>280.00</u>	
3"	\$ <u>525.00</u>	
4"	\$ <u>1,050.00</u>	

FORM OF PAYMENT: The utility will accept the following forms of payment:
Cash____, 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 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 \$ 650.00
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.

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.

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

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 \$ 40.00
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 \$ 30.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY’S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) \$ _____

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE \$ _____
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)]

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE
CHANGES IN FES IMPOSED BY ANY NON-AFFILIATED THIRD PARTY WATER SUPPLIER OR UNDERGROUND WATER DISTRICT HAVING JURISDICTION OVER THE UTILITY SHALL BE PASSED THROUGH AS AN ADJUSTMENT TO THE WATER GALLONAGE CHARGE ACCORDING TO THE FOLLOWING FORMULA:
AG = G + B/(1-L), where
AG = adjusted gallonage charge, rounded to the nearest one cent;
G = approved gallonage charge (per 1,000 gallons);
B = change in purchased water/district gallonage charge (per 1,000 gallons);
L = system average line loss for preceding 12 months not to exceed 0.15

RATES LISTED ARE EFFECTIVE ONLY
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SECTION 1.0 – RATE SCHEDULE (Continued)

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

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

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.

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.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

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.

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.

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.

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.

**DROUGHT CONTINGENCY PLAN
FOR THE
INVESTOR OWNED UTILITY**

EAGLE FALLS WATER SUPPLY, LLC

**100 I-45 North, Suite 109
Conroe, Texas 77301-2701**

CCN #

PWS #

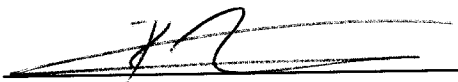
September 2009

Section 1 Declaration of Policy, Purpose, and Intent

In cases of extreme drought, periods of abnormally high usage, system contamination, or extended reduction in ability to supply water due to equipment failure, temporary restrictions may be instituted to limit non-essential water usage. The purpose of the Drought Contingency Plan is to encourage customer conservation in order to maintain supply, storage, or pressure or to comply with the requirements of a court, government agency or other authority.

Please note: Water restriction is not a legitimate alternative if water system does not meet the Texas Commission on Environmental Quality's (TCEQ) capacity requirements under normal conditions **or** if the utility fails to take all immediate and necessary steps to replace or repair malfunctioning equipment.

I, Ryan Aikin, being the responsible official for the Eagle Falls Water Supply System, request a minor tariff amendment to include the enclosed Drought Contingency Plan.



(Signature)

9-10-09
(Date)

Section 2 Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by:
(check at least one of the following)

☐ *scheduling and providing public notice of a public meeting to accept input on the Plan.*
The meeting took place at:

Date: _____ Time: _____ Location: _____

☐ *mailed survey with summary of results. (attach survey and results)*

☐ *bill insert inviting comment. (attach bill insert)*

☒ *other method* ***There are no customers in the service area as of yet to provide input***

Section 3 Public Education

The Eagle Falls Water Supply System will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage. Drought plan information will be provided by:
(check at least one of the following)

☐ *public meeting*

☐ *press releases*

☒ *utility bill inserts*

☐ *other* _____

Section 4 Coordination with Regional Water Planning Groups

The service area of the Eagle Falls Water Supply System is located within:

Trinity River Authority Regional Water Planning Group (RWPG)

The Eagle Falls Water Supply System has mailed a copy of this Plan to the TWPG.

Section 5 Notice Requirements

Written notice will be provided to each customer **prior to implementation or termination of each stage of the water restriction program**. Mailed notice must be given to each customer 72 hours prior to the start of water restriction. If notice is hand delivered, the utility cannot enforce the provisions of the plan for 24 hours after notice is provided. The written notice to customers will contain the following information:

1. the date restrictions will begin,
2. the circumstances that triggered the restrictions,
3. the stages of response and explanation of the restrictions to be implemented, and,
4. an explanation of the consequences for violations.

The utility must notify the TCEQ by telephone at (512) 239-4691, or electronic mail at watermon@TCEQ.state.tx.us prior to implementing Stage III and must notify in writing the Public Drinking Water Section at MC - 155, P.O. Box 13087, Austin, Texas 78711-3087 within five (5) working days of implementation including a copy of the utility's restriction notice. The utility must file a status report of its restriction program with the TCEQ at the initiation and termination of mandatory water use restrictions (i.e. Stages III and IV).

Section 6 Violations

1. First violation - The customer will be notified by written notice of their specific violation.
2. Subsequent violations:
 - a. After written notice, the utility may install a flow restricting device in the line to limit the amount of water which will pass through the meter in a 24 hour period. The utility may charge the customer for the actual cost of installing and removing the flow restricting device, not to exceed \$50.00.
 - b. After written notice, the utility may discontinue service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The normal reconnect fee of the utility will apply for restoration of service.

Section 7 Exemptions or Variances

The utility may grant any customer an exemption or variance from the drought contingency plan for good cause **upon written request**. A customer who is refused an exemption or variance may appeal such action of the utility in writing to the Texas Commission on Environmental Quality. The utility will treat all customers equally concerning exemptions and variances, and shall not discriminate in granting exemptions and variances. No exemption or variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

Section 8 Response Stages

Unless there is an immediate and extreme reduction in water production, or other absolute necessity to declare an emergency or severe condition, the utility will initially declare Stage I restrictions. If, after a reasonable period of time, demand is not reduced enough to alleviate outages, reduce the risk of outages, or comply with restrictions required by a court, government agency or other authority, Stage II may be implemented with Stage III to follow if necessary.

STAGE I - CUSTOMER AWARENESS

Stage 1 will begin:

Every April 1st, the utility will mail a public announcement to its customers.

No notice to TCEQ required.

Stage 1 will end:

Every September 30th, the utility will mail a public announcement to its customers.

No notice to TCEQ required.

Utility Measures:

This announcement will be designed to increase customer awareness of water conservation and encourage the most efficient use of water. A copy of the current public announcement on water conservation awareness shall be kept on file available for inspection by the TCEQ.

Voluntary Water Use Restrictions:

Water customers are requested to voluntarily limit the use of water for non-essential purposes and to practice water conservation.

STAGE II - VOLUNTARY WATER CONSERVATION:

Target: Achieve a 10 percent reduction in daily water demand.

The water utility will implement Stage 2 when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Well level reaches _____ ft. mean sea level (m.s.l.)
- ☐ Overnight recovery rate reaches _____ ft.
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage 2 _____
- ☒ Other **Unable to maintain at least 8' level in Ground Storage Tank.**

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity _____ %
- ☐ Total daily demand as % of pumping capacity _____ %
- ☐ Total daily demand as % of storage capacity _____ %
- ☐ Pump hours per day _____ hrs.
- ☐ Production or distribution limitations.
- ☒ Other **Unable to maintain system pressure above 40 psi**

Upon initiation and termination of Stage 2, the utility will mail a public announcement to its customers. No notice to TCEQ required.

Requirements for termination

Stage 2 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 2, Stage 1 becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a daily basis. Monthly review of customer use records and follow-up on any that have unusually high usage.

Reduce system supply pressure to 35 psi and discontinue water main flushing.

Voluntary Water Use Restrictions:

1. Restricted Hours: Outside watering is allowed daily, but only during periods specifically described in the customer notice; between 10:00 PM and 5:00 AM for example; **OR**
2. Restricted Days/Hours: Water customers are requested to voluntarily limit the irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems. Customers are requested to limit outdoor water use to **Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0.** Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 6:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
3. Other uses that waste water such as water running down the gutter.

STAGE III - MANDATORY WATER USE RESTRICTIONS:

Target: Achieve a 15 percent reduction in daily water demand.

The water utility will implement Stage 3 when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Well level reaches _____ ft. (m.s.l.)
- ☐ Overnight recovery rate reaches _____ ft.
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage 3 _____
- ☒ Other **Unable to maintain at least 6' level in Ground Storage Tank.**

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity _____ %
- ☐ Total daily demand as % of pumping capacity _____ %
- ☐ Total daily demand as % of storage capacity _____ %
- ☐ Pump hours per day _____ hrs.
- ☐ Production or distribution limitations.
- ☒ Other **Unable to maintain system pressure above 35 psi**

Upon initiation and termination of Stage 3, the utility will mail a public announcement to its customers. Notice to TCEQ required.

Requirements for termination

Stage 3 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 3, Stage 2 becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a regular basis. Flushing is prohibited except for dead end mains.

Mandatory Water Use Restrictions: The following water use restrictions shall apply to all customers.

1. Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems **shall be limited to Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0.** Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 6:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.

2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited. Such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.
3. Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or "jacuzzi" type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.
4. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
5. Use of water from hydrants or flush valves shall be limited to maintaining public health, safety, and welfare.
6. Use of water for the irrigation of golf courses, parks, and green belt areas is prohibited except by hand held hose and only on designated watering days between the hours 12:00 midnight and 6:00 a.m. and between 8:00 p.m. and 12:00 midnight.
7. The following uses of water are defined as non-essential and are prohibited:
 - a. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
 - b. use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - c. use of water for dust control;
 - d. flushing gutters or permitting water to run or accumulate in any gutter or street;
 - e. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
 - f. Any waste of water.

STAGE IV - CRITICAL WATER USE RESTRICTIONS:

Target: Achieve a 20 percent reduction in daily water demand.

The water utility will implement Stage 4 when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Well level reaches _____ ft. (m.s.l.)
- ☐ Overnight recovery rate reaches _____ ft.
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)

- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage 4 _____
- ☐ Supply contamination.
- ☒ Other **Unable to maintain at least 4' level in Ground Storage Tank.**

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity _____ %
- ☐ Total daily demand as % of pumping capacity _____ %
- ☐ Total daily demand as % of storage capacity _____ %
- ☐ Pump hours per day _____ hrs.
- ☐ Production or distribution limitations.
- ☐ System outage.
- ☒ Other **Unable to maintain system pressure above 30 psi**

Upon initiation and termination of Stage 4, the utility will mail a public announcement to its customers. Notice to TCEQ required.

Requirements for termination :

Stage 4 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 4, Stage 3 becomes operative.

Operational Measures:

The utility shall visually inspect lines and repair leaks on a daily basis. Flushing is prohibited except for dead end mains and only between the hours of 9:00 p.m. and 3:00 a.m.. Emergency interconnects or alternative supply arrangements shall be initiated. All meters shall be read as often as necessary to insure compliance with this program for the benefit of all the customers.

Mandatory Water Use Restrictions: All outdoor use of water is prohibited.

1. Irrigation of landscaped areas is absolutely prohibited.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.

SYSTEM OUTAGE or SUPPLY CONTAMINATION

Notify TCEQ Regional office immediately.

ATTACHMENT "J"

**PERSONAL FINANCIAL STATEMENTS
OF MAJORITY SHAREHOLDERS**

EAGLE FALLS WATER SUPPLY, LLC

PERSONAL FINANCIAL STATEMENT

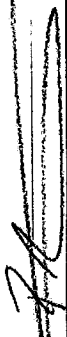
Ryan and Kelli Alkin
8/21/2009

Assets	Amount in Dollars
Cash - Washington Mutual Joint Account	\$44,000.00
Cash - Capital One Kelli Sole and Separate	\$5,700.26
Real estate secured Note; Jointly held	\$12,500
Personal property (see side graph)	\$131,500
Roth and Traditional IRAs in Individual names	\$38,000
18884 Harborside Blvd (Primary Residence)	\$1,560,000
18527 Sunrise Pines (Rental Home)	\$140,000
2008 Ford Truck	\$53,000
Ford Suv	\$25,000
Limited Partners in ALC & M (49% each)	\$7,711,448
Total Assets	\$ 9,721,148

Personal Property Itemized		
Boat		\$43,000
Tractor		\$8,000
Mule UV		\$8,000
Golf Cart		\$4,500
Jewelry		\$25,000
Rec. RV		\$16,000
Misc.		\$25,000
Total		\$129,500

Liabilities	Amount in Dollars
Ford Motor Credit	\$39,000
Primary Residence 1st lien	\$840,000
Rental Home Lien	\$107,000
Sallie Mae Student Loans (Ryan Alkin)	\$16,000
Total Liabilities	\$ 1,002,000
Net Worth	\$ 8,719,148

ALC & M ltd.		
Cash		\$120,000
Capital Investment Recievable		\$460,000
40% Interest in ALCSD LP:		\$5,879,143
(sole owner of Eagle Falls)		
20% Interest in PCP LP		\$1,252,305
Total		\$7,711,448

Signature:  Date: 8-25-09

20-Aug-09

FINANCIAL STATEMENT

THOMAS E. & CAROL A. AIKIN

ASSETS:

CASH	
WOODFOREST BANK	23,750
WOODFOREST BANK (IRA)	12,979
TEXAS COMMUNITY BANK (CD'S)	1,189,499
FIRST BANK OF CONROE	35,338

TOTAL CASH	1,261,566
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ROYAL GUARD PROPERTIES 50%	700,566
TEXAS COMMUNITY BANK STOCK	300,000
PEACH CREEK PLANTATION LTD 40%	2,504,611
ALCSD LP 40% OWNER	5,879,143
Sole owner of Eagle Falls	
REAL ESTATE NOTES RECEIVABLE	256,761
10 ACRES (HWY 105, CONROE, TX COMMERCIAL HOMES	450,000
8967 WILLOW SPRINGS, CONROE, TX 77302	450,000
6 JADECREST CONROE, TX 77304	165,000
PERSONAL PROPERTY	100,000

TOTAL ASSETS	<u>12,067,647</u>
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LIABILITIES:

COUNTRYWIDE	380,000
CREDIT CARDS	7,300

TOTAL LIABILITIES	<u>387,300</u>
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NET WORTH	<u><u>11,680,347</u></u>
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ATTACHMENT "K"

NEIGHBORING PUBLIC UTILITIES WITHIN 5 MILES

EAGLE FALLS WATER SUPPLY, LLC

UTILITIES WITHIN A
5 MILE RADIUS

Onalaska Water Supply Corp. P.O. Box 2463 Onalaska, TX 77360	CCN No. 10119
Lake Livingston Water Supply & Sewer Service Corp. P.O. Box 1149 Livingston, TX 77351	CCN No. 10147
Trinity Rural Water Supply Corp. P.O. Box 709 Trinity, TX 75862-0709	CCN No. 10128
Yaupon Cove Water system, Inc. P.O. Box 2482 Conroe, TX 77305-2482	CCN No. 10118
Canyon Park Property Owners Assn., Inc. P.O. Box 1735 Onalaska, TX 77360-1735	CCN No. 12496
Monarch Utilities, LP 12535 Reed Road Sugar Land, TX 77478	CCN No. 12983