



Control Number: 44046



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PUBLIC UTILITY COMMISSION
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APPLICATION OF LAGUNA VISTA,
LTD. AND LAGUNA TRES INC.
FOR SALE, TRANSFER, OR
MERGER OF FACILITIES AND
CERTIFICATE RIGHTS IN HOOD
COUNTY

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PUBLIC UTILITY COMMISSION

OF TEXAS

REVISED PREFILED TESTIMONY OF IKE THOMAS

I. QUALIFICATION OF WITNESS

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Q.1. Please state your name and business address for the record.

A. My name is Ike Thomas. My business address is 110 N Crockett St., Granbury Texas, 76048.

Q.2. What is your relationship to the Applicants in this Docket – Laguna Vista, Ltd. and Laguna Tres Inc.

A. I am the developer of the subdivisions which constitute the certificated service area of each utility. I am the Manager of Laguna Vista Ltd. and Vice President of Laguna Tres, Inc. I am responsible for the management and finances of both of the utilities.

Q.3. Have you ever been a licensed operator of a water system in the State of Texas.

A. Yes, I held a Class C water operator's license in the 1970's. And since then, I have been the operator of public water systems from the role of the developer who owns and manages the utility company. I have always, since the 70's relied upon

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1 employees or contract labor who held appropriate water utility operator licenses to
2 physically operate the utility plant and repair and maintain the facilities.

3

4 Q.4. Please give a brief statement about your education, training, and experience
5 upon which you will rely in expressing opinions or conclusions in your testimony.

6 A. I have a BS degree in Finance and Real Estate from Texas Tech University. I
7 did obtain a Class C water operator's license in the 70s. I have been involved in putting
8 in and owning and operating 5 public water supply systems since 1970. Have also
9 been involved in installing and operating irrigation systems in six states across the US,
10 and installing approximately 40 miles of piping and related pumping facilities to
11 accommodate the irrigation of over 10,000 acres.

12

13 Q.5. Mr. Thomas, a list of issues to be considered in this contested case has been
14 developed. I will ask you about each one, and I would like you to tell me the facts that
15 you personally know regarding the issue and then any opinions or conclusions that you
16 might have. Is this instruction clear to you?

17 A. Yes.

18

19

II. PURPOSE OF APPLICATION

20 Q.6. Do you sponsor the application, and is the information true and correct to the
21 best of your knowledge.

22 A. Yes.

23 Q.7. Why have you filed this application?

1 A. We developed Laguna Vista and Laguna Tres because there is a growing
2 market for residential housing in Hood County. We began developing Laguna Tres in
3 1970, and there were no water systems in operation nearby and none on the north side
4 of Lake Granbury. The lake water was salty and would require an expensive RO plant
5 to use lake water. It was readily apparent that a ground water supply system would be
6 needed to service and supply our development area economically. We later developed
7 Laguna Vista, just 1.5 miles north of Laguna Tres, and the same determination was
8 made for that area for the same reasons. We have also developed another subdivision
9 in the area called Cresson Crossroads. That subdivision also required its own water
10 system since water was not available from another area purveyor. The above
11 considerations led us to exercise the groundwater option for Laguna Vista and Laguna
12 Tres. Initially, we seemed to have plenty of groundwater for the early stages of our
13 development.

14
15 As the developments grew, it became clear that Laguna Vista needed another source
16 of water. I had my engineers investigate the possibility of another well in that system.
17 They advised me that it might be possible to interconnect the two developments, thus
18 sharing the available water resources and ensuring compliance with the TCEQ capacity
19 rules.

20
21 Laguna Tres had an abundance of groundwater. After discussing the situation with my
22 engineers, operators, and attorney, we concluded that the most cost effective and

1 reliable solution to the need for more water would be to interconnect the two utilities so
2 they could share water resources as needed.

3

4 During my discussions on this plan of shared water resources with our attorney, Mark
5 Zeppa, he informed me that if one affiliate utility provided services or water resources to
6 another affiliate water utility, this situation would create an "affiliate transaction."
7 Affiliate transactions apparently are given special scrutiny when the utilities go before
8 the PUC in a rate case. Presenting the evidence on affiliate transactions and defending
9 them will increase the costs of doing a rate case. After hearing this, I questioned Mr.
10 Zeppa if there was a way that we could share the water resources and avoid incurring
11 the cost of affiliate transactions and having to pass that additional cost on to our
12 customers. He informed me that the simplest way to do this would be to merge the two
13 utilities into a single company. This would remove the affiliate transactions since there
14 would only be one utility. The merger option made good business sense to me, and I
15 elected to pursue it.

16

17 Q.8. Who is the actual applicant in this docket?

18 A. Technically, both Laguna Vista and Laguna Tres are co-applicants since they
19 are both required to execute the PUC STM application form under oath. However, for
20 all practical purposes, Laguna Tres is the applicant since it will be the surviving
21 company after the two utilities are merged.

22

23 Q.9. Are Laguna Vista and Laguna Tres engaged in a sale?

1 A. Not really. While our accountants may book some aspect of the transaction as a
2 sale for tax purposes, in reality, this is going to be a merger of two existing companies
3 with one of those companies coming out as the survivor.

4 III. STATUTORY ISSUES

5 Q.10. Does the applicant (Laguna Tres) possess the financial, managerial, and
6 technical (FMT) capability to provide continuous and adequate service to the requested
7 area and any areas currently certificated to the applicant?

8 A. Laguna Tres possesses, through my development company and its affiliate
9 utilities, the FMT to adequately serve both the Laguna Vista and the Laguna Tres
10 service areas. Both of these subdivision water systems have been operated under the
11 same basic ownership and management since their creation. Granting this application
12 and allowing these two utilities to merge for regulatory purposes will have no
13 fundamental effect or change on how they have been operated in the past. The same
14 people will manage the utility; they will have the same financial resources to draw on;
15 and the same operators will physically run the systems. I will make sure that they will
16 continue to have access to any equipment or contractors that they need. The
17 interconnect water line is in place and will remain in place and in use regardless of the
18 outcome of this application, so the available water resources are being shared and will
19 continue to be shared.

20

21 My development companies have a combined net worth of \$1,100,000, which I pledge
22 in support of the long-term financial needs of the utility.

23

1 All of our water utilities are managed from my office, and that will continue. We have
2 been in the water business for many years, and have never been cited by the TCEQ or
3 the PUC for any act of mismanagement. We provide continuous and adequate service
4 while charging only those rates and fees approved by the TCEQ in our initial tariffs.

5

6 We have the technical ability to operate the system. We use licensed water operators,
7 and we have the equipment they need for the water systems; they are empowered to
8 use it as needed. If we don't have it, we will lease it or will get qualified contractors to
9 come and perform the necessary services we require to ensure good water gets to our
10 customers.

11

12 Q.11. Does Laguna Tres or an affiliate of Laguna Tres have a history of
13 noncompliance with the requirements of the TCEQ, PUC, or the Texas Department of
14 Health Services?

15 A. For almost five years we had contracted with Texas Rain to operate our water
16 systems. During our contract years with Texas Rain, they (Texas Rain) experienced
17 the death of their main owner and then the death of his son who had taken over the
18 operations. During these times their quality of work and service and maintaining TCEQ
19 requirements deteriorated substantially. After many confrontations and exhortations
20 with them about keeping on top of and meeting all needed requirements, in November
21 of this last year we negotiated an early termination of their contract. We then
22 proceeded to contract with Stephens Utilities (a much recommended operator) to
23 operate our systems. They have since made several needed improvements and

1 updates to both systems and have addressed, met and satisfied the TCEQ violations
2 that Texas Rain had allowed to accumulate. In addition, we have two engineering firms
3 working on approvals of additional wells and water storage tanks that will add additional
4 and redundant (extra capacities), over and above the required amounts. When the
5 PUC staff was performing its technical review of our STM application, they informed
6 Mark Zeppa that the PUC staff had concerns of violations of TCEQ rules by Laguna
7 Tres. During our conference call, I learned that there were allegations the utility had
8 not filed various plans and studies with the TCEQ and had not properly given proof of
9 disinfecting the pipeline we installed to interconnect the water resources at Laguna
10 Tres and Laguna Vista. It was said the Laguna Vista utility was deficient in water well
11 capacity, but I understood that we had resolved that particular issue by bringing the
12 outside source of water through the interconnecting pipe. These were technical
13 matters that we were relying upon our operator (Texas Rain) and our consulting
14 engineer to handle. Upon receiving this information from the PUC staff, I contacted our
15 consulting engineer and our new operator (Stephen's Utilities) and directed them to
16 investigate the allegations and to resolve the matters immediately. It is my belief that
17 this has been done. There were also allegations regarding what I consider to be minor
18 issues such as signage and filing compliance reports. After hearing these allegations, I
19 instructed my staff to do what could physically be done to resolve these issues. It is my
20 understanding this was done.

21

1 Other than these issues during our contracted time with Texas Rain as operators of the
2 systems, I am unaware of Laguna Tres or any of its affiliates having a history of
3 noncompliance with state regulations.

4
5 Q.12. Does Laguna Tres have a history of continuing mismanagement or misuse of
6 utility revenues?

7 A. No. There has never been any mismanagement or misuse of utility revenues.
8 Those revenues are spent primarily on operating expenses of the water systems and
9 the cost the capital plant needed to provide water service. Neither I nor any other
10 affiliate are receiving any of the revenue streams from Laguna Tres in a manner that
11 would deny the funds from being available to provide continuous and adequate service.

12

13 Q.13. Have Laguna Vista or Laguna Tres ever failed to comply with a PUC Order?

14 A. No.

15

16 Q.14. What is the adequacy of service currently provided to the requested area?

17 A. This is a merger of two existing certificated utilities. There is no requested area.
18 We are only requesting to put both utilities' service areas under the Laguna Tres
19 service area. No additional area is being requested.

20

21 Q.15. Is there need for additional service in the requested area?

22 A. Again, there is no requested area. The service areas of Laguna Vista and
23 Laguna Tres are both being adequately served. The intent of the application is to

1 better utilize the water resources of these two utility systems for the benefit of their
2 combined customer base in a way that reduces the cost to customers by removing
3 frequently contested affiliate transaction issues from future rate cases.

4

5 Q.16. What is the effect of approving the transaction on the utility?

6 A. It will allow the sharing of existing water resources for the benefit of a combined
7 customer base in a manner that will minimize regulatory expenses that must ultimately
8 be borne by the customers. If we did not share the water resources in this manner, we
9 would have to dig another water well for Laguna Vista. Our engineers have informed
10 us that this is not practical in the general area of Laguna Vista. This is why I chose to
11 have the interconnecting pipeline installed and put into service when my operators and
12 engineer told me we were ready.

13

14 Q.17. What is the effect of approving the transaction on landowners?

15 A. They will be assured more water to meet their needs while saving on regulatory
16 expenses in future rate cases.

17

18 Q.18. What is the effect of approving the transaction on any retail public utility of the
19 same kind already serving the proximate area?

20 A. The City of Granbury and Aqua Texas are nearby utilities. There should be no
21 effect on either of them. Both of them do have substantially higher rates than either
22 Vista or Tres, but again this approval should have no effect on them. The only existing
23 utilities actually affected by this application are Laguna Tres and Laguna Vista.

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Q.19. Please discuss the ability of the person purchasing or acquiring the water system to provide adequate service.

A. Laguna Tres is technically purchasing existing Laguna Vista water system. But in essence they are being merged. I believe that they are already providing adequate service now that the interconnection line has been constructed and put into service. I believe that with the resources (FMT) that we have as a development group owning water utilities, adequate service will continue to be experienced into the indefinite future.

Q.20. Please discuss the feasibility of obtaining service from an adjacent retail public utility.

A. Aqua Texas has already had to implement hauling in water to their system adjacent to Laguna Vista; therefore they're not in a position to offer additional water services, plus their rates are more than double what ours are and thus would be detrimental to our customers to contract with them. There is the possibility of obtaining service from the City of Granbury, but again at approximately three to four times the cost that Laguna Tres is providing. Further, it is not necessary to obtain additional service from an adjacent utility because with the shared resources now available to the combined customer base, there will be adequate service without the assistance of a third party.

1 Q.21. Please discuss the financial stability of the person purchasing or acquiring the
2 water system.

3 A. I have previously discussed our financial resources in the early part of my
4 testimony and will not repeat that discussion here.

5

6 Q.22. Please discuss the environmental integrity impact of this application.

7 A. There is no long-term environmental impact from the operation of the combined
8 water systems. While there is occasionally a temporary disruption of soils as lines and
9 equipment are installed or repaired, this work is done within the standards of the TCEQ.
10 It has been my experience as a developer and public utility owner/operator that
11 groundwater utility systems do not have an inherently adverse environmental impact.

12

13 Q.23. Please discuss the probable improvement of service resulting from approving
14 the transaction.

15 A. Whether or not this application is approved, the two water systems are
16 interconnected, are sharing water resources, and will continue to do so. Any future
17 improvements of services from this merger will occur because of the economies of
18 scale inherent in the larger combined customer base.

19

20 Q.24. Please discuss the probable lowering of costs to consumers in the area resulting
21 from approving the transaction.

22 A. There will be no immediate lowering of rates. Customers in each service area
23 will continue to be served under the rate schedules approved by the TCEQ for their

1 subdivision. There will be fewer regulatory costs in future rate cases because there will
2 be no affiliate transactions. Avoiding these regulatory costs will mean that customer
3 rates will not have to be increased more than absolutely necessary in future rate cases.

4 5 **IV. PUC STAFF ISSUES**

6 Q.25. In the ordered list of issues to be considered in this case, there was a concluding
7 list identified as issues raised by the PUC staff. They are listed below. Please discuss
8 these issues and what you have done to address them.

- 9 a. Violation of Chlorine Monitoring Routine
- 10 b. Failure to Document Notice to Customers of Chlorine Monitoring Violation.
- 11 c. Failure to Document Adequate Disinfection of Interconnecting Water Main.
- 12 d. Documentation of Additional Steps Necessary to Convert the Interconnecting Water
13 Main from Interim to Permanent Use.
- 14 e. Inadequate Well Production Capacity
- 15 f. Failure to Update Drought Contingency Plan.
- 16 g. Failure to Provide Proper Ownership Signage
- 17 h. Approval of Water Well.

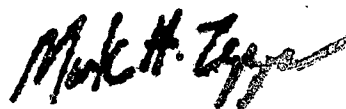
18 A. I have previously addressed these issues in response to Question 11, beginning
19 on page 6 of my testimony above. In the interest of brevity, I will not repeat that
20 testimony. As I stated previously, it is my belief that with the help of my new operators
21 and consulting engineer, the matters of concern to the PUC staff when this application
22 was first filed have been resolved. With better communications I will now have with my
23 new operators, I do not believe these types of issues will arise in the future.

V. CONCLUSION

- 1
- 2 Q.26. Does this conclude your prefiled testimony?
- 3 A. Yes, it does.

CERTIFICATE OF SERVICE

I, Mark H. Zeppa, counsel for the Applicant, certify the foregoing pleading was served in accordance with 16 TAC § 22.74 on June 15, 2016:

A handwritten signature in black ink, appearing to read "Mark H. Zeppa", with a stylized flourish at the end.

Mark H. Zeppa



Application for Sale, Transfer, or Merger of a Retail Public Utility

Pursuant to Chapter 13.251 of the Texas Water Code

Docket Number: 44046

(this number will be assigned by the Public Utility Commission after your application is filed)

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PUBLIC UTILITY COMMISSION
FILING CLERK

7 copies of the application, including the original, along with one copy of the portable electronic storage medium (such as CD or DVD) containing the GIS data shall be filed with

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

No later than seven days after filing the application for the boundary change, provide a copy of each paper map and a portable electronic storage medium (such as CD, flash drive or DVD) containing complete and identical data to the portable electronic storage medium submitted above to

Texas Natural Resources Information System
1700 N. Congress Ave, Room B40
Austin, Texas 78701

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Part A – General Information

*RN# *CN# * (PRIOR TCEQ ID numbers)

1. Proposed action of application (check all the boxes that apply):

<input checked="" type="checkbox"/> Sale of	<input checked="" type="checkbox"/> All	<input type="checkbox"/> Portion	of the	<input checked="" type="checkbox"/> Water system(s) under CCN No.:	<input type="text" value="11983"/>
<input type="checkbox"/> Acquisition				<input checked="" type="checkbox"/> Sewer system(s) under CCN No.:	<input type="text" value="20766"/>
<input type="checkbox"/> Lease/Rental					

<input type="checkbox"/> Transfer of	<input type="checkbox"/> All	<input type="checkbox"/> Portion	of the	<input type="checkbox"/> Certificated water service area – CCN No.:	<input type="text" value="N/A Sale"/>
				<input type="checkbox"/> Certificated sewer service area – CCN No.:	<input type="text" value="N/A Sale"/>

If only a portion of a system or certificated service area is affected by this transaction, please specify the areas or subdivision involved:

and to:

<input type="checkbox"/> Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN	
<input type="checkbox"/> Amend the transferee's CCN No.:	<input type="text" value="N/A See below"/>
<input checked="" type="checkbox"/> Merge or consolidate public utilities	<input type="text" value="Transfer Seller's Sewer CCN to Buyer"/>
<input checked="" type="checkbox"/> Cancel CCN of the transferor (seller)	<input type="text" value="Cancel Seller's Water CCN"/>

2. Proposed effective date of this transaction:
(Must be at least 120 days after proper notice is provided)

Part B – Current Service Provider or Seller Information

Questions 3 through 5 apply to the transferor (current service provider or seller)

3. For the current CCN holder or service provider please indicate:

A. Name:

(Individual, Corporation or Other Legal Entity)

who is a(n):of Individual Corporation WSC HOA or POA Other

B. Utility Name (if different than above):

Address: Telephone: (AC)

C. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name: Title:
Address: Telephone: (AC)

Fax: (512) 346-6847

Email: markzeppa@austin.rr.com

4. About the last rate increase for the system or facilities being transferred:

A. What was the effective date of the last rate increase? 8/20/2010

B. Was notice of this increase provided to the Public Utility Commission of Texas (commission or PUC) or a predecessor regulatory authority?

No Yes- Application/Docket Number: Application 36718R Date 5/24/2010

5. Please provide a list of all customers affected by this transaction who have deposits held by the transferor or seller utility, if any, and include the following information (attach additional sheets if necessary):

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit
N/A - There are no outstanding customer deposits			

Part C – Purchaser or Transferee Information

Questions 6 through 16 refer to the transferee or purchaser.

6. For the person or entity acquiring the facilities and/or CCN:

Applicant: Laguna Tres/11509

(Individual, Corporation, or Other Legal Entity)

Utility Name: Laguna Tres

(If different than above)

Utility Address: 2004 SW Parkway, Granbury, Texas 76048

Fax: N/A - Use Contact Fax Email: N/A - Use Contact Email Telephone (AC): N/A - Use Contact Phone

CCN Numbers held prior to the filing of this application: N/A - Only CCN No. provided above.

7. Check the appropriate box and provide information regarding the legal status of the transferee applicant:

- Individual
- Home or Property Owners Association
- Partnership; attach copy of partnership agreement
- Corporation; provide charter number as recorded with the Office of the Secretary of State for Texas: 0026593300

Non-profit, member-owned, member-controlled Cooperative Corporation (Article 1434(a) Water Supply or Sewer Service Corporation); provide charter number: N/A - For profit Corporation

<input type="checkbox"/>	Municipally-owned utility
<input type="checkbox"/>	District (MUD, SUD, WCID, etc.)
<input type="checkbox"/>	County
<input type="checkbox"/>	Other (please explain): <input style="width: 450px;" type="text"/>

8. If the applicant is an *Individual* or sole proprietorship, provide the following information. If not, skip to the next question.

Name:	N/A - For profit Corporation	Email:	N/A - For profit Corporation
Address:	N/A - For profit Corporation		
Telephone (AC):	N/A - For profit Corporation	Fax (AC):	N/A - For profit Corporation

9. If the applicant is other than an *Individual*, provide the following information regarding the officers or partners of the legal entity applying for the transfer. You must complete either question 8 or question 9, whichever applies to the transferee applicant.

•Name:	Willard M. Thomas	Telephone (AC):	N/A - See Contact
Address:	11750 W IH 20, Millsap, Texas 76066		
Position:	President	Ownership % (if applicable):	18.75%

•Name:	Ike Thomas	Telephone (AC):	N/A - See Contact
Address:	700 Killough Road, Granbury, Texas 76049		
Position:	Vice President	Ownership % (if applicable):	68.75%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

- Attach additional sheet(s) if necessary -

Important: • If the applicant is a for-profit corporation, please provide a copy of the corporation's "Certification of Account Status" from the State Comptroller Office. This "Certification of Account Status" can be obtained from:

Texas Comptroller of Public Accounts
 P. O. Box 13528, Capitol Station
 Austin, Texas 78711
 1-800-252-5555

- If the applicant is an Article 1434a water supply or sewer service corporation or other non-profit corporation, please provide a copy of the Articles of Incorporation and By-Laws.

10. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name:	Mark Zeppa	Title:	Attorney
Address:	4833 Spicewood Springs Road, Suite 202, Austin, Texas 78759	Telephone (AC):	(512) 346-4011
Fax #	(512) 346-6847	Email	mark.zeppa@austin.rr.com
Relationship to the applicant:	Attorney		

IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, PLEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PARTY

11. Please respond to each of the following questions. Attach additional sheets if necessary.

A. Describe the experience and qualifications of the applicant to provide adequate utility service to the requested area

Laguna Tres currently provides operations and customer service through its contract service provider, Texas Rain Water Utility Management. It has been operating the systems for many year. Laguna Tres has the resources and structure to continue to successfully own and operate these systems.

B. Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the PUC, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG) or the Environmental Protection Agency (EPA) in the past for noncompliance with rules, orders or State Statutes? Yes No

If yes, please attach copies of any correspondence with these regulatory agencies concerning these enforcement actions and describe any actions and efforts to comply with those requirements. Attach additional sheets if needed.

C. Describe the source and availability of funds required to make the planned or required improvements, if any, to meet minimum requirements of the TCEQ and PUC and ensure continuous and adequate service.

All improvements necessary to comply with TCEQ rules and regulations have been scheduled or are in progress and adequate funding is budgeted. Laguna Tres has more than adequate capitalization and will use a variety of sources for funding including internally generated funds, investors' equity, and funds from debt.

D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

No changes are anticipated in the quality of service. The daily customer service and operations for Laguna Vista will not be adversely affected. The transfer will be seamless to customers of both utilities. The utilities are in the process of being interconnected which will improve system reliability and TCEQ compliance.\$

E. How will the transaction serve the public interest?

This transaction follows the tenets of TCEQ Policy Statement RG-357 which promotes the combination of regional utilities to promote stability and cost effectiveness. Further, the costs for routine regulatory filings/reports will be decreased and there will be fewer rate cases. Thus, the operational and regulatory costs per customer will be reduced.

12. Please describe the nature of the proposed transaction:

The owners of Laguna Tres will purchase the water and sewer assets of Laguna Vista. The Laguna Vista CCN number will be canceled and the assets will be part of the Laguna Tres CCN. The Sewer CCN of Laguna Vista will transfer to Laguna Tres.

13. If the transferee applicant is an Investor Owned Utility (IOU) and will be under the rate jurisdiction of the PUC, please provide the following information. Water supply or sewer service corporations and political subdivisions of the state should mark this section N/A:

A.

- Total Purchase Price: \$270,000
- Total Original Cost (as recorded on books of seller or merging entity): \$273,643
- Accumulated Depreciation as of the proposed effective date of the transaction: \$119,991
- Contributions in Aid of Construction:
 - Specific surcharges approved by TCEQ or PUC: N/A
 - Revenues from explicit customer agreements: N/A
 - Developer Contributions (please explain): N/A

N/A

- Other Contributions (please explain): N/A

N/A

Total Contributions in Aid of Construction N/A

- Net Book Value: \$153,652

- ☛ If the Original Cost or any of the above items has been established in a rate case proceeding by the PUC, the TWC or the TCEQ, please provide the Application/Docket Number and date:

Application/Docket Number: Date:

- ☛ If the applicant is not under the rate jurisdiction of the TCEQ, only the purchase price and information related to Contributions in Aid of Construction is required.

Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application.

[attach additional sheet(s) if necessary]:

Many owners of Laguna Tres own a portion of Laguna Vista. Both utilities are within two miles of each other, are operated by the same contract utility operations provider, and the combination will improve operations. The transaction will be seamless to the existing customers of both utilities.

- C. Complete the following proposed entries listed below as shown in books of purchasing (or surviving) company. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations.

Utility Plant in Service:	\$273,643
Plant Acquisition Adjustment:	\$116,348
Extraordinary Loss on Purchase:	
Accumulated Depreciation of Plant:	\$119,991
Cash:	
Notes Payable:	
Mortgage Payable:	
Others (please list):	Owners Equity \$270,000

As the purchaser, I understand that it is my responsibility in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service.

Purchaser's Initials: Date:

14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customers:

All the customers will be charged the same rates as they were charged before the transaction.

Some All customers will be charged different rates than they were charged before the transaction.

If rates are changing, please explain:

N/A

Applicant is an IOU and intends to file with the commission or municipal regulatory authority an application to change rates of some/all of its customers as a result of this transaction. If so, please explain:

Currently, both utilities have the same rates. However, it is anticipated that is after the STM is filed, Laguna Tres will file a rate increase for the combined systems.

Other. Please explain:

N/A

15. List all neighboring water and /or sewer utilities, cities, and political subdivisions providing the same service within two (2) miles of area affected by this proposed transaction. This information should be available from the water utility database (WUD) or Applicant's licensed water operator.

Neighboring Cities: Granbury and LaCosta. Neighboring Utilities: City of Granbury, City of LaCosta, Sky Harbour WSC, Rain WSC, Laguna Tres, Mesa Grande WSC, Thorp Springs Water, Texas H2O, Monarch Utilities I, Aqua Texas.

16. Financial, Managerial and Technical information for the acquiring entity.

Part D – Historical Financial Information

HISTORICAL BALANCE SHEETS	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash	\$80,583	\$115,189	\$26,718	\$13,268	\$155,999	\$287,837
Accounts Receivable	1,256	1,256	1,256	1,256	1,256	21,370
Inventories	0	0	0	9,087	9,087	2,987
Income Tax Receivable	0	0	0	0	0	0
Other	30,683	31,138	29,690	25,436	25,192	29,106
Total	\$112,522	\$147,583	\$57,664	\$49,046	\$191,534	\$367,400
FIXED ASSETS						
Land	\$6,596	\$5,096	\$11,587	\$2,500	\$2,500	\$0
Collection/Distribution System	111,789	219,700	327,084	327,084	286,564	293,292
Buildings	9,427	9,427	9,427	9,427	9,427	0
Equipment	6,339	6,339	6,339	6,339	4,639	0
Other	203,980	193,590	208,590	208,590	99,109	125
Less: Accum. Depreciation or Reserves	(55,062)	(226,221)	(284,980)	(282,184)	(237,848)	(232,878)
Total	\$283,070	\$207,931	\$278,046	\$271,756	\$164,392	\$60,539
TOTAL ASSETS	\$395,592	\$355,514	\$335,711	\$320,802	\$355,926	\$427,939
CURRENT LIABILITIES						
Accounts Payable	\$47,216	\$9,160	\$134	\$0	\$0	\$0
Notes Payable, Current	25,500	31,711	25,500	25,500	26,450	25,950
Accrued Expenses	0	0	0	0	0	0
Other	11,493	11,493	11,493	11,493	0	0
TOTAL	\$84,209	\$52,364	\$37,128	\$36,993	\$26,450	\$25,950
LONGTERM LIABILITIES						
Notes Payable, Long-term	\$0	\$0	\$0	\$0	\$0	\$0
Other	0	0	0	0	0	0
TOTAL LIABILITIES	\$84,209	\$52,364	\$37,128	\$36,993	\$26,450	\$25,950
OWNER'S EQUITY						
Paid in Capital	\$3,200	\$3,387	\$3,387	\$3,387	\$3,387	\$3,387
Retained Equity	554,762	495,196	480,422	526,089	595,891	631,220
Other	(250,013)	(245,000)	(200,000)	(200,000)	(200,000)	(200,000)
Current Period Profit or Loss	13,433	49,566	14,774	(45,667)	(69,802)	(32,618)
TOTAL OWNER'S EQUITY	\$311,383	\$303,149	\$298,583	\$283,809	\$329,476	\$401,989
TOTAL LIABILITIES AND EQUITY	\$395,592	\$355,514	\$355,711	\$320,802	\$355,926	\$427,939
WORKING CAPITAL	\$28,313	\$95,219	\$20,537	\$12,053	\$165,084	\$341,450
CURRENT RATIO	1.34	2.82	1.55	1.33	7.24	14.16
DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS	0.27	.017	.012	.013	.08	.06

HISTORICAL INCOME STATEMENT	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps	232	231	231	231	232	231
New Taps Per Year	1	0	0	0	2	0
Total Meters at Year End	232	231	231	231	232	231
METER REVENUE						
Fees Per Meter	\$545.54	\$1,023.09	\$818.25	\$582.32	\$515.00	\$518.11
Cost Per Meter	487.64	808.52	754.30	780.01	805.50	659.31
Operating Revenue Per Meter	\$57.90	\$214.57	\$63.96	(\$197.69)	(\$290.50)	(\$141.21)
GROSS WATER REVENUE						
Fees	\$122,422	\$168,419	\$184,763	\$121,708	\$118,276	\$115,274
Other	4,144	67,916	4,254	12,808	1,203	4,409
Gross Income	\$126,566	\$236,335	\$189,017	\$134,516	\$119,479	\$119,683
OPERATING EXPENSES						
General & Administrative	\$20,227	\$68,085	\$42,648	\$33,982	\$89,691	\$65,846
Interest	0	0	0	0	0	0
Other	92,907	118,683	131,595	146,201	97,184	86,455
NET INCOME	\$13,433	\$49,566	\$14,774	(\$45,667)	(\$67,396)	(\$32,618)

HISTORICAL EXPENSE DETAIL	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	\$0	\$0	\$0	\$0	\$0	\$0
Office Expense	3,054	7,096	20,310	1,610	56,658	49,818
Computer Expense	0	0	0	0	0	0
Auto Expense	0	0	0	0	0	0
Insurance Expense	4,760	4,069	2,255	0	0	0
Telephone Expense	191	0	0	0	0	0
Utilities Expense	0	0	0	0	0	0
Depreciation Expense	0	0	0	0	0	0
Property Taxes	6,676	5,512	6,752	12,860	6,133	5,979
Professional Fees	5,546	49,777	12,951	9,585	2,951	8,711
Other	0	1,632	380	9,928	23,949	1,339
Total	\$20,227	\$68,085	\$42,648	\$33,982	\$89,691	\$65,846
% Increase Per Year	70.29%	59.65%	25.50%	-62.11%	36.21%	
OPERATIONAL EXPENSES						
Salaries	\$0	\$0	\$0	\$0	\$0	
Auto Expense	0	0	0	0	0	
Utilities Expense	7,344	11,608	15,673	13,544	12,050	15,037
Depreciation Expense	162	1,409	2,796	44,336	4,970	13,640
Repair & Maintenance	17,095	26,023	42,337	22,002	13,178	25,444
Supplies	1,521	17,243	13,158	8,719	8,383	7,992
Other	66,784	62,400	57,630	57,600	58,604	24,342
Total	\$92,907	\$118,683	\$131,595	\$146,201	\$97,184	\$86,455
% Increase Per Year	-21.72%	-9.81%	-9.99%	50.44%	12.41%	
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

Part E – Projected Information

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash	\$80,583	\$99,835	\$42,706	\$80,991	\$115,974	\$147,545
Accounts Receivable	177,612	177,612	181,206	168,340	154,395	117,662
Inventories	0	0	0	0	0	0
Income Tax Receivable	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	\$258,195	\$277,447	\$223,913	\$249,331	\$270,369	\$265,207
FIXED ASSETS						
Land	\$20,140	\$20,140	\$20,140	\$20,140	\$20,140	\$20,140
Collection/Distribution System	462,768	752,768	786,768	798,268	809,768	821,268
Buildings	0	0	0	0	0	0
Equipment	4,764	4,764	4,764	7,264	9,764	12,264
Other	310,828	310,828	291,380	271,932	252,484	233,036
Less: Accum. Depreciation or Reserves	(168,217)	(190,964)	(217,312)	(244,009)	(271,057)	(298,454)
Total	\$630,284	\$897,536	\$885,741	\$853,595	\$821,100	\$788,254
TOTAL ASSETS	\$888,479	\$1,174,983	\$1,109,653	\$1,102,926	\$1,091,469	\$1,053,461
CURRENT LIABILITIES						
Accounts Payable	\$46,565	\$46,565	\$24,134	\$11,913	\$22,053	\$17,749
Notes Payable, Current	36,993	36,993	32,013	27,033	22,053	17,073
Accrued Expenses	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	\$83,558	\$83,558	\$56,147	\$38,946	\$44,071	\$34,823
LONGTERM LIABILITIES						
Notes Payable, Long-term	\$0	\$291,600	\$249,795	\$205,483	\$158,511	\$108,721
Other	0	0	0	0	0	0
TOTAL LIABILITIES	\$83,558	\$375,158	\$305,942	\$244,429	\$202,582	\$143,544
OWNER'S EQUITY						
Paid in Capital	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200
Retained Equity	796,797	801,721	818,998	814,399	845,782	867,755
Other	0	0	0	0	0	0
Current Period Profit or Loss	1,627	(5,095)	(18,488)	40,897	39,903	38,961
TOTAL OWNER'S EQUITY	\$801,624	\$799,825	\$803,711	\$858,495	\$888,885	\$909,917
TOTAL LIABILITIES AND EQUITY	\$885,182	\$1,174,984	\$1,109,653	\$1,102,924	\$1,091,467	\$1,053,461
WORKING CAPITAL	\$174,637	\$193,889	\$167,766	\$210,384	\$226,298	\$230,384
CURRENT RATIO	3.09	3.32	3.99	6.40	6.13	7.62
DEBT TO EQUITY RATIO	0.10	0.47	0.38	0.28	0.23	0.16
EQUITY TO TOTAL ASSETS	0.90	0.68	0.72	0.78	0.81	0.86

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps	443	445	447	449	451	2,235
New Taps Per Year	2	2	2	2	2	10
Total Meters at Year End	445	447	449	451	453	2,245
METER REVENUE						
Fees Per Meter	\$556	\$575	\$734	\$734	\$734	\$3,334
Cost Per Meter	567	617	643	646	648	3,121
Operating Revenue Per Meter	(\$11)	(\$41)	\$91	\$88	\$86	\$213
GROSS WATER REVENUE						
Fees	\$238,015	\$247,975	\$320,494	\$321,928	\$323,362	\$15,371,121
Other	9,235	9,235	9,235	9,235	9,235	46,174
Gross Income	\$247,250	\$257,210	\$329,729	\$331,163	\$332,597	\$1,497,948
OPERATING EXPENSES						
General & Administrative	\$28,211	\$26,330	\$37,401	\$37,829	\$38,277	\$168,048
Interest	0	17,496	14,988	12,329	9,511	54,323
Other	224,134	231,872	236,444	241,102	245,850	1,179,402
NET INCOME	(\$5,095)	(\$18,488)	\$40,897	\$39,903	\$38,959	\$96,176

PROJECTED EXPENSE DETAIL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	\$0	\$0	\$0	\$0	\$0	\$0
Office Expense	4,019	4,100	4,182	4,265	4,351	21,249
Computer Expense	0	0	0	0	0	0
Auto Expense	0	0	0	0	0	0
Insurance Expense	4,856	4,953	5,052	5,153	5,256	25,669
Telephone Expense	171	175	178	182	186	907
Utilities Expense	0	0	0	0	0	0
Depreciation Expense	0	0	0	0	0	0
Property Taxes	10,662	10,876	11,093	11,315	11,541	56,367
Professional Fees	6,948	7,087	7,228	7,373	7,520	36,729
Other	1,554	16,636	24,655	21,869	18,934	\$101,028
Total	\$28,211	\$43,826	\$52,389	\$50,157	\$47,788	\$222,371
% Increase Per Year	-11.05%	54.21%	19.28%	-4.21%	-4.67%	n/a
OPERATIONAL EXPENSES						
Salaries	\$0	\$0	\$0	\$0	\$0	\$0
Auto Expense	0	0	0	0	0	0
Utilities Expense	14,757	15,118	15,488	15,867	16,255	78,983
Depreciation Expense	22,747	26,347	26,698	27,047	27,397	134,887
Repair & Maintenance	40,633	41,446	42,275	43,120	43,983	214,807
Supplies	9,597	9,832	10,073	10,319	10,572	51,368
Other	136,399	139,127	141,910	144,748	147,643	721,072
Total	\$224,134	\$231,872	\$236,444	\$241,102	\$245,850	\$1,179,402
% Increase Per Year	14.85%	3.45%	1.97%	1.97%	1.97%	n/a
ASSUMPTIONS						
Interest Rate/Terms	n/a	6% / 6 Yrs	6% / 6 Yrs	6% / 6 Yrs	6% / 6 Yrs	n/a
Utility Cost/gal.	n/a	n/a	n/a	n/a	n/a	n/a
Depreciation Schedule	Tax	Tax	Tax	Tax	Tax	n/a
Other - Inflation @ 2%	2%	2%	2%	2%	2%	n/a

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income	(\$5,095)	(\$18,488)	\$40,897	\$39,903	\$38,959	\$96,176
Depreciation (If Funded)	22,747	26,347	26,697	27,047	27,397	130,237
Loan Proceeds	291,600	0	0	0	0	291,600
Other	0	0	0	0	0	0
Total Sources	\$309,252	\$7,860	\$67,594	\$66,950	\$66,357	\$518,013
USES OF CASH						
Net Loss	\$5,095	\$15,203	\$0	\$0	\$0	\$23,583
Principle Portion of Pmts.	0	41,805	44,313	46,972	49,790	182,879
Fixed Asset Purchase	290,000	34,000	14,000	14,000	14,000	366,000
Reserve	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total Uses	\$295,095	\$94,292	\$58,313	\$60,972	\$63,790	\$572,462
NET CASH FLOW	\$14,157	(\$86,433)	\$9,281	\$5,979	\$2,567	(\$54,449)
DEBT SERVICE COVERAGE						
Cash Available for Debt	\$169,379	\$82,946	\$92,227	\$98,206	\$100,773	\$543,531
SERVICE (CADS)						
Net Income (Loss)	(\$5,095)	(\$18,488)	\$40,897	\$39,903	\$38,959	\$96,176
Depreciation, or Reserve Interest	22,747	26,347	26,697	27,047	27,397	130,237
Total	\$17,652	\$7,860	\$67,594	\$66,950	\$66,357	\$226,413
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest	\$0	\$59,301	\$59,301	\$59,301	\$59,301	\$237,202
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS	n/a	1.40	1.56	1.66	1.70	2.29

Part F – TCEQ Public Water or Sewer System Information

Please answer questions 17 through 22 on a different sheet for each physically Distinct system being transferred or acquired.

17. A. For Water Systems. TCEQ Public Water System Identification Number:

1	1	1	0	0	9	5
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Date of last inspection:

8/8/2013

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: N/A W Q

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 -Name of Permittee:

N/A

 -Date of application to transfer Discharge Permit submitted:

--

 -Date of application to transfer Discharge Permit approved by TCEQ:

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18. A. Are any improvements required to meet TCEQ or PUC standards? Yes No. If yes, please explain:

Additional water storage capacity to be added the first half of 2015 in order to not exceed 85% capacity rule.

B. Is there a moratorium on new connections? Yes No. If yes, please explain:

N/A

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ or PUC standards (attach additional sheets if necessary):

Description of the Required Improvement	Schedule to Complete	Estimated Cost
Additional water storage capacity, new 120,000 gallon storage tank	May 15 2015	\$100,000

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries? Yes No

If yes, indicate the number of customers within the city limits or district boundaries:
 Water Sewer

Attach copy of franchise agreement or consent letter from the city or district.

20. Do you currently purchase water or sewer treatment capacity from another source? Yes No
 Water Sewer Purchased on a Regular Seasonal Emergency Basis

• Source: % of total supply:

21. List the number of existing connections to be effected by this transaction.

Water			Sewer	
	-Non Metered		-2" meter	
205	-5/8" or 3/4" meter		-3" meter	-Residential Connection 8
	-1" meter		-4" meter	-Commercial Connection
	-1 1/2" meter		-Other	-Industrial Connection
Total Water Connections:			Total Sewer Connections	

20. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? Yes No
 If yes, please explain what steps are being taken to address the capacity issues:

Installing new higher capacity water storage tanks in the first half of 2015 (by May 15th)

23. List the name, class, and license number of the operator(s) that will be responsible for the system:

Name	Class	License#
Billy Martin	C	WS000466
Greg Long	C	WG0007058
Mike Halder	C	WG0015160
Dennis Taylor	D	W00035230

24. Attach the following maps with each copy of the application:

- a. One small scale map clearly showing affected service area with enough detail to accurately locate the area if the application is for the transfer of all or a portion of a CCN.
- b. One large scale map showing the proposed service area boundaries being sold, transferred, or merged and, if available, the existing and proposed facilities. Color coding should be used to differentiate existing from proposed facilities. Facilities and service area boundaries should be shown with such exactness that they can be located on the ground. If transferring area not currently in a CCN or a portion of an existing CCN area please attach the following hard copy maps with each copy of the application:
 1. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
 2. A map showing only the proposed area by:
 - i. metes and bounds survey certified by a licensed state or registered professional land surveyor; or
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled, data disk should be included); or
 - iii. following verifiable natural and man-made landmarks, or
 - iv. a copy of recorded plat map with metes and bounds.
 3. A written description of the proposed service area.


Part G – Oaths and Notices

OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF Texas
COUNTY OF Hood

I, Ike Thomas as President of JusRyn Co. Inc., being duly sworn, file this application for sale, lease, rental or merger or consolidation as JusRyn Co. Inc. as managing member of Laguna Vista Ltd. (*indicate relationship to applicant*) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(j) and copies of any outstanding Orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas, or Attorney General and have also complied with the notice requirements in Section 13.301(k) of the Texas Water Code.

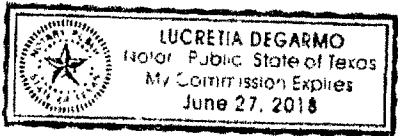



AFFIANT
(Utility's Authorized Representative)

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

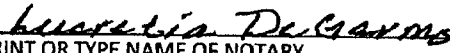
SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this day 29 of December, 20 15.

SEAL





NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS



PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 06/27/2018

One copy of this page must be submitted for each utility involved in this transaction.

OATH FOR PURCHASER OR ACQUIRING ENTITY


STATE OF Texas

COUNTY OF Hood

I, Ike Thomas, being duly sworn, file this application for

sale, lease, rental or merger or consolidation as V-President of Laguna Tres, Inc.
(indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I am also authorized and do agree to be bound by and comply with any outstanding orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.



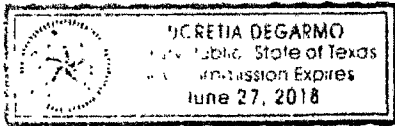
AFFIANT
(Utility's Authorized Representative)

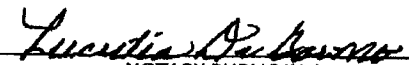
If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

Applicant represents that all other parties to this transaction have been furnished copies of this completed application.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this day 29 of December, 20 15.

SEAL





NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS



PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

06/27/2018

One copy of this page must be submitted for each utility involved in this transaction.

FORM A

Docket No. _____

Notice to Current Customers, Neighboring Systems and Cities

Laguna Vista Ltd 'S
(Seller's or Transferor's Name)

NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) NO _____ **TO** Laguna Tres, Inc.
(Purchaser's or Transferee's Name)

IN Hood COUNTY, TEXAS

To: _____ Date Notice Mailed _____, 20 ____
(Name of Customer, Neighboring System or City)

(Address)

City State Zip

Laguna Vista Ltd.
Sellers or Transferors' Name Address City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell facilities and transfer water or sewer (please select) CCN No. 11993 in Hood [County Name]

County to:

Laguna Tres, Inc. P.O. Box 2337 Granbury, TX 76048
Purchasers or Transferee's Name Address City/State/Zip Code

The sale is scheduled to take place as approved by the Commission (V.T.C.A., Water Code §13.301). The transaction and the transfer of the CCN include the following subdivision(s):

Laguna Vista subdivision

The area subject to this transaction is located approximately 4 miles north [direction] of downtown Granbury, [City or Town] Texas, and is **generally** bounded on the north by

Whippoorwill Bay subdivision; on the east by Hwy 51
; on the south by a private land owner; and on the west by Lake Granbury

The total area being requested includes approximately 150 acres and serves 215 current customers. This transaction will have the following effect on the current customer's rates and services:

none

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

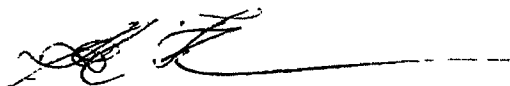
- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Commission will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Commission may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

Se desea informacion en Espanol, puede llamar al
1-888-782-8477



Utility Representative

Laguna Vista Ltd.

Utility Name

FORM B

Docket No. _____

Notice to Current Customers, Neighboring Systems, Landowner and Cities

Laguna Vista Ltd. 'S NOTICE OF INTENT TO SELL FACILITIES TO
(Seller's or Transferor's Name)

Laguna Tres, Inc. AND FOR Laguna Tres, Inc.
(Purchaser's or Transferee's Name) Purchaser's or Transferee's Name)

TO OBTAIN OR AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN
Hood COUNTY, TEXAS

To: _____ Date Notice Mailed _____, 20 ____
(Name of Customer, Neighboring System, Landowner or City)

(Address)

City State Zip

Laguna Vista Ltd. 112 N. Crockett Granbury, TX 76048
Sellers or Transferors' Name Address City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell water or sewer (please
select) Facilities in Hood [County Name] County to:

Laguna Tres, Inc. P. O. Box 2337 Granbury TX 76048
Purchasers or Transferee's Name Address City/State/Zip Code

The transferee has also requested to obtain/amend a CCN in this application. The sale is scheduled to take place as approved by the
Commission (Texas Water Code §13.301). The transaction and the proposed service area include the following subdivision(s):

Laguna Vista

The area subject to this transaction is located approximately 4 miles north [direction] of
downtown Granbury, [City or Town] Texas, and is generally bounded on the north by
Whippoorwill Bay; on the east by Hwy 51
;on the south by private land owner; and on the west by Lake Granbury

The total area being requested includes approximately 150 acres and serves 215 current customers.
This transaction will have the following effect on the current customer's rates and services:
None

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
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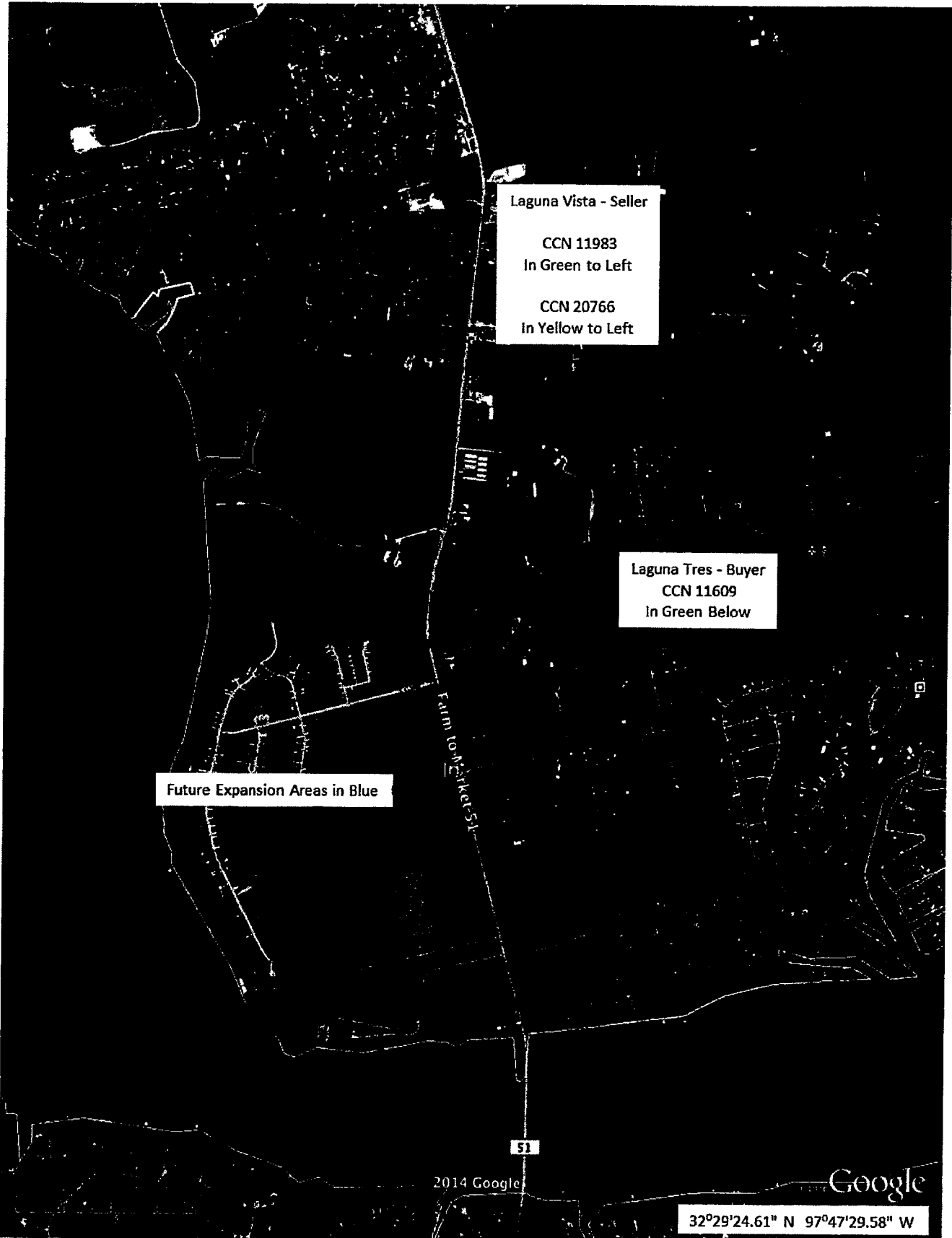


Utility Representative

Laguna Vista Ltd

Utility Name

Attachment 1 - Map of Affected Service Area



Laguna Vista - Seller
CCN 11983
In Green to Left
CCN 20766
In Yellow to Left

Laguna Tres - Buyer
CCN 11609
In Green Below

Future Expansion Areas in Blue

51

2014 Google

Google

32°29'24.61" N 97°47'29.58" W



Water and Sewer CCN Viewer

Water

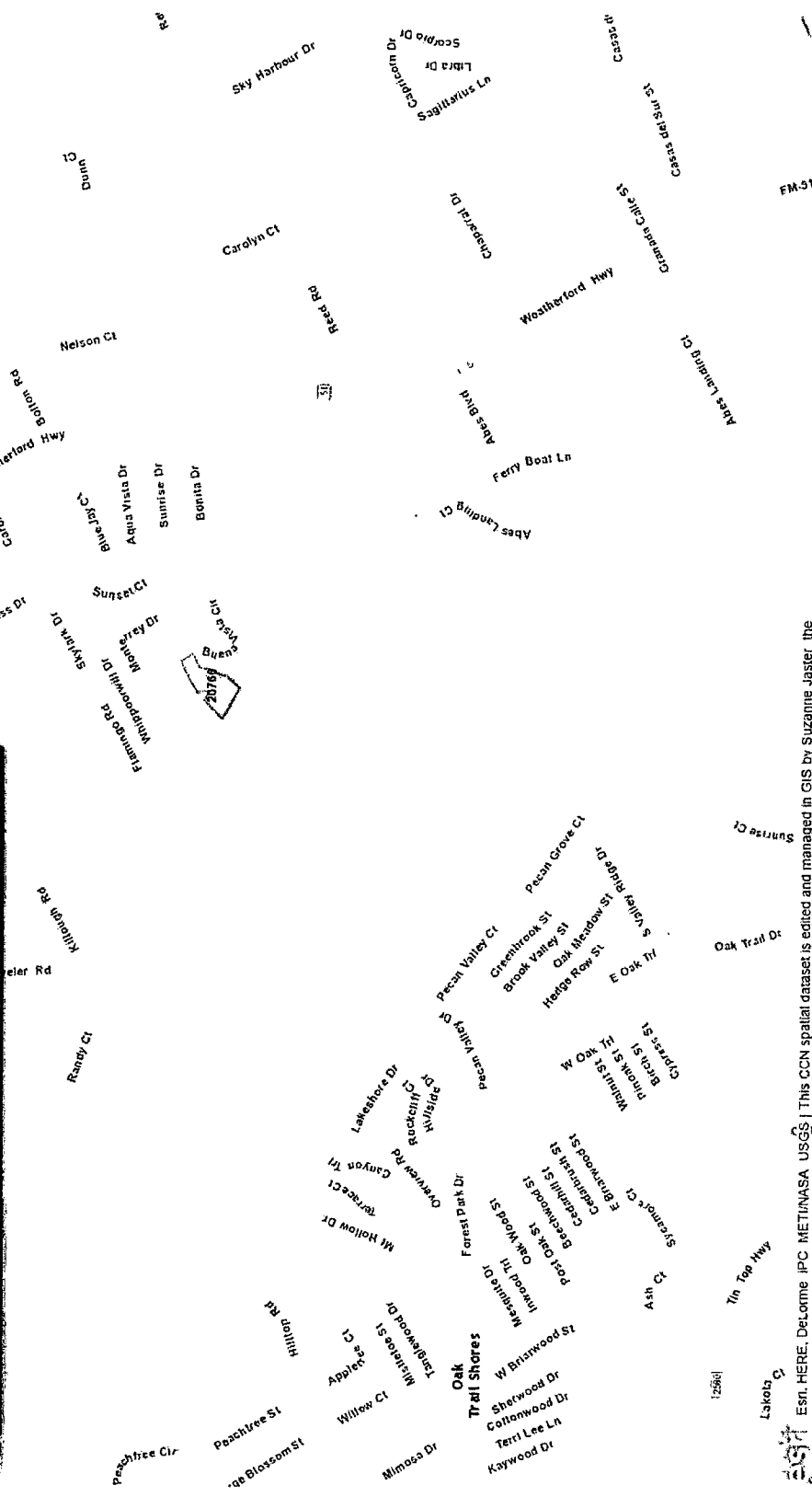
Sewer

Scale: 1" = 200'

North Arrow

Esri HERE DeLorme IPC METN/ASA USGS | This CCN spatial dataset is edited and managed in GIS by Suzanne Jaster ltr

Water and Sewer CCN Viewer



1250ft
 Esri, HERE, DeLorme, IPC, METINKASA, USGS | This CCN spatial dataset is edited and managed in GIS by Suzanne Jaster, the

Attachment 2 – Certificate of Account Status



Franchise Tax Account Status

As of: 12/22/2014 08:32:08 AM

This Page is Not Sufficient for Filings with the Secretary of State

LAGUNA TRES, INC.

Texas Taxpayer Number 17513113781
Mailing Address 700 KILLOUGH RD
GRANBURY, TX 76049-1926
Right to Transact Business ACTIVE
in Texas
State of Formation TX
Effective SOS Registration 08/28/1969
Date
Texas SOS File Number 0026593300
Registered Agent Name IKE THOMAS
Registered Office Street 700 KILLOUGH ROAD
Address GRANBURY, TX 76049

Attachment 3 – Proposed Tariff

Laguna Vista Water and Laguna Tres have the same water rates and Misc. fees.

Sewer Rates will remain the same as currently tariffed under the 20766 CCN.

Laguna Vista Water rates will be billed under the 11609 CCN after the transfer.

Attached is Laguna Vista's water tariff.

Laguna Vista Sewer Tariff will be filed at a later date but each customer is billed \$19.50 monthly.

**WATER UTILITY TARIFF
FOR**

Laguna Vista, Ltd.
(Utility Name)

2004 SW Parkway
(Business Address)

Granbury, TX 76048
(City, State, Zip Code)

(817) 279-1444
(Area Code/Telephone)

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

11983

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

Hood

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

None

This tariff is effective in the following subdivision or systems:

Laguna Vista Subdivision

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

PWS #1110095

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

TABLE OF CONTENTS

SECTION 1.0 – RATE SCHEDULE 2
SECTION 2.0 – SERVICE RULES AND POLICIES 4
SECTION 3.0 – EXTENSION POLICY 12
SECTION 4.0 – DROUGHT CONTINGENCY PLAN 17
APPENDIX A – SAMPLE SERVICE AGREEMENT
APPENDIX B – APPLICATION FOR SERVICE

TEXAS COMM. ON ENVIRONMENTAL QUALITY
36718-R, CCN 11983, AUGUST 30, 2010
APPROVED TARIFF BY *[Signature]*

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	\$29.91 (Includes 0 gallons)	\$2.30 per 1000 gallons
1"	\$44.86	
1 1/2"	\$74.77	
2"	\$149.55	
3"	\$239.28	

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

Cash X, Check X, Money Order X, Credit Card _____, Other (specify) _____

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

REGULATORY ASSESSMENT1.0%
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE \$200.00
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.

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 \$35.00

TRANSFER FEE..... \$35.00
 THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) 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 \$15.00
 RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) \$50.00

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

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

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

Attachment 4 – Notice of Violations

Central Registry

Detail of: **Public Water System/Supply Registration 1110095**

For: **LAGUNA VISTA SUBDIVISION (RN101276806)**
 3207 TIN TOP HWY, GRANBURY

Registration Status: **ACTIVE**

Held by: **JUSRYN COMPANY INC (CN603817305)**
OWNER Since 08/29/2009

Mailing Address: Not on file

LAGUNA TRES INC (CN600695985)
RESPONSIBLE PARTY Since 05/23/2007

Mailing Address: Not on file

Notice of Violations Current TCEQ Rules

NOV Date	Status	Citation/Requirement Provision	Allegation	Classification	Self Reporting Indicator
10/31/2013	RESOLVED	30 TAC Chapter 290, SubChapter D 290.44(a) ; 30 TAC Chapter 290, SubChapter D 290.44(f)(3) (Not applicable to CH)	Failure to properly disinfect and test a newly constructed waterline prior to being placed into service. EIC B18 MOD(2)(G)	MODERATE	NO
10/24/2013	ACTIVE	30 TAC Chapter 288, SubChapter B 288.20(c) (Not applicable to CH)	Failure to update the drought contingency plan. EIC C3 MIN(3)(C)	MINOR	NO
10/24/2013	ACTIVE	30 TAC Chapter 290, SubChapter D 290.46(t) (Not applicable to CH)	Failure to provide a proper ownership sign at the public water system facilities. EIC C4 MIN(3)(D)	MINOR	NO
09/17/2012	URESOSCHED	30 TAC Chapter 290, SubChapter D 290.45(b)(1)(C)(i) ; 5A THSC Chapter 341, SubChapter A 341.0315(c) (Not applicable to CH)	Failure to provide a well production capacity of at least 0.6 gallons per minute (gpm) per connection. EIC B19c(9) MOD(2)(G)	MODERATE	NO
09/17/2012	RESOLVED	30 TAC Chapter 290, SubChapter D 290.46(m) (Not applicable to CH)	Failure to maintain the water system facilities. EIC C4 MIN(3)(D)	MINOR	NO
09/17/2012	RESOLVED	30 TAC Chapter 290, SubChapter D	Failure to	MINOR	NO