



Control Number: 44205



Item Number: 3

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

RECEIVED
2015 JAN -9 PM 1:54

To: See Attachment L
(Neighboring System or City)

Date Notice Mailed January 20, 2015
PUBLIC UTILITY COMMISSION
FILING CLERK

(Address)

(City State Zip)

The Brazos River Authority, the Lower Colorado River Authority, and the City of Liberty Hill have filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Williamson County.

The proposed wastewater service area includes, but is not limited to, the city limits of Liberty Hill, Texas, its extraterritorial jurisdiction, areas immediately adjacent to its ETJ, and a portion of the U.S. Hwy. 183 corridor south of Seward Junction to the South Fork San Gabriel River. The area is generally bounded on the south by the South Fork San Gabriel River, on the east by an imaginary line approximately one mile east of and parallel to Union Hall Road (CR 266), on the north by an imaginary line approximately one and one-half of a mile north of and running parallel to State Hwy. 29, and on the west by an imaginary line approximately one and one-half mile west and running parallel to CR 332.

The total area being requested includes approximately 7800 acres and there are no current sewer customers.

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

Persons who wish to intervene or comment should write the:

Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Executive Director will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

COPY

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: Durham Park WSC
900 Glasscock Road
Liberty Hill, TX 78642

Date Notice Mailed Dec 12, 2003

The Brazos River Authority, the Lower Colorado River Authority, and the City of Liberty Hill have filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Williamson County.

The proposed wastewater service area includes, but is not limited to, the city limits of Liberty Hill, Texas, its extraterritorial jurisdiction, areas immediately adjacent to its ETJ, and a portion of the U.S. Hwy. 183 corridor south of Seward Junction to the South Fork San Gabriel River. The area is generally bounded on the south by the South Fork San Gabriel River, on the east by an imaginary line approximately one mile east of and parallel to Union Hall Road (CR 266), on the north by an imaginary line approximately one and one-half of a mile north of and running parallel to State Hwy. 29, and on the west by an imaginary line approximately one and one-half mile west and running parallel to CR 332.

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(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: Liberty Hill WSC
P.O. Box 95
Liberty Hill, TX 78642

Date Notice Mailed Dec. 12, 2003

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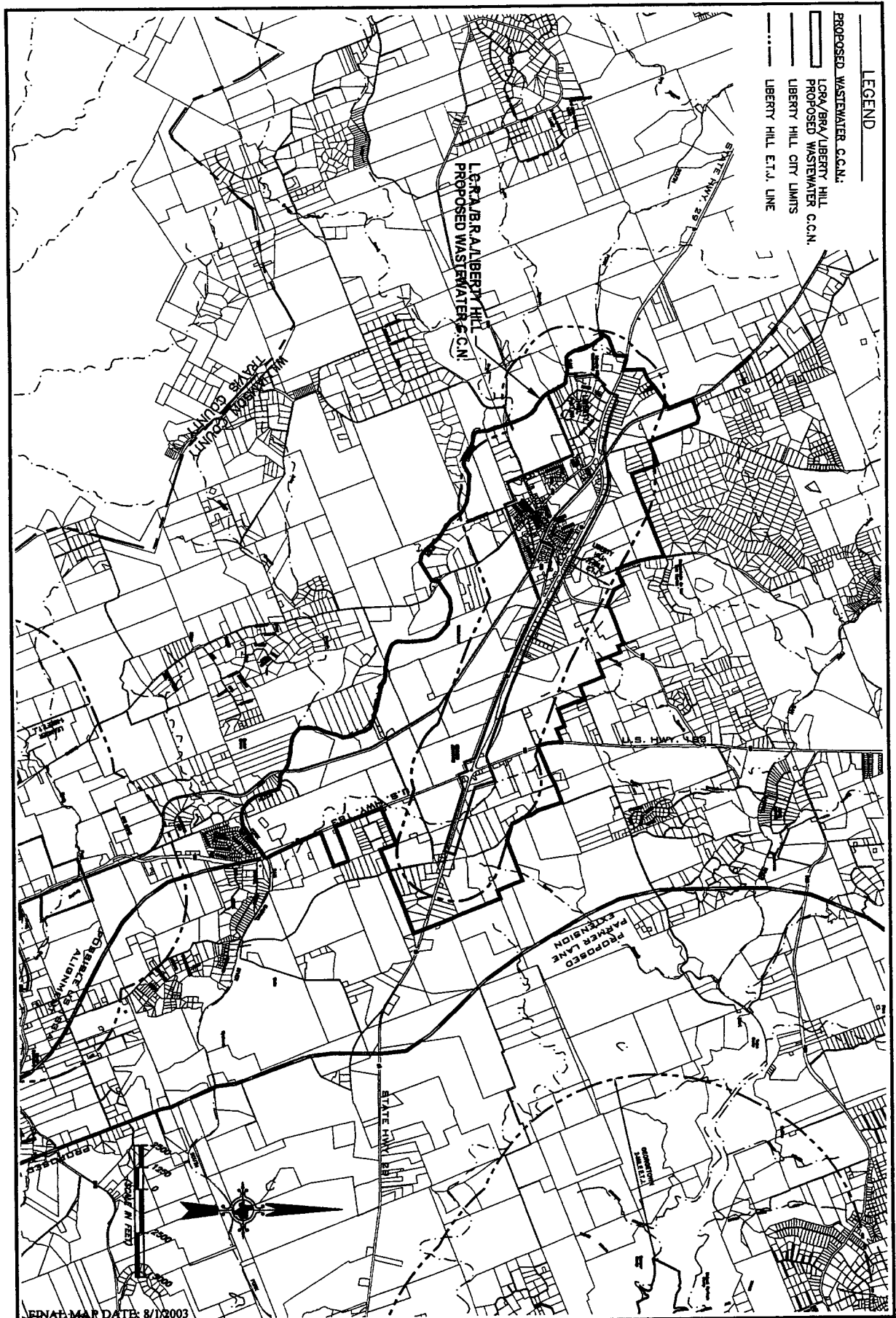
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FINAL MAP DATE: 8/1/2003

LOWER COLORADO RIVER AUTHORITY
3700 LAKE AUSTIN BOULEVARD
AUSTIN, TX. 78703
(800) 776-5272

BRAZOS RIVER AUTHORITY
4600 COBBS DRIVE
WACO, TX. 76714
(254) 776-3100

CITY OF LIBERTY HILL
1120 LOOP 332, P.O. BOX 1920
LIBERTY HILL, TX. 78742-1920
(512) 778-5449

BAKER-AICKLEN & ASSOCIATES, INC.
ENGINEERS/SURVEYORS
405 BRIMLEY DRIVE, S.W. DALLAS, TEXAS 75243
(214) 340-9700

Proposed Wastewater C.C.N.
for L.C.R.A., B.R.A. and the
City of Liberty Hill

Sheet 1 of 1

COPY

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: Darryl and Marjorie Winstead
6917 McNeil Dr.
Austin, TX 78729

Date Notice Mailed: Dec. 12 20 03

The Brazos River Authority, the Lower Colorado River Authority, and the City of Liberty Hill have filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Williamson County.

The proposed wastewater service area includes, but is not limited to, the city limits of Liberty Hill, Texas, its extraterritorial jurisdiction, areas immediately adjacent to its ETJ, and a portion of the U.S. Hwy. 183 corridor south of Seward Junction to the South Fork San Gabriel River. The area is generally bounded on the south by the South Fork San Gabriel River, on the east by an imaginary line approximately one mile east of and parallel to Union Hall Road (CR 266), on the north by an imaginary line approximately one and one-half of a mile north of and running parallel to State Hwy. 29, and on the west by an imaginary line approximately one and one-half mile west and running parallel to CR 332.

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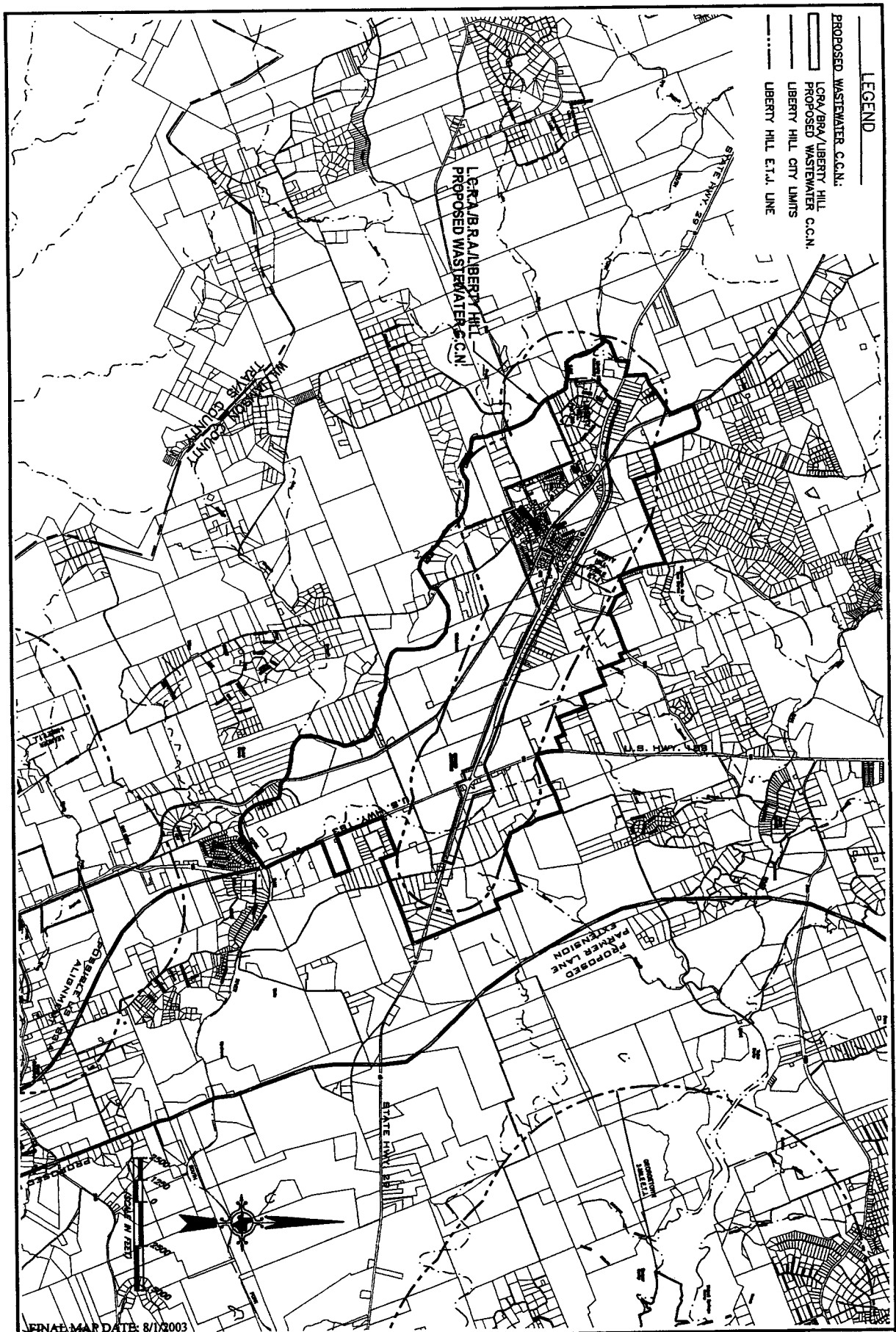
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Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

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FINAL MAP DATE: 8/1/2003

LOWER COLORADO RIVER AUTHORITY
3700 LAKE AUSTIN BOULEVARD
AUSTIN, TX. 78703
(800) 776-5272

BRAZOS RIVER AUTHORITY
4600 COBBS DRIVE
WACO, TX. 76714
(254) 776-3100

CITY OF LIBERTY HILL
1120 LOOP 332, P.O. BOX 1920
LIBERTY HILL, TX. 78742-1920
(512) 778-5449

BAKER-AICKLEN & ASSOCIATES, INC.
ENGINEERS/SURVEYORS
405 SHAWNEY CHURCH RD. DALLAS, TEXAS 75213
(214) 340-9700

Proposed Wastewater C.C.N.
for L.C.R.A., B.R.A. and the
City of Liberty Hill

Sheet 1 of 1

COPY

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: City of Leander
P.O. Box 317
Leander, TX 78641

Date Notice Mailed: DEC 12 20 03

The Brazos River Authority, the Lower Colorado River Authority, and the City of Liberty Hill have filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Williamson County.

The proposed wastewater service area includes, but is not limited to, the city limits of Liberty Hill, Texas, its extraterritorial jurisdiction, areas immediately adjacent to its ETJ, and a portion of the U.S. Hwy. 183 corridor south of Seward Junction to the South Fork San Gabriel River. The area is generally bounded on the south by the South Fork San Gabriel River, on the east by an imaginary line approximately one mile east of and parallel to Union Hall Road (CR 266), on the north by an imaginary line approximately one and one-half of a mile north of and running parallel to State Hwy. 29, and on the west by an imaginary line approximately one and one-half mile west and running parallel to CR 332.

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Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
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Austin, TX 78711-3087

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Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: Sandy Creek Utilities
c/o AquaSource Utility, Inc.
11100 Brittmoore Park Rd.
Houston, TX 77041

Date Notice Mailed DEC. 12, 2003

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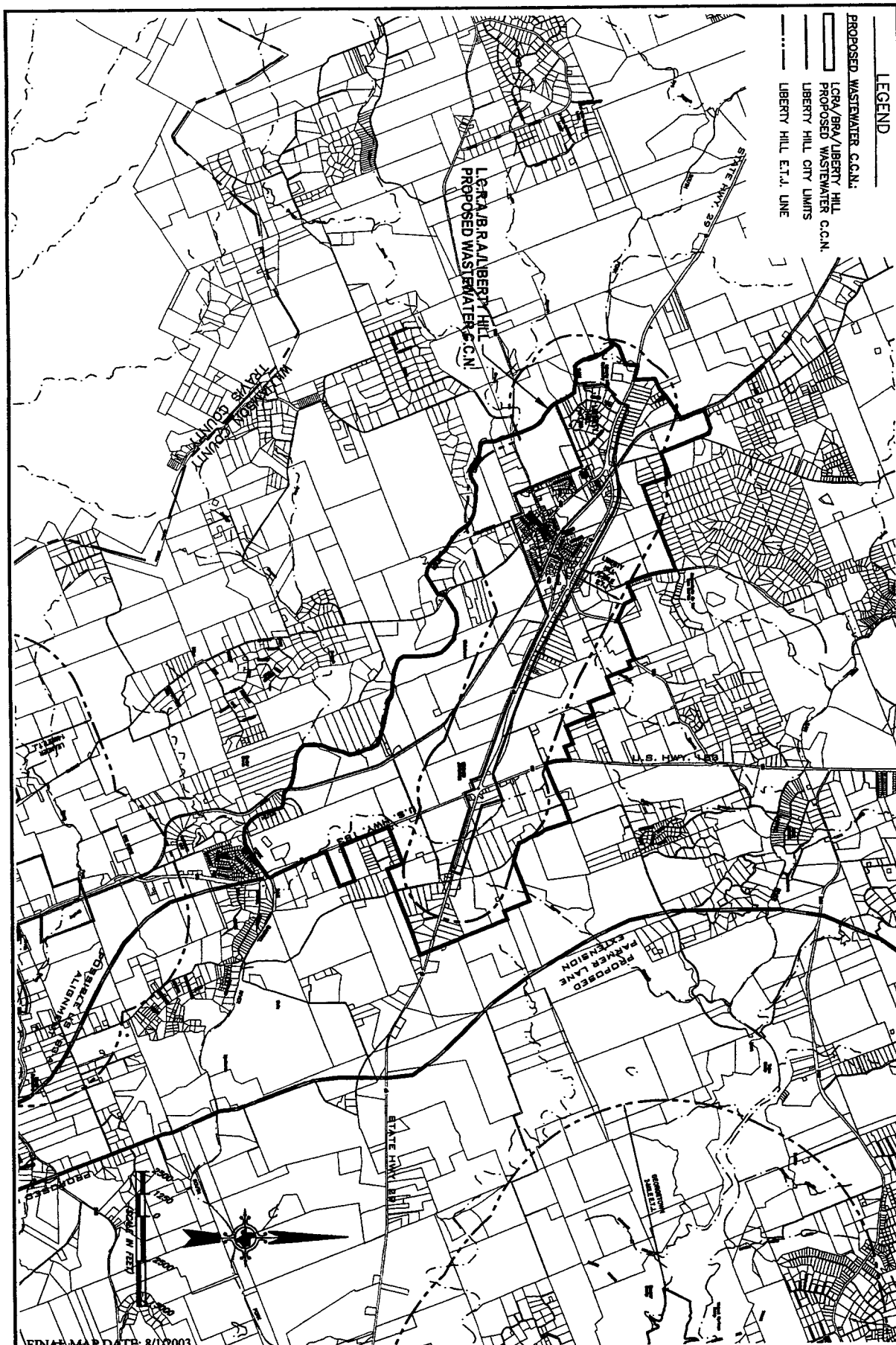
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FINAL MAP DATE: 8/1/2003

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3700 LAKE AUSTIN BOULEVARD
AUSTIN, TX. 78703
(800) 776-5272

BRAZOS RIVER AUTHORITY
4600 CORBS DRIVE
WACO, TX. 76714
(254) 776-3100

CITY OF LIBERTY HILL
1120 LOOP 332, P.O. BOX 1920
LIBERTY HILL, TX. 78742-1920
(512) 778-5449

BAKER-AICKLEN & ASSOCIATES, INC.
ENGINEERS/SURVEYORS
405 BRADSHAW CREEK RD. CEDAR PARK, TEXAS 78613
(512) 360-9700

Proposed Wastewater C.C.N.
for L.C.R.A., B.R.A. and the
City of Liberty Hill

Sheet 1 of 1

COPY

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: Timberline Water Co.
P.O. Box 464
Cedar Park, TX 78613

Date Notice Mailed: DEC. 12 20 03

The Brazos River Authority, the Lower Colorado River Authority, and the City of Liberty Hill have filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Williamson County.

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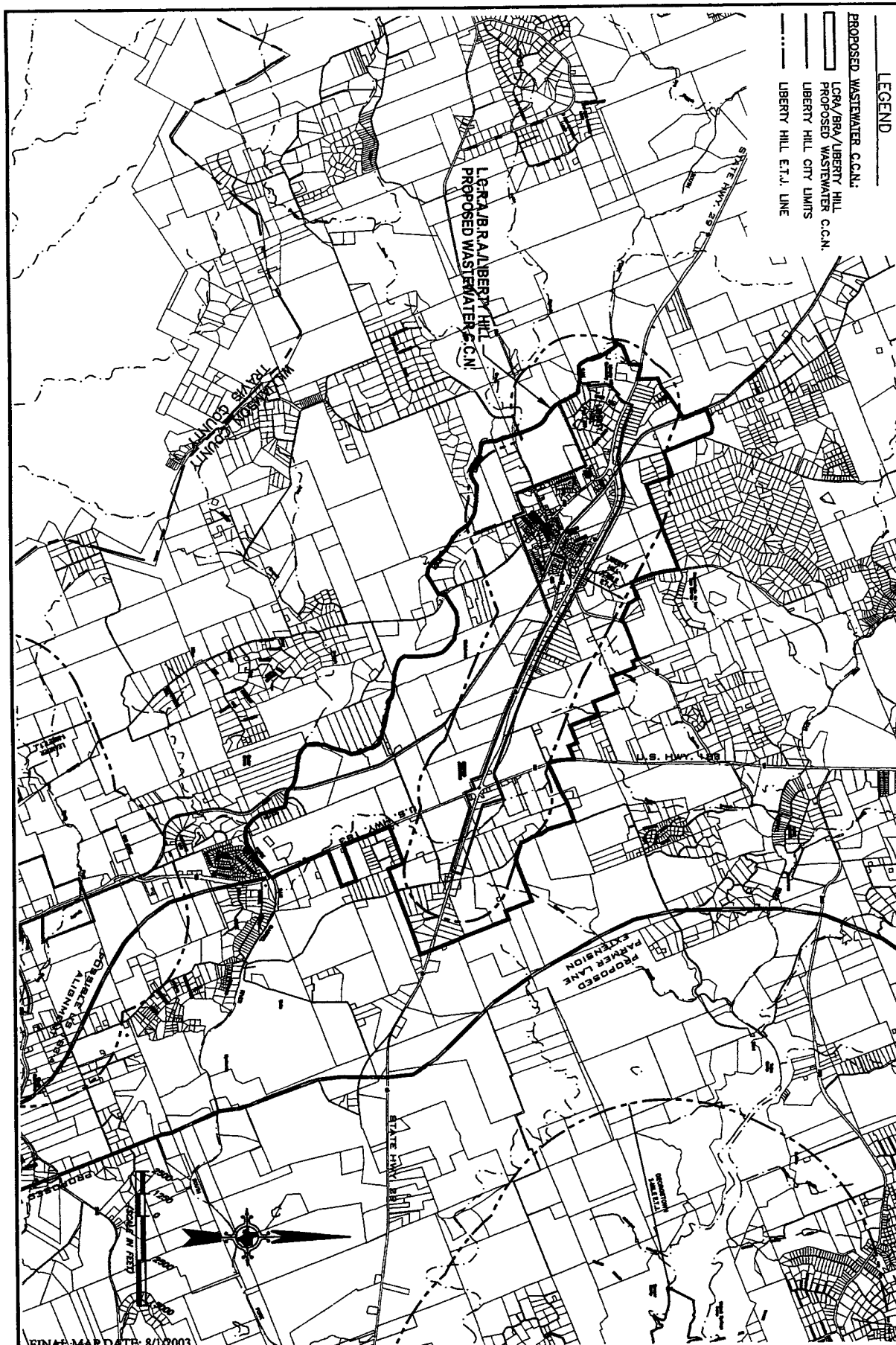
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WACO, TX. 76714
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CITY OF LIBERTY HILL
1120 LOOP 332, P.O. BOX 1920
LIBERTY HILL, TX. 78742-1920
(512) 778-5449

BAKER-AICKLEN & ASSOCIATES, INC.
ENGINEERS/SURVEYORS
405 WILSON DRIVE, SUITE 200, DALLAS, TEXAS 75219
(214) 342-8782

Proposed Wastewater C.C.N.
for L.C.R.A., B.R.A. and the
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Sheet 1 of 1

COPY

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: Chisholm Trail SUD
P.O. Box 249
Florence, TX 76527

Date Notice Mailed Dec. 12 20 03

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(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: City of Georgetown
P.O. Box 409
Georgetown, TX 78627

Date Notice Mailed: Dec. 12 20 03

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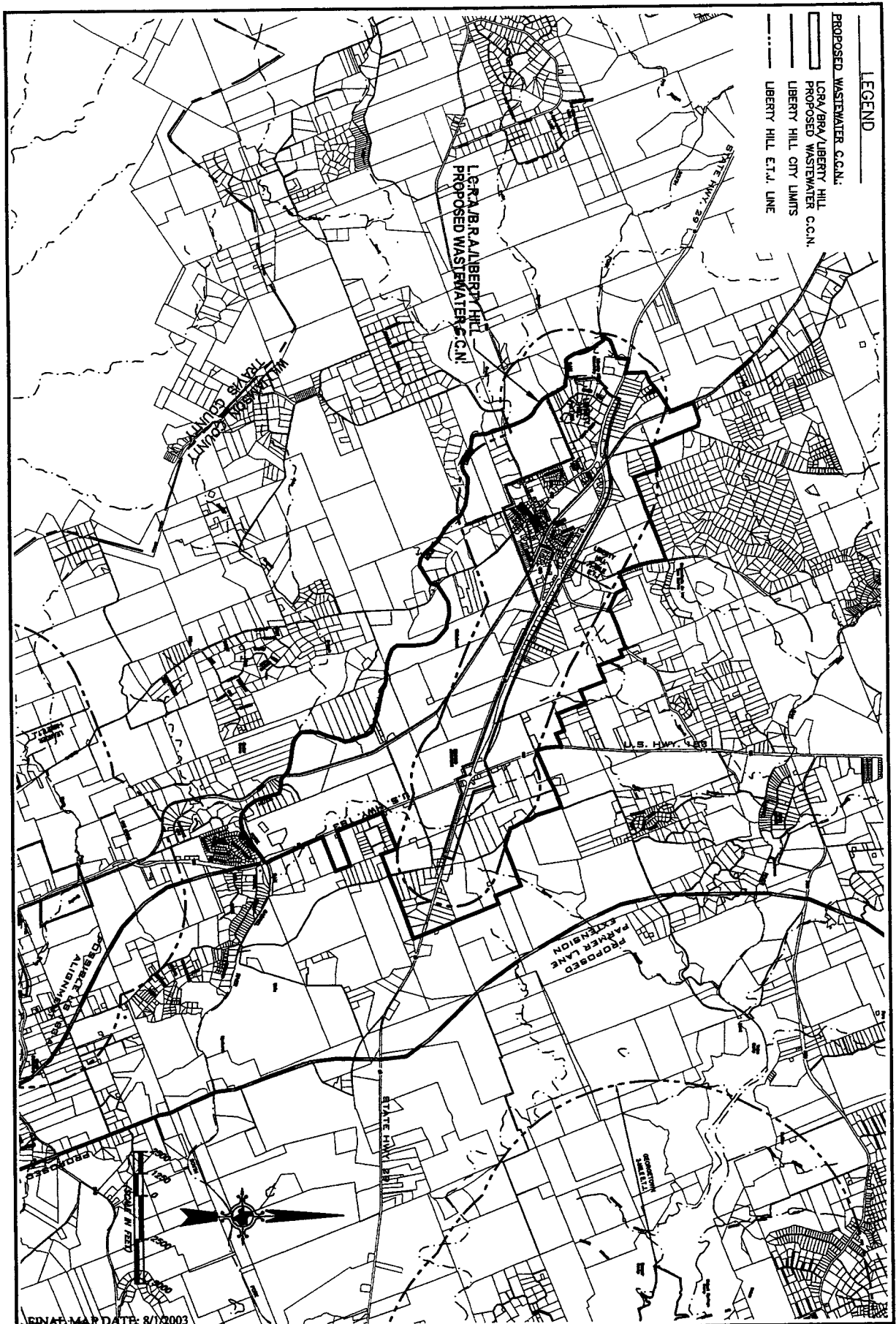
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ENGINEERS/SURVEYORS
4028 BRUNNEN CIRCLE RD. DALLAS, TEXAS 75243
1513 560-9700

Proposed Wastewater C.C.N.
for L.C.R.A., B.R.A. and the
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Sheet 1 of 1

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: Brushy Creek MUD
901 Great Oak Dr.
Round Rock, TX 78681

Date Notice Mailed: DEC. 12, 2003

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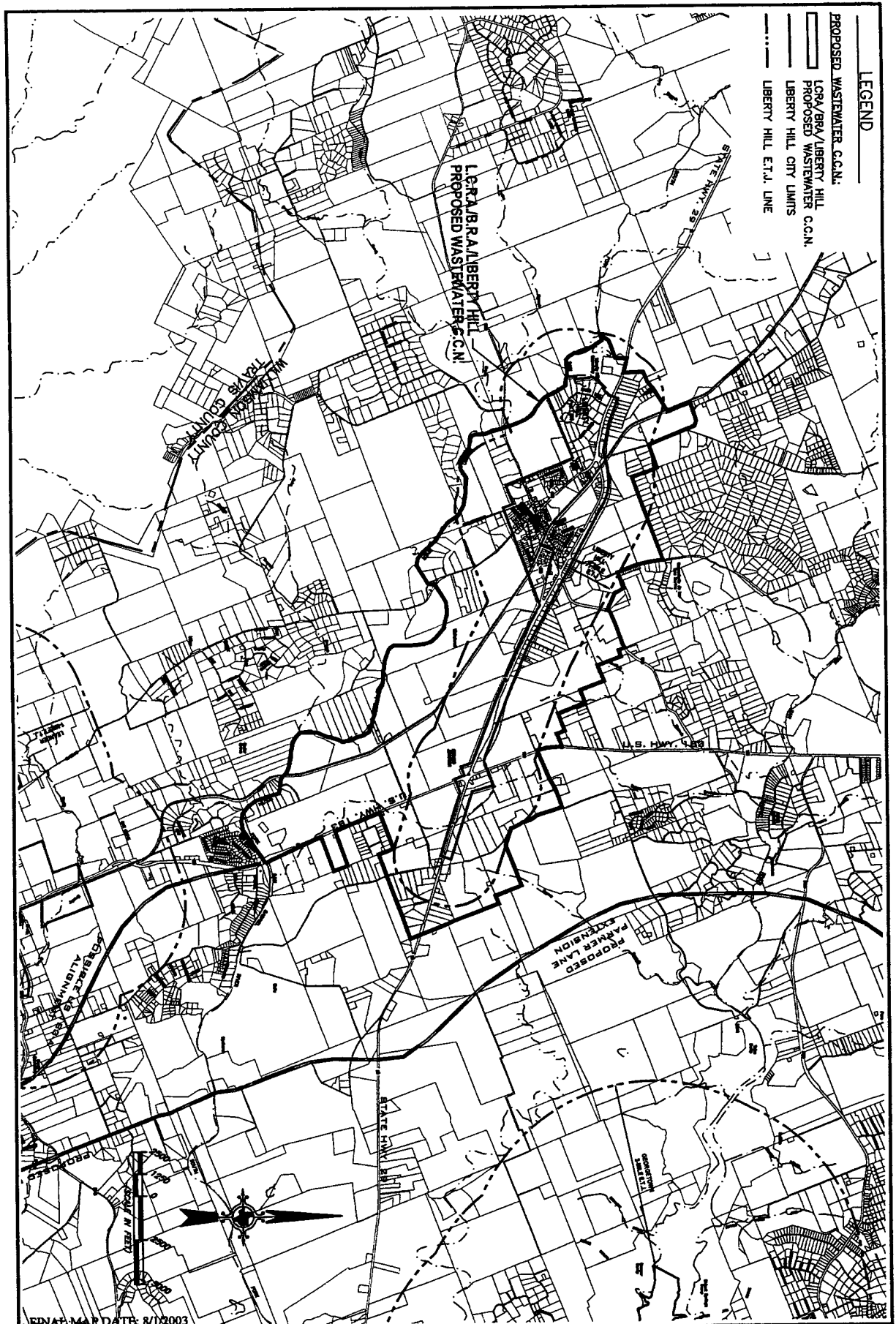
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Persons who wish to intervene or comment should write the:

Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

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LOWER COLORADO RIVER AUTHORITY
3700 LAKE AUSTIN BOULEVARD
AUSTIN, TX. 78703
(800) 776-5272

BRAZOS RIVER AUTHORITY
4600 CORBIS DRIVE
WACO, TX. 76714
(254) 776-3100

CITY OF LIBERTY HILL
1120 LOOP 332, P.O. BOX 1920
LIBERTY HILL, TX. 78742-1920
(512) 778-5449

**BAKER-AICKLEN
& ASSOCIATES, INC.**
ENGINEERS/SURVEYORS
405 BRADSHAW CIRCLE, S.W. COVINGTON, TEXAS 75613
(512) 540-9700

Proposed Wastewater C.C.N.
for L.C.R.A., B.R.A. and the
City of Liberty Hill

Sheet 1 of 1

COPY

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: City of Cedar Park
600 N. Bell Blvd.
Cedar Park, TX 78630

Date Notice Mailed Dec. 12 2003

The Brazos River Authority, the Lower Colorado River Authority, and the City of Liberty Hill have filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Williamson County.

The proposed wastewater service area includes, but is not limited to, the city limits of Liberty Hill, Texas, its extraterritorial jurisdiction, areas immediately adjacent to its ETJ, and a portion of the U.S. Hwy. 183 corridor south of Seward Junction to the South Fork San Gabriel River. The area is generally bounded on the south by the South Fork San Gabriel River, on the east by an imaginary line approximately one mile east of and parallel to Union Hall Road (CR 266), on the north by an imaginary line approximately one and one-half of a mile north of and running parallel to State Hwy. 29, and on the west by an imaginary line approximately one and one-half mile west and running parallel to CR 332.

The total area being requested includes approximately 7800 acres and there are no current sewer customers.

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

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Water Supply Division
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Austin, TX 78711-3087

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COPY

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: Block House MUD
P.O. Box 129
Leander, TX 78641

Date Notice Mailed DEC. 12 2003

The Brazos River Authority, the Lower Colorado River Authority, and the City of Liberty Hill have filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Williamson County.

The proposed wastewater service area includes, but is not limited to, the city limits of Liberty Hill, Texas, its extraterritorial jurisdiction, areas immediately adjacent to its ETJ, and a portion of the U.S. Hwy. 183 corridor south of Seward Junction to the South Fork San Gabriel River. The area is generally bounded on the south by the South Fork San Gabriel River, on the east by an imaginary line approximately one mile east of and parallel to Union Hall Road (CR 266), on the north by an imaginary line approximately one and one-half of a mile north of and running parallel to State Hwy. 29, and on the west by an imaginary line approximately one and one-half mile west and running parallel to CR 332.

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COPY

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: City of Bertram
P.O. Box 908
Bertram, TX 78605

Date Notice Mailed: DEC. 12, 20 03

The Brazos River Authority, the Lower Colorado River Authority, and the City of Liberty Hill have filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Williamson County.

The proposed wastewater service area includes, but is not limited to, the city limits of Liberty Hill, Texas, its extraterritorial jurisdiction, areas immediately adjacent to its ETJ, and a portion of the U.S. Hwy. 183 corridor south of Seward Junction to the South Fork San Gabriel River. The area is generally bounded on the south by the South Fork San Gabriel River, on the east by an imaginary line approximately one mile east of and parallel to Union Hall Road (CR 266), on the north by an imaginary line approximately one and one-half of a mile north of and running parallel to State Hwy. 29, and on the west by an imaginary line approximately one and one-half mile west and running parallel to CR 332.

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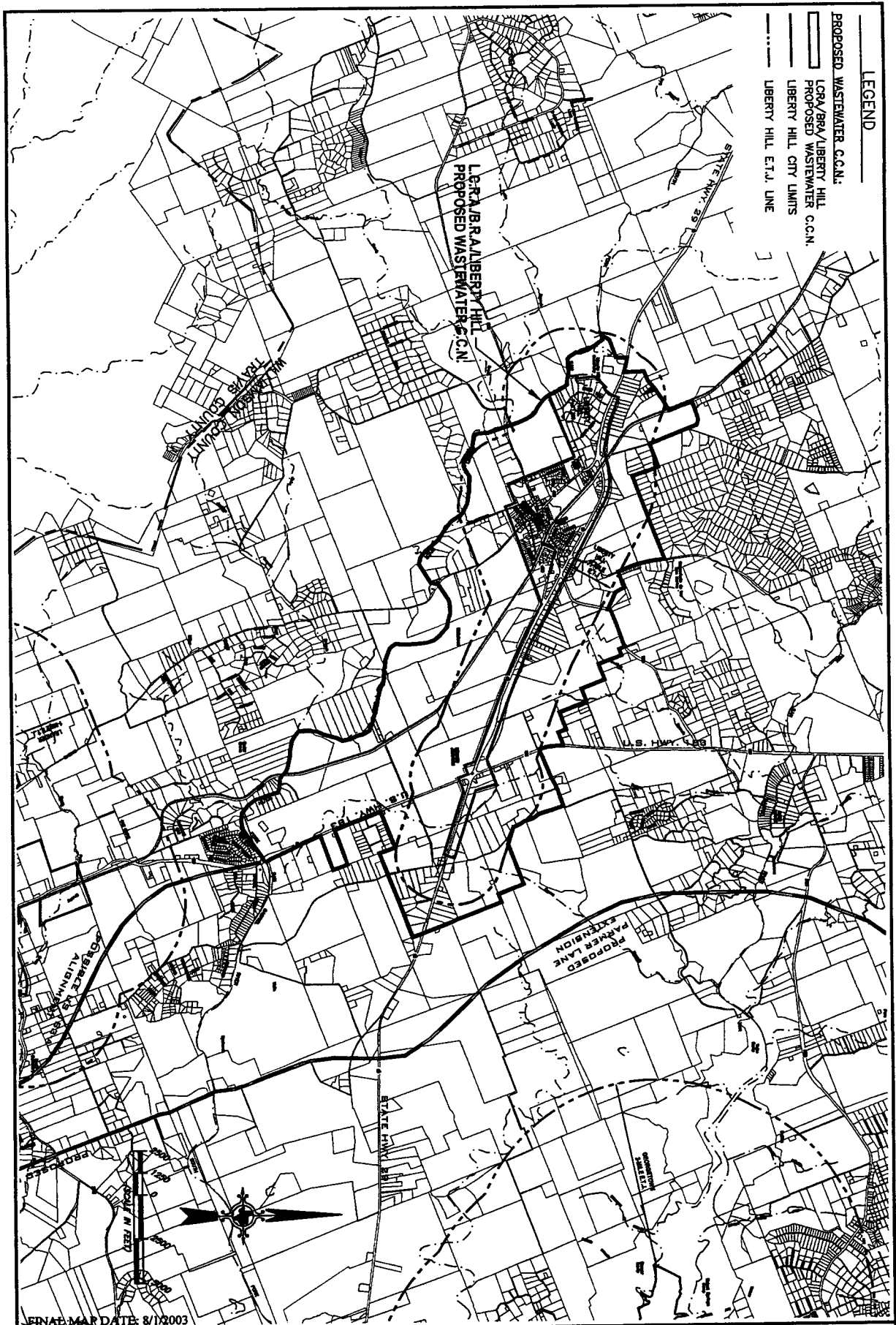
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Water Supply Division
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LEGEND

- PROPOSED WASTEWATER C.C.N.
- L.C.R.A./B.R.A. LIBERTY HILL PROPOSED WASTEWATER C.C.N.
- LIBERTY HILL CITY LIMITS
- LIBERTY HILL E.T.J. LINE

FINAL DATE: 8/12/2003

LOWER COLORADO RIVER AUTHORITY
3700 LAKE AUSTIN BOULEVARD
AUSTIN, TX. 78703
(800) 776-5272

BRAZOS RIVER AUTHORITY
4600 COBB'S DRIVE
WACO, TX. 76714
(254) 776-3100

CITY OF LIBERTY HILL
1120 LOOP 332, P.O. BOX 1920
LIBERTY HILL, TX. 78742-1920
(512) 778-5449

BAKER-AICKLEN & ASSOCIATES, INC.
ENGINEERS/SURVEYORS
408 BRADY STREET, SUITE 200, DALLAS, TEXAS 75201
(214) 240-9700

Proposed Wastewater C.C.N.
for L.C.R.A., B.R.A. and the
City of Liberty Hill

Sheet 1 of 1

COPY

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: AquaSource Utility Inc.
11100 Brittmoore Park Dr.
Houston, TX 77041-6930

Date Notice Mailed Dec. 12 20 03

The Brazos River Authority, the Lower Colorado River Authority, and the City of Liberty Hill have filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Williamson County.

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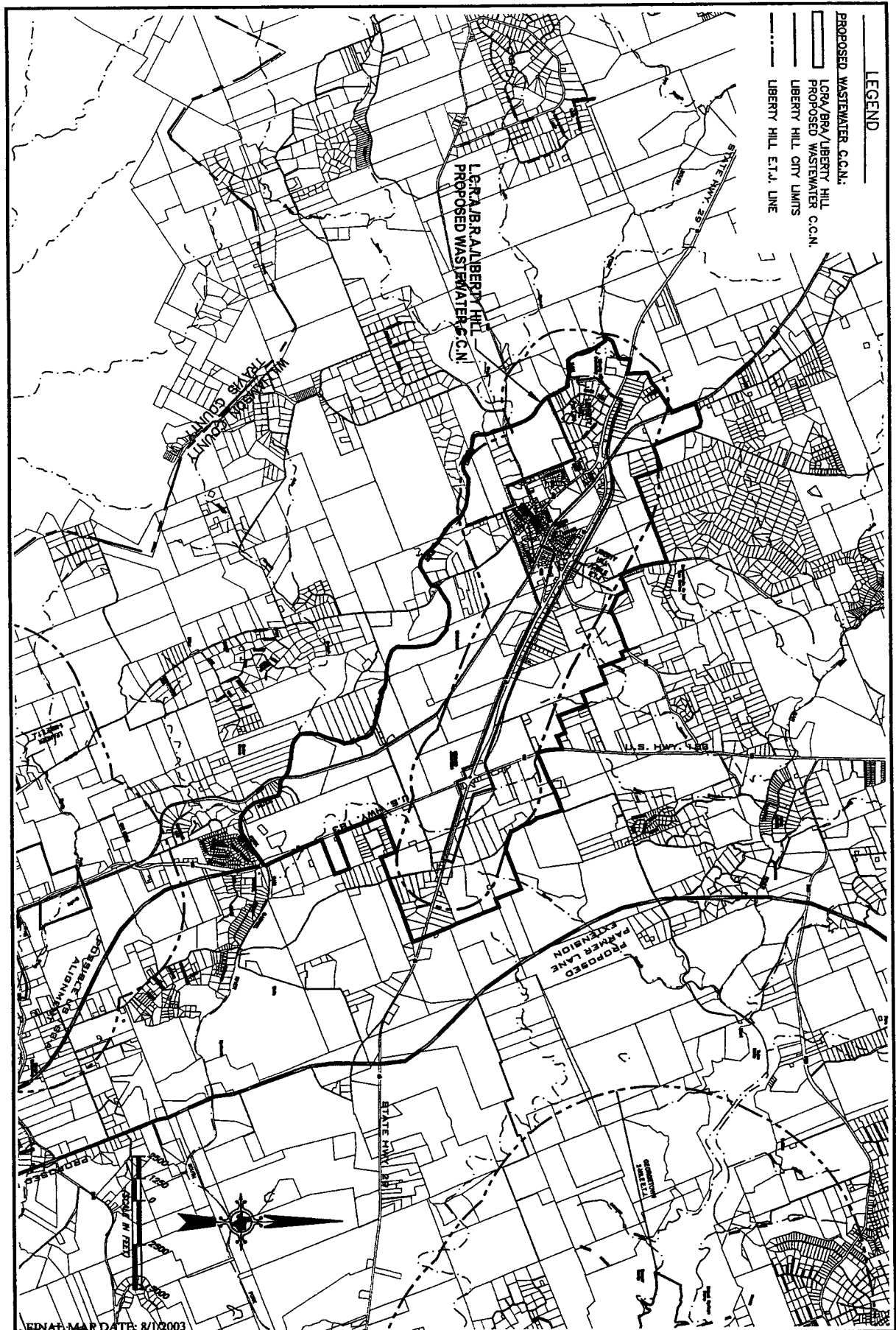
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Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

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FINAL MAP DATE: 8/1/2003

LOWER COLORADO RIVER AUTHORITY
3700 LAKE AUSTIN BOULEVARD
AUSTIN, TX. 78703
(800) 776-5272

BRAZOS RIVER AUTHORITY
4600 COBBES DRIVE
WACO, TX. 76714
(254) 776-3100

CITY OF LIBERTY HILL
1120 LOOP 332, P.O. BOX 1920
LIBERTY HILL, TX. 78742-1920
(512) 778-5449

BAKER-AICKLEN & ASSOCIATES, INC.
ENGINEERS/SURVEYORS
408 BRUNNEN DRIVE, SUITE 100, DALLAS, TEXAS 75241
(214) 350-9700

Proposed Wastewater C.C.N.
for L.C.R.A., B.R.A. and the
City of Liberty Hill

Sheet 1 of 1

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: Williamson County MUD #13
Attn: Mike Willatt
Willatt & Flickinger
2001 North Lamar
Austin, Texas 78705

Date Notice Mailed: December 12, 2003

The Brazos River Authority, the Lower Colorado River Authority, and the City of Liberty Hill have filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Williamson County.

The proposed wastewater service area includes, but is not limited to, the city limits of Liberty Hill, Texas, its extraterritorial jurisdiction, areas immediately adjacent to its ETJ, and a portion of the U.S. Hwy. 183 corridor south of Seward Junction to the South Fork San Gabriel River. The area is generally bounded on the south by the South Fork San Gabriel River, on the east by an imaginary line approximately one mile east and parallel to Union Hall Road (CR 266), on the north by an imaginary line approximately one and one-half of a mile north of and running parallel to State Hwy. 29, and on the west by an imaginary line approximately one and one-half mile west and running parallel to CR 332.

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Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

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NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: Williamson County MUD #12
Attn: Mike Willatt
Willatt & Flickinger
2001 North Lamar
Austin, Texas 78705

Date Notice Mailed: December 12, 2003

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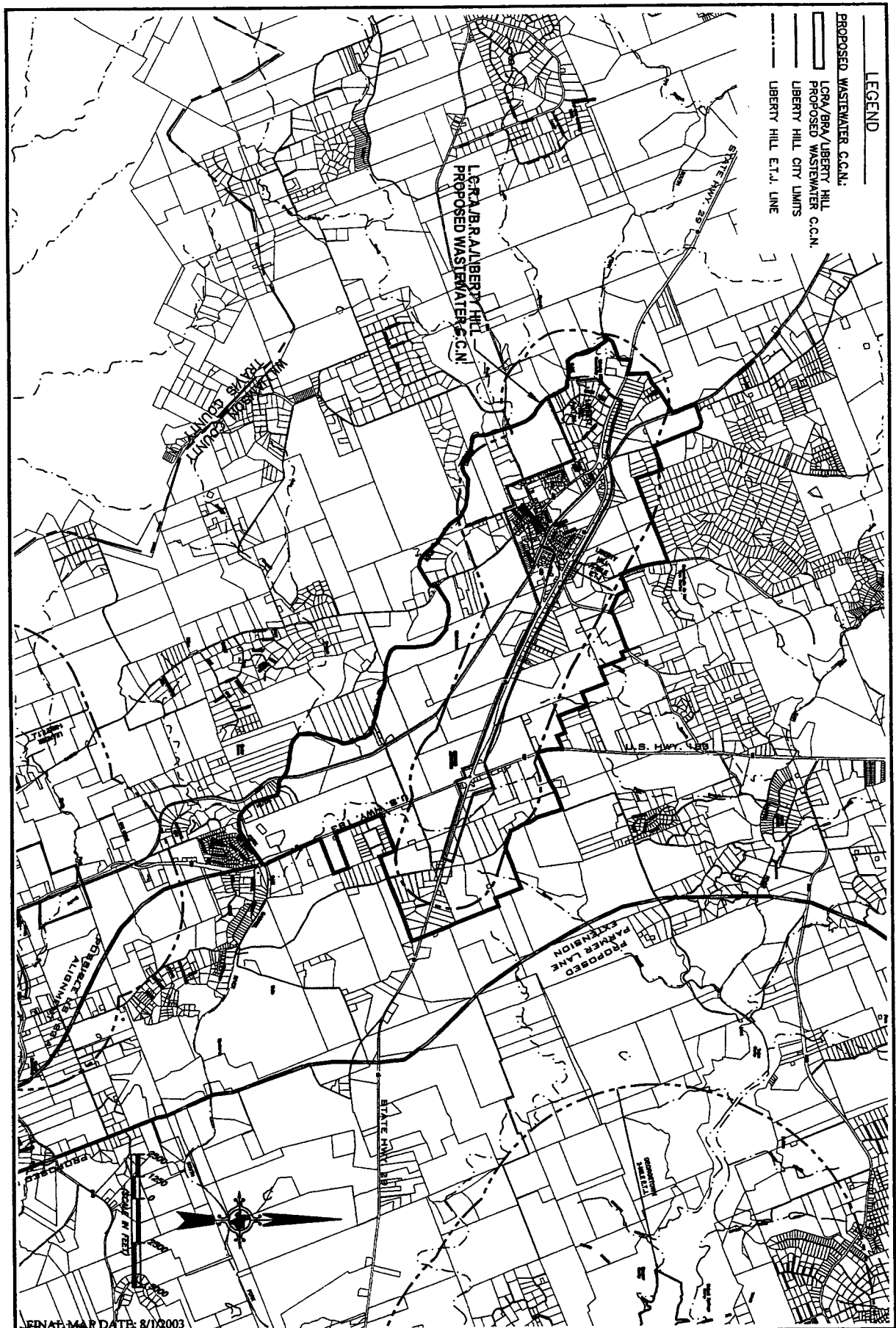
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FINAL MAP DATE: 8/13/2003

LOWER COLORADO RIVER AUTHORITY
3700 LAKE AUSTIN BOULEVARD
AUSTIN, TX. 78703
(800) 776-5272

BRAZOS RIVER AUTHORITY
4600 COBBS DRIVE
WACO, TX. 76714
(254) 776-3100

CITY OF LIBERTY HILL
1120 LOOP 332, P.O. BOX 1920
LIBERTY HILL, TX. 76742-1920
(512) 776-5449

BAKER-AICKLEN & ASSOCIATES, INC.
ENGINEERS/SURVEYORS
405 BRUNNEN CREEK RD. DALLAS, TEXAS 75213
(512) 340-0700

Proposed Wastewater C.C.N.
for L.C.R.A., B.R.A. and the
City of Liberty Hill

Sheet 1 of 1

December 11, 2003

VIA FAX #473-4010 ONLY

Mr. Madison Jechow
LCRA
P.O. Box 220
Austin, Texas 78767-0220

Re: Williamson County MUD No. 13

Dear Madison:

I am writing on behalf of Williamson County MUD No. 13 to request the LCRA to provide retail sewer service to land within the District.

We expect to reach a satisfactory contract with LCRA for the provision of this service in the near future. The District does reserve the right to protest the LCRA CCN application, and file its own CCN application, if agreement cannot be reached.

Very truly yours,



Mike Willatt

MW/hm

cc: Mr. William T. Gunn, III
Commercial Real Estate Services
3939 Bee Cave Road, Suite A-5
Austin, Texas 78746

Mr. Doug Lewis
520, Ltd. and Foster Development, LLC
P.O. Box 276
Austin, Texas 78767-0276

Mr. Rex Bohls
520, Ltd. and Foster Development, LLC
P.O. Box 276
Austin, Texas 78767-0276

2\WCNo.12\Lrs\jechow-12
12/11/03

INTRODUCTORY SECTION

Brazos River Authority
Waco, Texas

Comprehensive Annual Financial Report

Year Ended August 31, 2002

Board of Directors

Joe B. Hinton, Chairman, Crawford, Texas

Mary E. Ainslie
Houston, Texas
Robert B. Arnot
Breckenridge, Texas
Suzanne Alderson Baker
Lubbock, Texas
Ronald D. Butler, II
Stephenville, Texas
Lynn Elliott
Navasota, Texas
PJ Ellison
Brenham, Texas
Rodolfo Garcia
Alvin, Texas
Shirley M. Herring
Brenham, Texas
Fred L. Hughes
Abilene, Texas
Carolyn H. Johnson
Freeport, Texas

Celeste L. Kotter
Marlin, Texas
Ernest M. Koy, Vice-Chairman
Bellville, Texas
Martha Martin
Grafton, Texas
Steve D. Pena
Round Rock, Texas
M. Lance Phillips
Mexia, Texas
Nancy Rabb
Round Rock, Texas
Beverly W. Sawyer
Temple, Texas
John R. Skaggs
Plainview, Texas
Janet K. Sparks, Secretary
Cleburne, Texas
Salvatore A. Zaccagnino
Caldwell, Texas

Staff

Phil Ford, General Manager/CEO

Terry Lopas, Regional Manager, Upper Basin
John Baker, Regional Manager, Central Basin
Susan Morgan, Regional Manager, Lower Basin
Charlie Brown, Strategic Planning Manager
Randy Wooten, Manager, Technical Services
Pat Gill, Information Technology Manager
Richard Coronado, Human Resources Manager

Jim Forte, Interim Chief
Financial Officer
Lauralee Vallon, Executive
Counsel
Sheryl Franklin, Senior
Hydrological Engineer
John Hofmann,
Government & Customer
Relations Manager

Prepared by: Finance and Administration Division

Brazos River Authority
Comprehensive Annual Financial Report
Year Ended August 31, 2002

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QUALITY • CONSERVATION • SERVICE

Brazos River Authority

December 18, 2002

Mr. Joe B. Hinton, Chairman
Members of the Board of Directors
and The General Manager
Brazos River Authority

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the Brazos River Authority (Authority) for the Fiscal Year ended August 31, 2002 is hereby submitted. The Authority is responsible for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. We believe that the information presented is accurate in all material respects and that it clearly discloses the financial position and results of operations of the Authority. We believe the report contains all information necessary to enable the reader to gain the maximum understanding of the Authority's financial activities. The enclosed narratives and financial statements present complete details concerning the Authority's fiscal year activities and related costs.

The CAFR is presented in three main sections: introductory, financial, and supplemental. The introductory section includes brief descriptions of the Authority's departments, an organizational chart, and a list of the Authority's Board of Directors and key staff. The financial section includes the independent auditors' report, general-purpose financial statements including related notes, and combining financial statements. The notes to the financial statements are an integral part of this CAFR and should be read for a full understanding of the statements. The supplemental section includes selected general and financial information.

The Authority was created by the Texas Legislature in 1929 as a governmental agency of the State of Texas and is governed by a Board of 21 Directors. The Authority is responsible for conservation, control, and development of the surface water resources of the Brazos River Basin. The Authority operates a basin-wide reservoir system from which it supplies untreated surface water to municipal, industrial, and agricultural users, operates three regional sewerage treatment systems, four wastewater treatment systems, three water treatment systems, two raw water transmission systems, one retail water and wastewater system, and a hydroelectric generating facility. In addition, the Authority provides long-range planning, water resource monitoring, pollution control and regional water system financing, private sewage facility regulation, and general administrative services.

The Governor of Texas appoints the members of the Authority's Board subject to approval by the Texas Senate. The Authority is not financially accountable to the State. The State does not require substantive approvals for exercise of the Authority's budget, programs, projects, activities, or level of services performed or provided by the Authority. The Authority does not rely on direct funding or appropriations from the State, nor are the Authority's financial plans subject to review, approval, or veto by the State.

Under generally accepted accounting principles, the financial reporting entity (the government) includes all the funds and account groups of the primary government (i.e., the Brazos River Authority as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are in substance part of the primary government's operations and are includable as part of the primary government. Discretely presented component units would be reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. There are no separate governmental entities, which meet the aforementioned criteria; therefore, none are included in the accompanying general purpose financial statements.

The Authority makes an annual contribution to the employees' retirement plan. Even though the Authority has no involvement in the plan's routine operations, its policies and performance are monitored closely by the Retirement Committee, which consists of nine Directors and two staff members appointed by the Board.

The Authority's accounting system is organized and operated on a "fund basis." Each fund is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts composed of its assets, liabilities, fund balance/retained earnings, revenues, and expenditures/expenses. This report includes all funds of the Authority. The various divisions of the Authority are fully described in the introductory section. A description of the fund types used by the Authority, their purposes and their basis of accounting is included in Note 1 to the general-purpose financial statements.

To assist the user of this CAFR, undue detail has been avoided by presenting all dollar amounts in thousands of dollars.

Economic Condition and Outlook

According to the Texas Office of the Comptroller of Public Accounts, the State continues to outpace national economic growth. Despite the slump in the national economy, Texas fared relatively well and is poised for a rebound. This is largely attributed to strong productivity growth, enhanced by the state's central Sunbelt location, relatively low business and housing costs, and the continued flood of new residents into the state. The strength of productivity growth has kept Texas' economic output increasing during the recent declines in nonfarm employment.

Even with this resilience, like practically every other part of the country, the Texas economy has been affected by the national downturn. More than ever, the economy of Texas has become tied to the health of the national economy. However, there are signs that the national economy has bottomed out and has begun a slow upswing. The outlook for the Texas economy for the remainder of 2002 and 2003 is improving.

The state gained jobs in five of the first seven months of 2002. Three of the state's eight major sectors added jobs, with construction, wholesale and retail trade and government showing gains. Transportation, communication and utilities, and health, business, and other services were mostly flat. The job count in mining (oil and gas), manufacturing, and finance, insurance and real estate, however, continued to fall. With continued population and labor force growth accompanied by fewer job opportunities than in recent years, the statewide unemployment rate will rise from an average of 4.9 percent in 2001 to 5.7 percent in 2002. Looking forward to the future, the outlook for 2004 and 2005 is even more favorable. Overall, despite the slowdown in 2002, from 2001 through 2005, Texas economic growth will outpace U.S. economic growth.

The Basin is principally situated in all or part of six of the new 13-regions recognized by the Texas Comptroller of Public Accounts. These areas include Central, Gulf Coast, Capital, Metroplex, Northwest, and High Plains. Collectively, growth in these regions is expected at an average rate of approximately 1.4%, or slightly slower than the expectation for entire state in general, at 1.6%.

The Central Region includes the Waco, Killeen-Temple, and Bryan-College Station metropolitan areas, all of which fall generally within the boundaries of the Authority. Although this region has generally outperformed the state as a whole in the past, the next five years should see more subdued growth. In terms of population, employment, and regional product, the Central Texas region has declined slightly compared to the rest of Texas since 1970. Essentially, however, the region has held its own while other regions throughout the state experienced much faster growth.

The Gulf Coast Region includes the Houston, Galveston, and Brazoria metropolitan areas, of which only the Brazoria County area falls within the Basin. In the past, this region has kept pace with the other parts of the state with regard to growth. However, the top five industrial sectors for this region are all related to the oil and gas industry, and the average annual employment growth rate for these industries nationwide in the decade of the 90's was negative. There does seem to be some significant trend of diversification of the industrial base toward those industries involved in manufacturing durable goods.

The Capital Region includes the Austin and San Marcos metropolitan area, of which Williamson County (immediately to the north of Austin) is within the Basin. The Comptroller projects stable and accelerating growth for the region. In terms of jobs, growth in the region was exceptional during much of the 1970's, early 1980's and 1990's, only slowing recently due to declines in the high tech industry. The region also experienced recent strong growth in the construction sector, in response to development of high tech, as opposed to speculative construction activity in the 1980's. The expected construction slowdown following the recent high tech layoffs is expected to be less severe than previously predicted.

The Metroplex Region includes the Dallas-Fort Worth and Sherman-Denison metropolitan areas, of which the area immediately to the south and west of Fort Worth is within the Basin. Growth in the region is expected to be at a rate slightly faster than that expected for the state as a whole. This region made significant gains relative to the rest of the state during the early 1980's when the Metroplex fared better than the other more oil-dependent regions.

The Northwest Region includes the Abilene and Wichita Falls metropolitan areas, and the majority of the 30 counties contained within the region are also within the Basin. In terms of jobs, growth in this region was good during much of the 1970's and very early 1980's. Following the collapse in world oil prices in the early 1980's, the regional economy drifted slowly downward. In terms of relative population and employment growth, the region has declined in comparison to the state as a whole. State government is one of the fastest growing sectors in the region, due to increased prison employment and growth at area higher educational institutions.

The High Plains Region includes the Amarillo and Lubbock metropolitan areas, of which a ten county area surrounding Lubbock is within the Basin. The Comptroller projects improving economic growth for this region, which has generally under-performed the state as a whole. Similar to the Northwest Region, the High Plains were buffeted by the oil boom and bust, real estate ups and downs, and the national economy. One of the more significant industries showing improvement in the region is in the area of health care.

Major Initiatives

Organizational Structure. Significant staff and financial resources were spent during FY 2002 to re-position the Authority to meet its future goals. Primarily the Authority was re-organized around geographic regions, in lieu of technical function, in order to better meet customer needs and pursue business opportunities. This new organization includes:

- A new Executive Management Leadership team;
- Streamlined business processes, taking advantage of recently acquired current generation financial management software;
- A Project Review “Triage” process, which incorporates a multi-disciplinary assessment of proposals, in order to pursue those opportunities which are “smart” business decisions;
- Creation of a Business Development function within Finance and Administration to perform economic and financial feasibility studies to support regional and basin-wide initiatives;
- Restructuring of our Legal Department to bring this essential resource internal to the organization;
- New Personnel Policies and Procedures, Employee Development and Training, and a Performance Management System;
- Creation of a Government and Customer Relations function including a more clearly defined Federal and State funding agenda; and
- Adoption of Board Operating Policies to more clearly delineate the respective roles and expectations of the Authority.

Williamson County Regional Raw Waterline. The construction of the Williamson County Regional Raw Waterline to connect Lake Stillhouse Hollow and Lake Georgetown and thereby provide additional water to the Williamson County area began October 2000. Significant progress was made on this \$35.5 million project during fiscal year 2002, which consists of 26 miles of 48 inch pipeline, a pump station and an intake structure. Upon completion and during initial functional testing, it was discovered that certain portions of the pipeline did not meet specifications. An aggressive mitigation process was undertaken, to make certain that no impairment of service occurred to the participating entities. A take-over agreement, in which the surety for the primary contractor assumed full responsibility has been executed, and construction efforts have been commenced to ensure the integrity of the pipeline. The cities of Round Rock and Georgetown, Jonah Special Utility District, Brushy Creek Municipal Utility District, and Chisholm Trail Special Utility District all have a contracted participation in the pipeline project, and none of them experienced a shortage of water supply due to the pipeline failure. It is expected that all repairs and rehabilitation will be completed during FY 2003.

West Central Brazos Water Distribution System. In August 2002, the Authority concluded negotiations with Kerr-McGee Oil and Gas On-Shore LP for acquisition of a comprehensive water pipeline system. The system currently supplies water from Lake Possum Kingdom west to oil and gas producers in Stephens and Eastland Counties for secondary recovery operations. Following completion of a comprehensive feasibility study of the water needs of the West Central Brazos area (funded in part through an EDA grant and the Texas Water Development Board), the system will be used to meet the needs of municipal customers in the region.

Allens Creek Reservoir. This project involves the construction of a reservoir in Austin County to provide water to the Houston area. The Texas Commission on Environmental Quality (TCEQ) has issued a permit, however two water right holders have filed challenges to the permit. Construction of this reservoir is expected to begin in 2010. The City of Houston will pay 70% of the cost of this project. The preliminary estimate of total project cost is \$200 million.

Brazos G Regional Water Plan Development. The Authority serves as administrative agent for the Brazos G Regional Water Planning Group, one of 16 regional planning groups throughout the State which are preparing 50-year regional water supply plans in accordance with Senate Bill 1 of the 75th State Legislature. The Texas Water Development Board adopted a revised 50-year state water plan in December 2001 based on proposals from the individual regions. The plan recommends \$17.9 billion in capital projects needed to meet the state's water needs through 2050, with \$525 million falling within the Brazos G Region. Specific projects identified include several off channel reservoirs, interconnection of community and regional water and wastewater systems, and development of groundwater in the Carrizo-Wilcox aquifer.

Groundwater. During fiscal year 2001, the Authority's enabling statutes were amended to include groundwater as a water supply option. A variety of options are available to the Authority, including a cooperative arrangement with ALCOA, to take advantage of water available at their Sandow Coal Mining operation near Rockdale, Texas.

Water Quality. The Authority contracts with the TCEQ to perform the Clean Rivers Program water quality monitoring in the Brazos River basin. The Program uses a watershed management approach to identify and evaluate water quality issues, establish priorities for corrective actions, and implement these actions. The goal of the Brazos CRP is to develop information and programs for the improvement of water quality through a partnership with citizens, industry, and local, regional, and State entities. In addition, the program provides fee-payers with site-specific water quality information, such as receiving water assessments and flow data. The Authority received \$1.7 million in grant funding in fiscal year 2001.

The Authority is taking a proactive approach to address the threat to drinking water supplies from the migration of perchlorate and related contaminants from the Naval Weapons Industrial Reserve Plant located near McGregor, Texas. The Authority is working with stakeholders, the TCEQ, and the Navy to develop scientific-based information that will quantify the source, fate and transport of perchlorate. Potential impacts to Lake Belton and Lake Waco are being identified. The Authority is participating in a \$340,000 grant project from the U.S. Army Corps of Engineers to study the perchlorate contamination in the Bosque and Leon River watersheds.

Lake Possum Kingdom Gate Replacements. This project involves the replacement of 9 steel floodgates at Morris Sheppard Dam. Replacement of gates 1-4 is complete. Replacement of gate 5 started in August 2000. The estimated completion date for all 9 gates is December 2006 and the estimated cost to replace gates 5-9 is \$7.9 million.

Lake Granbury Gate Rehabilitation. This project involved the rehabilitation of 16 spillway gates at DeCordova Bend Dam and installation of new electric gate hoists. Construction started in July 2000 and was completed in January 2002. Total estimated cost of this rehabilitation is \$8.3 million.

Sandy Creek (Leander) Water Treatment Plant. The Sandy Creek Water Treatment Plant is a new project that will supply drinking water for the City of Leander and possibly other Williamson County entities. Construction of the 4.0 mgd conventional treatment plant was completed in October 2001. This project is part of the Brazos River Authority/Lower Colorado River Authority Alliance. The Brazos River Authority will operate the plant; the Lower Colorado River Authority will own the plant.

Highway 84 Lift Station and Pipeline Project for City of Waco. This project will extend sewerage services to residents along Highway 84 West of Waco. Construction of this project began in March 2001 and is expected to be completed in April 2002. The contracted cost of this project is \$3.8 million, \$1.4 million less than expected.

Lake Alan Henry. The Staff presented a proposed contract to the City of Lubbock in October 2002, in anticipation of the transfer of both operations and maintenance, as well as ownership of the John T. Montfort Dam to the City.

Lee County Fresh Water Supply District No. 1. The Authority added its first retail water and wastewater utility. This entity serves the community of Dimebox, with approximately 150 connections to a groundwater system, and wastewater treatment through a facultative lagoon system.

Financial Information

Internal Accounting Controls

Internal accounting controls are designed to provide reasonable assurance regarding safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. We believe that the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of all financial transactions.

As a recipient of Federal and State loans and grants, the Authority is also responsible for ensuring that adequate internal controls are in place to document compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by management.

As part of the Authority's audit, tests were made of the internal controls and of its compliance with laws and regulations that could have a material effect on the Authority's financial statements. Although this testing was not sufficient to support an opinion on the Authority's internal control system or its compliance with laws and regulations, the audit for the year ended August 31, 2002 disclosed no material internal control weaknesses or material violations of laws and regulations.

Budgetary Control

The Board of Directors adopts annual budgets for each of the divisions as prudent management tools and to meet contractual obligations. Monthly budget reports are prepared for management to maintain proper budgetary control. Quarterly budget reports are reviewed by the Board of Directors.

Results of Operations – Enterprise Funds

The following schedule presents a summary of revenues for Fiscal Year 2002 and variances from Fiscal Year 2001.

Operating Revenues

	<u>Water Supply System</u>	<u>Water Treatment</u>	<u>Hydro- Electric</u> (in thousands)	<u>Central Services</u>	<u>Total</u>	
					<u>2002</u>	<u>2001</u>
Water Sales & Treatment Fees	\$ 19,599	\$ 3,608	\$ -	\$ 7	\$ 23,214	\$ 24,142
Sewerage Services	-	14,328	-	-	14,328	13,348
Lease Income	1,378	-	-	-	1,378	1,196
Power Sales	-	-	472	-	472	666
Pollution Control Fees	-	-	-	4,196	4,196	604
Admin. & General	856	67	-	3,094	4,017	5,087
Grants	853	-	-	-	853	1,693
Other	847	475	-	1,543	2,865	2,474
Total Operating Revenues	<u>\$ 23,533</u>	<u>\$ 18,478</u>	<u>\$ 472</u>	<u>\$ 8,840</u>	<u>\$ 51,323</u>	<u>\$ 49,210</u>

Overall, Fiscal Year 2002 operating revenues increased by 4% over Fiscal Year 2001. The Water Supply System operations, comprised of Lake Alan Henry, Williamson County Regional Raw Water Line and Non-Contract Water Supply Operations, decreased approximately 4.6%. This decrease is due primarily to decreases in grant revenue and administrative and general revenues, which was partially offset by a 15% increase in the System Water Rate. The System Water Rate was \$29.90 an acre-foot in FY 2002 as compared to \$26.00 an acre-foot in FY 2001. The System Water Rate for FY 2003 will be \$34.50 an acre-foot. The Water Treatment operation, comprised of the Lake Granbury, Temple/Belton, Sugar Land, Waco, Brushy Creek, Hutto, Sandy Creek, Dimebox, and Clute/Richwood treatment systems, also had a decrease over last fiscal year. The decrease is due primarily to decreases in water treatment fee revenue, administrative and general revenue and other revenues, which were partially offset by increases in revenues from sewerage services. Hydro-electric revenues dropped by 29% mainly due to downtime of the plants two generators. The increase in Central Services can be attributed, for the most part, to the receipt of \$4,196 in pollution control bond fees.

The following schedule presents a summary of expenditures for Fiscal Year 2002 and variances from Fiscal Year 2001.

Operating Expenses

	<u>2002</u>	<u>2001</u> (in thousands)	<u>Variance</u>
Personnel Services	\$ 12,481	\$ 9,904	26 %
Materials & Supplies	1,521	1,272	20 %
Utilities	3,015	2,811	7 %
Depreciation & Amortization	9,527	9,199	4 %
Administrative & General	3,700	4,654	(20)%
Professional Services	3,292	3,233	2 %
Other	4,437	2,676	66 %
Total Operating Expenses	<u>\$ 37,973</u>	<u>\$ 33,749</u>	<u>13 %</u>

Overall, Fiscal Year 2002 expenditures increased by 13% over Fiscal Year 2001. The largest percentage increases were in Personnel Services, Materials & Supplies and Other Operating. The increase in Personnel Services was due to the addition of staff during the Authority's re-organization as well as a substantial increase in health insurance costs. Materials & Supplies increased due to the additional expenses necessary for the move to the new Central Office Facility and various safety and security items purchased for the lake projects. Other expenses increased due to higher than expected health care claims.

Bonds and Contracts Payable

The Authority does not have taxing authority nor does it receive appropriations from any other level of government. Therefore, the Authority has no outstanding general obligation bonds. Outstanding revenue bonds at August 31, 2002 totaled \$190.4 million. In addition, contracts payable to acquire water conservation storage space in U.S. Army Corps of Engineers reservoirs in the Brazos basin and other construction contracts totaled \$47 million at August 31, 2002. These revenue bonds and contracts payable are reported in the Authority's combined balance sheet as of August 31, 2002, and are discussed in detail in Note 5 to the general purpose financial statements.

The Authority had outstanding at August 31, 2002, certain bonds issued for benefit of various companies of \$2.3 billion. The Authority has also issued \$8 million tax-exempt bonds on behalf of various government entities. The Authority has no liability for repayment of these bonds and, accordingly the bonds and related assets are not included in the Authority's combined balance sheet. A complete description of such bonds is included in Note 6 to the general-purpose financial statements.

During Fiscal Year 2002, Brazos River Authority issued the following debt:

1. \$13.75 million Series 2002 Tax Exempt Serial Bonds – to refund the Series 2001 Taxable Serial Bond issued for the expansion of Lake Granbury Surface Water and Treatment System.
2. \$6.0 million State Participation Loan Series 2002 – for the purchase of the land for the Allens Creek Reservoir Site.

Cash Management

Investments of the Authority funds are made in accordance with state law and with policies adopted by the Authority's Board of Directors. At August 31, 2002, the total cash balance was \$39 million. Total investment balances, consisting primarily of United States Government Securities were \$53 million at August 31, 2002.

Risk Management

The Authority places strong emphasis on the need for effective employee safety and loss control procedures. An employee safety award program has been in effect since 1978. Employees are recognized and awards given for periods of time for which the employee is not involved in a lost-time accident. The Authority has implemented many of the changes recommended by an independent security consultant in FY 2002. Implementation of additional security items is planned for FY 2003. An insurance and risk management consultant has been retained to advise the Authority on the appropriate amounts and types of insurance to carry and to assist the Authority in obtaining insurance coverage. This has resulted in substantial savings to the Authority in insurance premiums. A schedule of insurance in force at August 31, 2002 is included in the supplemental section of this report.

Other Relevant Information

Independent Auditors' Opinion

Section 50.371 of Vernon's Texas Civil Statutes requires an annual audit of the Authority's records by the State Auditor or by independent certified public accountants selected by the Board of Directors. This requirement has been met and the independent auditors' opinion is included in the financial section of this CAFR. Other filing requirements have been met in conformance with the opinion of the Authority's General Counsel. The firm of Deloitte & Touche expressed its opinion that the general purpose financial statements present fairly, in all material respects, the financial position of the Brazos River Authority at August 31, 2002, and the results of its operations and the cash flow of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

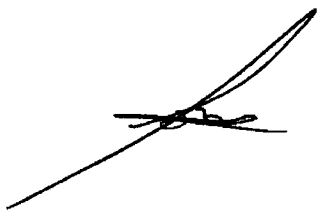
Certificate of Achievement

The Government Financial Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to governmental units which publish an easily readable and efficiently organized CAFR whose contents conform to Program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. Our CAFR for the fiscal year ended August 31, 2001, was awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting. This was the 16th consecutive year the Authority has received this prestigious award. We believe this report conforms to Certificate of Achievement for Excellence in Financial Reporting Program requirements, and we are submitting it to the GFOA to determine its eligibility for a Certificate.

Acknowledgments

The preparation of this report could not be accomplished on a timely basis without the efficient and dedicated endeavors of the entire staff of the Finance and Administration Division. I would like to express my sincere appreciation to Bill Trussell, Michele Giroir, Melissa Anthony, Janie Crowder, Alicia Arroyo, Sandy Dominguez, Cheryl Hoelscher, Judy Ellis, Ina Talbert, Julianne Britt, Judy Wallace and all other employees who contributed to its preparation. Additionally, I would also like to thank the Board of Directors and General Manager/CEO for their support in planning and conducting the financial operations of the Authority in a responsible and progressive manner, and for providing us the tools and resources to ensure the integrity of the assets of the Authority.

Sincerely,

A handwritten signature in black ink, appearing to read 'James D. Forte', with a long, sweeping horizontal line extending to the left.

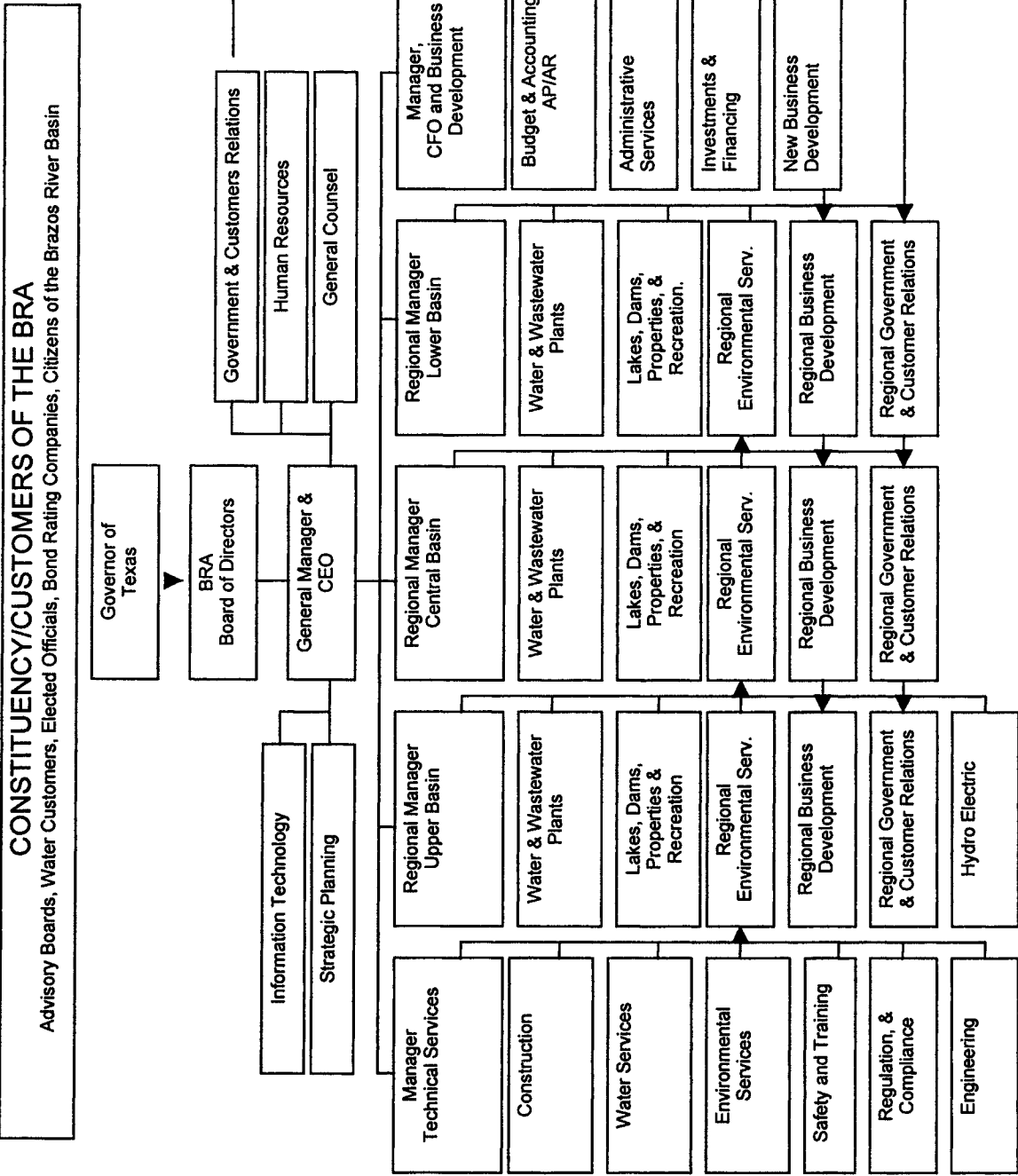
James D. Forte
Interim Chief Financial Officer

JF/jw





Brazos River Authority Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

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For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



William Patrick Pate
President

Jeffrey L. Esser
Executive Director