

11:41 AM
12/08/11
Accrual Basis

North San Saba Water Supply Corp.
Balance Sheet
As of November 30, 2011

| | <u>Nov 30, 11</u> |
|--|----------------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Arrowhead Bank | 100,631.54 |
| Total Checking/Savings | <u>100,631.54</u> |
| Other Current Assets | |
| Reserve Savings | 39,533.49 |
| Total Other Current Assets | <u>39,533.49</u> |
| Total Current Assets | 140,165.03 |
| Fixed Assets | |
| Buildings | 1,021.00 |
| Land | 6,637.00 |
| Office equipment | 36,809.00 |
| Pipeline system | 717,121.00 |
| Stand pipes | 427,319.00 |
| Wells and pumps | 542,918.00 |
| Total Fixed Assets | <u>1,731,825.00</u> |
| TOTAL ASSETS | <u><u>1,871,990.03</u></u> |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Accumulated depreciation | 804,556.00 |
| CNB note | -11.31 |
| Payroll Liabilities | 3,088.85 |
| TCEQ Member Refund | 26,074.02 |
| Total Other Current Liabilities | <u>833,707.56</u> |
| Total Current Liabilities | 833,707.56 |
| Long Term Liabilities | |
| FMHA LOAN | 389,808.45 |
| Total Long Term Liabilities | <u>389,808.45</u> |
| Total Liabilities | 1,223,516.01 |
| Equity | |
| Opening Bal Equity | 329,603.35 |
| Unrestricted Net Assets | 146,317.37 |
| Net Income | 172,553.30 |
| Total Equity | <u>648,474.02</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>1,871,990.03</u></u> |

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Balance Sheet
 As of November 30, 2011

| | <u>Nov 30, 11</u> |
|--|----------------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Arrowhead Bank | 100,631.54 |
| Total Checking/Savings | <u>100,631.54</u> |
| Other Current Assets | |
| Reserve Savings | 39,533.49 |
| Total Other Current Assets | <u>39,533.49</u> |
| Total Current Assets | 140,165.03 |
| Fixed Assets | |
| Buildings | 1,021.00 |
| Land | 6,637.00 |
| Office equipment | 36,809.00 |
| Pipeline system | 717,121.00 |
| Stand pipes | 427,319.00 |
| Wells and pumps | 542,918.00 |
| Total Fixed Assets | <u>1,731,825.00</u> |
| TOTAL ASSETS | <u><u>1,871,990.03</u></u> |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Accumulated depreciation | 804,556.00 |
| CNB note | -11.31 |
| Payroll Liabilities | 3,088.85 |
| TCEQ Member Refund | 26,074.02 |
| Total Other Current Liabilities | <u>833,707.56</u> |
| Total Current Liabilities | 833,707.56 |
| Long Term Liabilities | |
| FMHA LOAN | 389,808.45 |
| Total Long Term Liabilities | <u>389,808.45</u> |
| Total Liabilities | 1,223,516.01 |
| Equity | |
| Opening Bal Equity | 329,603.35 |
| Unrestricted Net Assets | 146,317.37 |
| Net Income | 172,553.30 |
| Total Equity | <u>648,474.02</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>1,871,990.03</u></u> |

1:36 PM
01/04/12
Accrual Basis

North San Saba Water Supply Corp.
Balance Sheet
As of December 31, 2011

| | <u>Dec 31, 11</u> |
|--|----------------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Arrowhead Bank | 107,715.34 |
| Total Checking/Savings | <u>107,715.34</u> |
| Other Current Assets | |
| Reserve Savings | 39,524.80 |
| Total Other Current Assets | <u>39,524.80</u> |
| Total Current Assets | 147,240.14 |
| Fixed Assets | |
| Buildings | 1,021.00 |
| Land | 6,637.00 |
| Office equipment | 36,809.00 |
| Pipeline system | 717,121.00 |
| Stand pipes | 427,319.00 |
| Wells and pumps | 542,918.00 |
| Total Fixed Assets | <u>1,731,825.00</u> |
| TOTAL ASSETS | <u>1,879,065.14</u> |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Accumulated depreciation | 804,556.00 |
| CNB note | -11.31 |
| Payroll Liabilities | 3,292.19 |
| TCEQ Member Refund | 19,840.17 |
| Total Other Current Liabilities | <u>827,677.05</u> |
| Total Current Liabilities | 827,677.05 |
| Long Term Liabilities | |
| FMHA LOAN | 388,272.91 |
| Total Long Term Liabilities | <u>388,272.91</u> |
| Total Liabilities | 1,215,949.96 |
| Equity | |
| Opening Bal Equity | 329,603.35 |
| Unrestricted Net Assets | 146,317.37 |
| Net Income | 187,194.46 |
| Total Equity | <u>663,115.18</u> |
| TOTAL LIABILITIES & EQUITY | <u>1,879,065.14</u> |

10:44 AM
02/09/12
Accrual Basis

North San Saba Water Supply Corp.
Balance Sheet
As of January 31, 2012

| | <u>Jan 31, 12</u> |
|--|----------------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Arrowhead Bank | 103,649.10 |
| Total Checking/Savings | <u>103,649.10</u> |
| Other Current Assets | |
| Reserve Savings | 39,526.48 |
| Total Other Current Assets | <u>39,526.48</u> |
| Total Current Assets | 143,175.58 |
| Fixed Assets | |
| Buildings | 1,021.00 |
| Land | 6,637.00 |
| Office equipment | 36,809.00 |
| Pipeline system | 717,121.00 |
| Stand pipes | 427,319.00 |
| Wells and pumps | 542,918.00 |
| Total Fixed Assets | <u>1,731,825.00</u> |
| TOTAL ASSETS | <u><u>1,875,000.58</u></u> |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Accumulated depreciation | 804,556.00 |
| CNB note | -11.31 |
| Payroll Liabilities | 2,924.35 |
| TCEQ Member Refund | 13,121.63 |
| Total Other Current Liabilities | <u>820,590.67</u> |
| Total Current Liabilities | 820,590.67 |
| Long Term Liabilities | |
| FMHA LOAN | 388,272.91 |
| Total Long Term Liabilities | <u>388,272.91</u> |
| Total Liabilities | 1,208,863.58 |
| Equity | |
| Opening Bal Equity | 329,603.35 |
| Unrestricted Net Assets | 334,280.71 |
| Net Income | 2,252.94 |
| Total Equity | <u>666,137.00</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>1,875,000.58</u></u> |

Balance Sheet
As of December 31, 2012

| | <u>Dec 31, 12</u> |
|--|----------------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Arrowhead Bank | 127,122.80 |
| Total Checking/Savings | <u>127,122.80</u> |
| Other Current Assets | |
| Reserve Savings | 39,532.64 |
| Total Other Current Assets | <u>39,532.64</u> |
| Total Current Assets | 166,655.44 |
| Fixed Assets | |
| Buildings | 1,021.00 |
| Land | 6,637.00 |
| Office equipment | 36,809.00 |
| Pipeline system | 717,121.00 |
| Stand pipes | 427,319.00 |
| Wells and pumps | 542,918.00 |
| Total Fixed Assets | <u>1,731,825.00</u> |
| TOTAL ASSETS | <u>1,898,480.44</u> |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Accumulated depreciation | 804,556.00 |
| CNB note | -11.31 |
| Payroll Liabilities | 5,651.25 |
| TCEQ Member Refund | 1,334.02 |
| Texas Water Development Board | 283,955.65 |
| Total Other Current Liabilities | <u>1,095,485.61</u> |
| Total Current Liabilities | 1,095,485.61 |
| Long Term Liabilities | |
| FMHA LOAN | 369,612.17 |
| Total Long Term Liabilities | <u>369,612.17</u> |
| Total Liabilities | 1,465,097.78 |
| Equity | |
| Opening Bal Equity | 19,603.35 |
| Unrestricted Net Assets | 333,977.19 |
| Net Income | 79,802.12 |
| Total Equity | <u>433,382.66</u> |
| TOTAL LIABILITIES & EQUITY | <u>1,898,480.44</u> |



9:50 AM
01/07/14
Accrual Basis

North San Saba Water Supply Corp.
Balance Sheet
As of December 31, 2013

| | <u>Dec 31, 13</u> |
|---------------------------------------|----------------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Arrowhead Bank | 204,737.49 |
| Total Checking/Savings | 204,737.49 |
| Other Current Assets | |
| Reserve 310 | 38,187.57 |
| Reserve Savings | 39,540.44 |
| Total Other Current Assets | 77,728.01 |
| Total Current Assets | 282,465.50 |
| Fixed Assets | |
| Buildings | 1,021.00 |
| Equipment | 925.52 |
| Land | 6,637.00 |
| Office equipment | 36,809.00 |
| Pipeline system | 717,121.00 |
| Stand pipes | 427,319.00 |
| Wells and pumps | 542,918.00 |
| x-Accumulated depreciation | -804,556.00 |
| Total Fixed Assets | 928,194.52 |
| TOTAL ASSETS | <u><u>1,210,660.02</u></u> |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Payroll Liabilities | 9,347.85 |
| TCEQ Member Refund | 1,334.02 |
| Texas Water Development Board | 256,619.19 |
| Total Other Current Liabilities | 267,301.06 |
| Total Current Liabilities | 267,301.06 |
| Long Term Liabilities | |
| FMHA LOAN | 349,953.89 |
| Total Long Term Liabilities | 349,953.89 |
| Total Liabilities | 617,254.95 |
| Equity | |
| Opening Bal Equity | 61,688.50 |
| Unrestricted Net Assets | 413,779.31 |
| Net Income | 117,937.26 |
| Total Equity | 593,405.07 |
| TOTAL LIABILITIES & EQUITY | <u><u>1,210,660.02</u></u> |



| 1 | B | C | D | E | F | G | H | I | J | K |
|----|--|------|---------|--------------------------|------------|----------|--------|----------|-----------|-----|
| 2 | Example Water Bills | | | Declining Rate Structure | | | | | | |
| 3 | | | | | | | | | Unit Cost | |
| 4 | Metered | Base | 0-4000 | 4001- | 8001 - | 20,000 | State | Monthly | Cost per | |
| 5 | Water | Rate | gal | 8000 gal | 20,000 gal | plus gal | Tax | Bill | 1000 gal | |
| 6 | 2000 gal | \$82 | \$5.40 | | | | \$0.44 | \$87.84 | \$43.92 | 4.4 |
| 7 | 6,000 gal | \$82 | \$10.80 | \$10.14 | | | \$0.51 | \$103.45 | \$17.24 | |
| 8 | 10,000 gal | \$82 | \$10.80 | \$20.28 | \$14.18 | | \$0.64 | \$127.90 | \$12.79 | |
| 9 | 22,000 gal | \$82 | \$10.80 | \$20.28 | \$85.08 | \$18.92 | \$1.09 | \$218.17 | \$9.92 | 23% |
| 10 | 40,000 gal | \$82 | \$10.80 | \$20.28 | \$85.08 | \$189.20 | \$1.94 | \$389.30 | \$9.73 | |
| 11 | | | | | | | | | | |
| 12 | Unit Cost Comparison | | | | | | | | | |
| 13 | Customer using <u>2000 gallons</u> will pay 4.4 times as much per 1000 as customer using <u>22,000 gallons</u> | | | | | | | | | |
| 14 | | | | | | | | | | |
| 15 | Customer using <u>22,000 gallons</u> will pay only 23% of the unit cost of the <u>2000 gallons</u> of usage | | | | | | | | | |
| 16 | | | | | | | | | | |
| 17 | | | | | | | | | | |
| 18 | | | | | | | | | | |
| 19 | | | | | | | | | | |
| 20 | | | | | | | | | | |
| | | | | | | | | | | T.1 |

City Water To Shaw Bend
City Water To 500
FM 600

| MONTH | Previous Meter Read | | WATER Produced | | Water Produced | | Previous Meter Reading | | Well Meter Reading | | Water Produced | | Purchased Water | | TOTAL WATER | | LOSS % |
|----------------------|---------------------|----------|----------------|----------|----------------|----------|------------------------|----------|--------------------|----------|----------------|-----------|-----------------|--------------|-------------|--------|--------|
| | Meter Read | Current | Meter Read | Produced | Meter Read | Produced | Meter Reading | Produced | Meter Reading | Produced | Produced | Purchased | Produced | Prod & Purch | SOLD | LOSS % | |
| JAN | 58271000 | 60587000 | 2316000 | 942000 | 4972000 | 5914000 | 5980000 | 935000 | 3390000 | 3258000 | 3597000 | 1000000 | 1594040 | 27.88 | | | |
| FEB | 60587000 | 62977000 | 2390000 | 1990000 | 5914000 | 6110000 | 835000 | 1102000 | 1670000 | 2598000 | 2753000 | 800000 | 1525980 | 22.78 | | | |
| MAR | 62977000 | 64712000 | 1735000 | 0 | 6110000 | 6110000 | 1102000 | 1359000 | 257000 | 1736000 | 1992000 | 280000 | 1469030 | 13.85 | | | |
| APR | 64712000 | 67278000 | 2568000 | 0 | 6110000 | 6110000 | 1359000 | 1359000 | 280000 | 2568000 | 2646000 | 1300000 | 1211440 | 11.78 | | | |
| MAY | 67278000 | 68822000 | 2544000 | 1000 | 6110000 | 6110000 | 1359000 | 1452000 | 93000 | 2545000 | 2638000 | 600000 | 1654810 | 14.53 | | | |
| JUNE | 68822000 | 71876000 | 2054000 | 8000 | 6110000 | 6119000 | 1452000 | 2401000 | 949000 | 2062000 | 3011000 | 500000 | 1848140 | 22.08 | | | |
| JULY | 71876000 | 74150000 | 2274000 | 0 | 6119000 | 6119000 | 2401000 | 2801000 | 400000 | 2274000 | 2874000 | 200000 | 2189910 | 10.62 | | | |
| AUG | 74150000 | 78752000 | 4602000 | 39000 | 6119000 | 6159000 | 2801000 | 3528000 | 725000 | 4641000 | 5366000 | 66000 | 4861950 | 6.30 | | | |
| SEPT | 78752000 | 81592000 | 2940000 | 492000 | 6159000 | 6650000 | 3528000 | 3662000 | 136000 | 3332000 | 3468000 | 350000 | 2959810 | 4.56 | | | |
| OCT | 81592000 | 84417000 | 2925000 | 1284000 | 6650000 | 7834000 | 3662000 | 3923000 | 281000 | 4109000 | 4370000 | 516000 | 3419320 | 9.95 | | | |
| NOV | 84417000 | 86245000 | 1828000 | 2045000 | 7834000 | 9979000 | 3923000 | 4135000 | 213000 | 3873000 | 4086000 | 350000 | 3356510 | 9.29 | | | |
| DEC | 86245000 | 87483000 | 1238000 | 2065000 | 9979000 | 12044000 | 4135000 | 4235000 | 99000 | 3303000 | 3409000 | 1,920,000 | 1271470 | 6.19 | | | |
| YEARLY RUNNING TOTAL | | | 13605000 | 1147000 | | | | | 2085000 | 14752000 | 18637000 | 7652000 | 27457210 | -106.5241433 | | | |

NOTES: 2015

ALL AMOUNTS IN GALLONS

ALL METER READINGS TAKEN ON SAME DAY

Known water loss is a combination of Main line flushes and estimated water loss per leak.
Unknown water loss is all water that can not be accounted for in anyway.

50,000 CL17 Meter
120,000 Flushing
1,300,000 Cromer
450,000 cr 117
1,920,000 Total

#18

| | Purchased From City of San Saba | | | | | | | | | | L | M | L-M | | N-O | P/L | |
|----------------------------------|---------------------------------|----------|----------|---------|----------|-----------|------------|---------|---------|---------|------------|-----------|-------------|-----------|--------|-----|------|
| | to Shaw Bend | | | | | To FM 500 | | | | | | | TOTAL WATER | Water | | | |
| | Prev | Current | Produced | Prev | Current | Produced | Purchase | Prev | Current | Pumped | | | | gal. | | | gal. |
| Jan | 58271000 | 60587000 | 2316000 | 4972000 | 5914000 | 942000 | 3,258,000 | 596000 | 935000 | 339000 | 3,597,000 | 1,000,000 | 1,594,040 | 1,002,960 | 27.88% | | |
| Feb | 60587000 | 62977000 | 2390000 | 5914000 | 6110000 | 196000 | 2,586,000 | 935000 | 1102000 | 167000 | 2,753,000 | 600,000 | 1,525,980 | 627,020 | 22.78% | | |
| Mar | 62977000 | 64712000 | 1735000 | 6110000 | 6110000 | 0 | 1,735,000 | 1102000 | 1359000 | 257000 | 1,992,000 | 250,000 | 1,466,030 | 275,970 | 13.85% | | |
| Apr | 64712000 | 67278000 | 2566000 | 6110000 | 6110000 | 0 | 2,566,000 | 1359000 | 1359000 | 0 | 2,566,000 | 1,300,000 | 1,211,440 | 383,390 | 14.94% | | |
| May | 67278000 | 69822000 | 2544000 | 6110000 | 6111000 | 1000 | 2,545,000 | 1359000 | 1452000 | 93000 | 2,638,000 | 600,000 | 1,654,610 | 383,390 | 14.53% | | |
| Jun | 69822000 | 71876000 | 2054000 | 6111000 | 6119000 | 8000 | 2,062,000 | 1452000 | 2401000 | 949000 | 3,011,000 | 500,000 | 1,846,140 | 664,860 | 22.08% | | |
| Jul | 71876000 | 74150000 | 2274000 | 6119000 | 6119000 | 0 | 2,274,000 | 2401000 | 2801000 | 400000 | 2,674,000 | 200,000 | 2,189,910 | 284,090 | 10.62% | | |
| Aug | 74150000 | 78752000 | 4602000 | 6119000 | 6158000 | 39000 | 4,641,000 | 2801000 | 3526000 | 725000 | 5,366,000 | 66,000 | 4,961,950 | 338,050 | 6.30% | | |
| Sept | 78752000 | 81592000 | 2840000 | 6158000 | 6650000 | 492000 | 3,332,000 | 3526000 | 3662000 | 136000 | 3,468,000 | 350,000 | 2,959,810 | 158,190 | 4.56% | | |
| Oct | 81592000 | 84417000 | 2825000 | 6650000 | 7934000 | 1284000 | 4,109,000 | 3662000 | 3923000 | 261000 | 4,370,000 | 516,000 | 3,419,320 | 434,680 | 9.95% | | |
| Nov | 84417000 | 86245000 | 1828000 | 7934000 | 9979000 | 2045000 | 3,873,000 | 3923000 | 4136000 | 213000 | 4,086,000 | 350,000 | 3,356,510 | 379,490 | 9.29% | | |
| Dec | 86245000 | 87483000 | 1238000 | 9979000 | 12044000 | 2065000 | 3,303,000 | 4136000 | 4235000 | 99000 | 3,402,000 | 1,920,000 | 1,271,470 | 210,530 | 6.19% | | |
| | | | 29212000 | | | 7072000 | 36,284,000 | | | 3639000 | 39,923,000 | 7,652,000 | 27,457,210 | 5,142,620 | 13% | | |
| Water Report-2015 Final-Operator | | | | | | | | | | | | | | | | | |

Horn Exhibit 18

Cash Flow Projection

North San Saba Water Supply Corporation
Jan thru July - Actual Data

/ Actual Data in Black

Starting date
Cash balance alert minimum

| Cash on hand (beginning of month) | Beginning | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Total |
|--|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 138,841 | 138,841 | 130,335 | 129,067 | 126,168 | 128,081 | 128,081 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 337,652 |
| Water Sales | | 28,006 | 26,274 | 25,498 | 26,232 | 23,665 | 27,652 | 28,215 | | | | | | 0 |
| Late Fees | | | | | | | | | | | | | | 0 |
| Membership Fees & Capital Fees | | | | | | | | | | | | | | 0 |
| Interest, other income | | | | | 2 | | 4 | 3 | | | | | | 100 |
| Return Checks | | | | | | | | | | | | | | 9 |
| Income Adjustment | | | 57 | 102 | 6 | | | | | | | | | 0 |
| TOTAL CASH RECEIPTS | | 28,006 | 26,331 | 25,600 | 26,240 | 23,665 | 27,656 | 28,318 | | | | | | 165 |
| Total cash available | 138,841 | 166,847 | 156,666 | 154,667 | 152,408 | 151,746 | 111,558 | 108,919 | 111,452 | 103,873 | 103,907 | 97,948 | 93,378 | 337,926 |
| CASH PAID OUT | | | | | | | | | | | | | | |
| Advertising | | 113 | | | | | 105 | | | | | | | 318 |
| Contract labor - Will Broyles | | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 66,000 |
| Truck & Equipment Allowance | | | | | | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 16,000 |
| Inspections | | | | | | | | | | | | | | 0 |
| Insurance (other than health) | | 3,893 | | | | | 32 | | | | | | | 3,925 |
| Interest expense | | 3,681 | 3,667 | 3,518 | 3,636 | 3,810 | 3,834 | 3,769 | | | | | | 44,597 |
| Membership Fees - Tx Rural Water Assoc. | | 385 | | | | | | | | | | | | 385 |
| Office Expense | | 254 | 80 | 115 | | | 54 | | | | | | | 856 |
| Office Supplies | | | 203 | | 102 | | 438 | | | | | | | 1,267 |
| Payroll Expenses (Cindy Whitney) | | 1,682 | 1,640 | 1,640 | 1,679 | 1,640 | 1,639 | 1,633 | 1,640 | 1,640 | 1,640 | 1,640 | 1,640 | 19,753 |
| Penalty - TCEQ (last pmnt 10-27-15) | | 585 | 585 | 585 | 585 | 585 | 585 | 585 | 585 | 585 | 585 | 585 | 585 | 7,020 |
| Postage | | 102 | 249 | 151 | 200 | 200 | 105 | 168 | | | | | | 2,012 |
| Professional Services | | 36 | 12 | 36 | 36 | 36 | 36 | 36 | | | | | | 8,360 |
| Rental - Chlorine Cylinder | | | | | | | | | | | | | | 408 |
| Rental - Post Office Box | | 163 | | | -100 | | | | | | | | | 60 |
| Rental - Safe Deposit Box | | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 4,800 |
| Rental - Office Space | | | | | | | 2,402 | | | | | | | 12,402 |
| Repairs - Construction Project | | | | | | | | | | | | | | 8,107 |
| Replacement Lines | | | | | | 8,107 | | | | | | | | 8,107 |
| Returned Check / Refund | | 1,737 | | | 125 | | | 248 | | | | | | 373 |
| State Water Fees - TCEQ | | | | | | | | | | | | | | 1,737 |
| Supplies - Chlorine | | 1,673 | 1,744 | 2,943 | 638 | 55 | 72 | 1,076 | | | | | | 352 |
| Supplies - Parts | | 600 | | 36 | | | 108 | 91 | | | | | | 14,062 |
| Supplies - Other | | 2,073 | 1,887 | 2,434 | 793 | 1,203 | 1,547 | 1,561 | | | | | | 1,431 |
| Utilities - Electricity | | 163 | 169 | 172 | 152 | 158 | 154 | 158 | | | | | | 19,753 |
| Utilities - Telephone | | 8,537 | 6,408 | 5,432 | 4,075 | 7,158 | 3,768 | 4,532 | | | | | | 1,930 |
| Water Purchased - City of San Saba | | 120 | | | 1,535 | 54 | 115 | | | | | | | 68,418 |
| Water Analyzer - Chlorine | | | | 366 | | | | | | | | | | 962 |
| Water Testing | | 31,684 | 22,667 | 23,408 | 19,366 | 30,981 | 23,117 | 21,984 | | | | | | 3,587 |
| SUBTOTAL | | 17,399 | 17,446 | 1,888 | 1,761 | 1,813 | 1,777 | 1,828 | | | | | | 308,963 |
| Loan principal payment - FMHA | | 2,348 | 2,356 | 2,363 | 2,370 | 2,377 | 2,384 | 2,391 | 2,398 | 2,405 | 2,412 | 2,419 | 2,427 | 21,479 |
| Loan principal payment - TWDB \$310,000 | | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 |
| Loan principal payment - TWDB \$335,000 | | | | | | | | | | | | | | 0 |
| Loan principal payment - Nelson Lewis | | | | | | 31,833 | 1,839 | 1,846 | 1,852 | 1,858 | 1,864 | 1,870 | 1,877 | 44,839 |
| Capital purchases | | | | | | | | | | | | | | 0 |
| To reserve acct (\$335,000 Loan until 12-31- | | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 4,080 |
| TOTAL CASH PAID OUT | | 36,512 | 27,599 | 28,499 | 24,327 | 67,844 | 29,957 | 25,889 | 38,001 | 30,368 | 36,381 | 34,992 | 30,313 | 413,702 |
| Cash on hand (end of month) | 138,841 | 130,335 | 129,067 | 126,168 | 128,081 | 83,902 | 81,601 | 81,030 | 73,451 | 73,485 | 67,526 | 62,956 | 63,065 | |

Repairs Construction Project - \$5,000 for evaluation of system & \$5,000 to replace bronze with stainless steel seats in valves
Professional Services - Amount as per Actual Data

PROFIT & LOSS YTD Comparison
December 2015

| | <u>Dec 15</u> | <u>Jan -Dec 15</u> |
|------------------------------|------------------|--------------------|
| Income | | |
| Capital Credit Refund | 0.00 | 47.36 |
| Capital fee | 0.00 | 3,750.00 |
| Copy Fees' | 0.00 | 2.10 |
| Exp. Rebate | 0.00 | 100.00 |
| Income Adjustment | 0.00 | 1,086.59 |
| Interest | 0.00 | 31.32 |
| Loan Income | 0.00 | 256,884.23 |
| Membership fee | 0.00 | 1,000.00 |
| Returned check' | 0.00 | 80.63 |
| Water Sales | 32,780.30 | 363,177.72 |
| Total Income | <u>32,780.30</u> | <u>626,159.95</u> |
| Expense | | |
| Advertising | 0.00 | 217.50 |
| Construction Project | 0.00 | 256,884.23 |
| Contract labor | 5,500.00 | 68,000.00 |
| Deposit | 0.00 | 100.00 |
| Expense Rebate | 0.00 | 1,286.27 |
| Inspection | 400.00 | 400.00 |
| Insurance | | |
| Insurance Bond | 0.00 | 131.25 |
| Insurance - Other | 0.00 | 3,925.00 |
| Total Insurance | 0.00 | <u>4,056.25</u> |
| Interest- | 3,669.24 | 44,781.02 |
| Labor | 0.00 | 2,175.00 |
| Loan | 0.00 | 0.00 |
| Meals | 0.00 | -70.40 |
| Membership Dues | 0.00 | 385.00 |
| New Software | 1,982.96 | 3,965.92 |
| Office Expense | 63.06 | 1,090.94 |
| Office Supplies | 231.51 | 1,841.72 |
| Payroll Expenses | 1,600.40 | 19,616.10 |
| Penalty | 0.00 | 7,265.00 |
| Postage | | |
| Certified mail | 0.00 | 6.74 |
| Postage - Other | 252.00 | 2,573.86 |
| Total Postage | 252.00 | <u>2,580.60</u> |
| Professional Services | 75.00 | 14,305.00 |
| Reconciliation Discrepancies | 0.00 | 24.60 |
| Refund | 0.00 | 248.30 |
| Rental | | |
| Chlorine Cyclinder | 38.00 | 615.00 |
| Civic Center | 0.00 | 62.50 |
| Office Rental | 400.00 | 4,800.00 |
| P.O. Box Rent | 0.00 | 68.00 |
| Total Rental | 436.00 | <u>5,545.50</u> |
| Repairs | 0.00 | 3,885.80 |
| Returned Check | 0.00 | 655.91 |
| State Water Fees | 638.55 | 2,375.99 |
| Supplies | | |
| Chlorine | 0.00 | 207.00 |
| Parts | 2,811.90 | 17,427.19 |
| Supplies - Other | 0.00 | 235.00 |
| Total Supplies | 2,811.90 | <u>17,869.19</u> |
| Truck & Equipment Allowance | 2,000.00 | 16,000.00 |
| Utilites | | |
| Electricity | 2,154.90 | 21,793.25 |
| Telephone | 146.73 | 1,916.78 |
| Water | 7,296.07 | 69,653.65 |
| Total Utilites | <u>9,597.70</u> | <u>93,363.68</u> |



This Agreement is entered into as of the 1 day of April, 2011, between North San Saba Water Supply Corporation ("the Company") and Will Royles ("the Contractor"). The Company and Contractor shall be collectively referred to as the "Parties".

1. **Independent Contractor.** Subject to the terms and conditions of this Agreement, the Company hereby engages the Contractor as an independent contractor to perform the services set forth herein, and the Contractor hereby accepts such engagement. The Parties are of the mutual understanding that Contractor is engaged in the business of providing services of the type described hereinbelow and holds itself, himself, or herself out as being fully capable of completing the following duties in a good and workmanlike manner. The Parties intend that the relationship between them created by this Agreement is that of a service recipient and an independent contractor, not that of an employer and employee. Contractor is not, and is not expected to become, economically dependent upon Company through this contractual relationship. The Parties fully intend and anticipate that Contractor shall be free to pursue additional and alternative business activities.

2. **Equipment, Tools, and Labor.** Although Company will provide supplies (i.e. repair parts, pipe, valves, meters, fittings, etc...), the Parties expressly agree and acknowledge that Company will not provide any tools, equipment, or fuel to be utilized by Contractor in the performance of his duties under this Agreement. Contractor affirmatively represents that he has, or will obtain at his sole cost and expense, all the tools, equipment, and fuel necessary to perform his duties as set forth herein, including the installation or repair of PVC water lines ranging from 2 inches to 8 inches in diameter and buried to a depth of 5 feet, and the maintenance of Company's towers and well sites. Contractor shall have the right to engage such individuals (hereafter "Contractor's Assistants") as Contractor deems appropriate to assist Contractor in performing the services called for under this Agreement and shall bear all legal responsibilities related to same. Contractor shall bear sole responsibility for compensation, taxes, and insurance related to any of Contractor's Assistants. Contractor will not condition payment of compensation to Contractor's Assistants on receipt of the payments from Company provided for in this Agreement. Contractor shall indemnify, hold harmless, and defend Company, its officers, directors, employees, and agents against all liability, costs and expenses arising from a claim by or against one of Contractor's Assistants.

3. **Licensure and Qualifications.** Contractor represents that he has a valid Texas Class D (or above) water operator's license, and that he will begin, or has already begun the process of upgrading that license to a Texas Class C water operator's license. In the event Contractor's license is not upgraded to a Texas Class C water operator's license on or before Sept 30 / 2011, then this Agreement or any subsequent extension hereof, shall be rendered null and void, and the Parties' shall be released from their obligations under this Agreement.

4. **Duties.** The Contractor's duties shall include, but are not limited to the following:

- 1) Manage Company's water system operations and maintenance, including, but not limited to: well operations, water treatment plant operations, and the distribution system;

Exhibit WB-1

Addendum to Independent Contractor Agreement

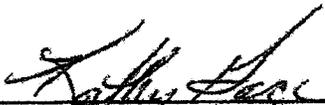
This Agreement does amend the Independent Contractor Agreement ("the Agreement") between North San Saba Water Supply Corporation ("the Company") and Will Broyles ("the Contractor") dated April 1st, 2010.

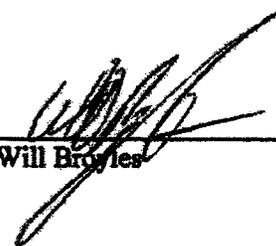
All terms and conditions shall remain the same as the Agreement, with the exception of the compensation. The Company shall pay the Contractor \$5500.00 per month.

A truck/equipment allowance was added in the amount of \$2000.00 per month. The effective date of this Agreement is May 26, 2015. ←

IN WITNESS WHEREOF the undersigned have executed this Agreement as of the 26 day of May, 2015.

North San Saba Water Supply Corporation

By: 
Kathy Gage - President


Will Broyles

01/07/16
Accrual Basis

Profit & Loss December 2015

| | <u>Dec 15</u> |
|-----------------------------|------------------------|
| Income | |
| Water Sales | 32,780.30 |
| Total Income | <u>32,780.30</u> |
| Expense | |
| Contract labor | 5,500.00 |
| Inspection | 400.00 |
| Interest- | 3,689.24 |
| New Software | 1,982.96 |
| Office Expense | 63.06 |
| Office Supplies | 231.51 |
| Payroll Expenses | 1,600.40 |
| Postage | 252.00 |
| Professional Services | 75.00 |
| Rental | |
| Chlorine Cylinder | 36.00 |
| Office Rental | 400.00 |
| Total Rental | <u>436.00</u> |
| State Water Fees | 638.55 |
| Supplies | |
| Parts | 2,811.90 |
| Total Supplies | <u>2,811.90</u> |
| Truck & Equipment Allowance | 2,000.00 |
| Utilites | |
| Electricity | 2,154.90 |
| Telephone | 146.73 |
| Water | 7,296.07 |
| Total Utilites | <u>9,597.70</u> |
| Water Analyzer | 181.94 |
| Water Testing | 29.76 |
| Total Expense | <u>29,470.02</u> |
| Net income | <u><u>3,310.28</u></u> |

Horn Exhibit 23

North San Saba Water Supply Corp.
Profit & Loss
 January 2016

| | <u>Jan 16</u> |
|-----------------------|-------------------------|
| Income | |
| Exp. Rebate | 2,011.04 |
| Water Sales | 28,554.02 |
| Total Income | <u>30,565.06</u> |
| Expense | |
| Contract labor | 7,500.00 |
| Insurance | 4,248.00 |
| Interest- | 3,683.50 |
| Membership Dues | 368.75 |
| New Software | 1,982.96 |
| Office Expense | 51.95 |
| Payroll Expenses | 1,640.00 |
| Postage | 252.00 |
| Rental | |
| Chlorine Cyclinder | 36.00 |
| Office Rental | 400.00 |
| Total Rental | <u>436.00</u> |
| Returned Check | 95.15 |
| State Water Fees | 1,815.89 |
| Supplies | |
| Parts | 521.94 |
| Total Supplies | <u>521.94</u> |
| Utilites | |
| Electricity | 1,873.03 |
| Telephone | 143.68 |
| Water | 7,366.57 |
| Total Utilites | <u>9,383.28</u> |
| Water Testing | 0.00 |
| Total Expense | <u>31,979.42</u> |
| Net Income | <u><u>-1,414.36</u></u> |

principal Amts

| | | |
|--------------|----------------|-----------------|
| TWDB | 2441.99 | -1414.36 |
| TWDB | 500.00 | -4830.58 |
| Nelson Lewis | 1859.09 | <u>-6244.94</u> |
| | <u>4830.58</u> | |

1 for replacement of transmission lines; one in approximately 2007 on County Road
2 124 and the other in 2012 for Highway 16 from FM 1480 to CR 111; FM 1480 to
3 CR 110 and on FM 1480 starting .5 mile past CR 118 to Rabbit Creek. It is my
4 understanding both were funded by grants. The County Road 124 project was not
5 completed because the grant did not cover all the costs and NSSWSC ran out of
6 funds.

7 On December 14, 2011 TCEQ did an inspection of NSSWSC system. The
8 inspection resulted in ten violations, six of which were corrected and NSSWSC
9 achieved compliance on March 28, 2012. NSSWSC did not have the money to
10 correct the other violations. As a result TCEQ Assessed Administrative Penalties
11 that required compliance and a monetary penalty of \$21,079 on May 1, 2012.
12 NSSWSC signed an agreement with TCEQ to pay the penalty and achieve
13 compliance on the remaining four issues. The penalty was paid with a \$604 initial
14 payment followed by 35 monthly payments of \$585. This penalty was paid in full
15 in September 2015. ←

16 Sealy Engineering, who had been working for NSSWSC for several years,
17 was aware of the violations and was working on obtaining funding through the
18 Texas Water Development Board (TWDB) "Drinking Water State Revolving
19 Fund." A \$310,000 loan was given to NSSWSC on December 29, 2011 for
20 planning, acquisition and design of the project. On February 28, 2013 NSSWSC
21 was approved for additional funds from TWDB \$2,168,816 loan forgiveness (grant)
22 and \$335,000 loan. These funds were not available to NSSWSC until November
23 2013, at which time the engineer started the bid process, and the "construction

Bryan W. Shaw, Ph.D., *Chairman*
Carlos Rubinstein, *Commissioner*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
Protecting Texas by Reducing and Preventing Pollution

October 24, 2012

CERTIFIED MAIL

Kathy Gage, President
North San Saba Water Supply
Corporation
P.O. Box 598
San Saba, Texas 76877-0598

Effective Date
Oct 27, 2012

RE: North San Saba Water Supply Corporation
TCEQ Docket No. 2012-0557-PWS-E; Registration No. 2060003
Agreed Order Assessing Administrative Penalties and Requiring Certain Action

Enclosed is a copy of an order issued by the Commission.

Questions regarding the order should be directed to the Enforcement Coordinator or the Staff Attorney. If there are questions pertaining to the mailing of the order, then please contact Leslie Gann of the Texas Commission on Environmental Quality's Office of the Chief Clerk (MC 105) at (512) 239-3319.

Sincerely,

Bridget C. Bohac

Bridget C. Bohac
Chief Clerk

BCB/lg

Enclosure

cc: Epifanio Villareal, Enforcement Coordinator, TCEQ Enforcement Division

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS
COUNTY OF TRAVIS

I hereby certify that this is a true and correct copy of a Texas Commission on Environmental Quality document, which is filed in the permanent records of the Commission. Given under my hand and the seal of office on

Bridget C. Bohac **OCT 24 2012**

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

**IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
NORTH SAN SABA WATER SUPPLY
CORPORATION
RN101225613**

§
§
§
§
§
§

**BEFORE THE
TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY**

AGREED ORDER DOCKET NO. 2012-0557-PWS-E

At its OCT 17 2012 agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding North San Saba Water Supply Corporation ("the Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 341. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent presented this agreement to the Commission.

The Respondent understands that it has certain procedural rights at certain points in the enforcement process, including, but not limited to, the right to formal notice of violations, notice of an evidentiary hearing, the right to an evidentiary hearing, and a right to appeal. By entering into this Agreed Order, the Respondent agrees to waive all notice and procedural rights.

It is further understood and agreed that this Order represents the complete and fully-integrated settlement of the parties. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable. The duties and responsibilities imposed by this Agreed Order are binding upon the Respondent.

The Commission makes the following Findings of Fact and Conclusions of Law:

I. FINDINGS OF FACT

1. The Respondent owns and operates a public water supply at Farm-to-Market Road 500, north of San Saba, San Saba County, Texas (the "Facility") that has approximately 295 service connections and serves at least 25 people per day for at least 60 days per year.

North San Saba Water Supply Corporation

DOCKET NO: 2012-0557-PWS-E

Page 2

2. During an investigation conducted on December 14, 2011, TCEQ staff documented that the fence on the north side of Facility was measured to be 5 feet 4 inches in height. In addition, the barbed wire on the top of the fence was not secured.
3. During an investigation conducted on December 14, 2011, TCEQ staff documented that the opening on the top of the well casing on Well No. 1 was not properly sealed.
4. During an investigation conducted on December 14, 2011, TCEQ staff documented that the vent on the air release device on the east side of Highway 16, north of San Saba was not properly screened.
5. During an investigation conducted on December 14, 2011, TCEQ staff documented that the lower ventilation opening on the chlorine storage building at the Farm-to-Market Road 500 Facility was not properly screened.
6. During an investigation conducted on December 14, 2011, TCEQ staff documented that there was no small bottle of fresh ammonia solution available at the Farm-to-Market Road 500 Facility.
7. During an investigation conducted on December 14, 2011, TCEQ staff documented that the following records were not accessible for review: routine bacteriological sample result for June 2011, external tank inspection forms for all tanks and internal inspection for the pressure tank, calibration certificates for both well meters, and verification of American National Standards Institute/National Sanitation Foundation ("ANSI/NSF") Standard 60 for all chemical additives.
8. During an investigation conducted on December 14, 2011, TCEQ staff documented that the Respondent did not provide documentation showing that the Facility is maintaining internal procedures to notify the Executive Director ("ED") by a toll-free reporting phone number immediately following certain events that may negatively impact the production or delivery of safe and adequate drinking water.
9. During an investigation conducted on December 14, 2011, TCEQ staff documented the Respondent failed to provide an emergency power source, such as a back-up generator, which is required for a Facility that does not meet the elevated storage requirement and serves 250 or more service connections.
10. During an investigation conducted on December 14, 2011, TCEQ staff documented that with 295 service connections, the Facility must provide a minimum elevated storage tank capacity of 29,500 gallons. However, it was noted that the Facility currently provides 7,615 gallons of elevated storage tank capacity, which is a 74% deficiency.
11. During an investigation conducted on December 14, 2011, TCEQ staff documented that the Facility has 295 service connections and must provide a minimum service pump capacity of 590 gallons per minute ("gpm"). The Facility is currently providing 260 gpm, which is a 56% deficiency.

- 12. The Respondent received notice of the violations on March 4, 2012.
- 13. The Executive Director recognizes that by March 28, 2012, the Respondent implemented the following measures at the Facility:
 - a. Rendered the fence on the north side of Farm-to-Market 500 intruder-resistant and repaired the barbed wire;
 - b. Sealed the opening on the top of the well casing on Well No. 1;
 - c. Screened the vent on the air release device on the east side of Highway 16, north of San Saba with a 16-mesh or finer screening;
 - d. Screened the lower ventilation opening on the chlorine storage building at the Farm-to-Market Road 500 Facility;
 - e. Provided a small bottle of fresh ammonia solution that is readily accessible outside the chlorinator room at the Farm-to-Market Road 500 Facility;
 - f. Began maintaining internal procedures to notify the ED by a toll-free reporting phone number immediately of certain events if the event negatively impacts the production or delivery of safe and adequate drinking water; and
 - g. Compiled and began maintaining microbiological analysis records, results of tank inspections for all water storage and pressure maintenance facilities, and verification of ANSI/NSF Standard 60 for all chemical additives.

II. CONCLUSIONS OF LAW

- 1. The Respondent is subject to the jurisdiction of the TCEQ pursuant to TEX. HEALTH & SAFETY CODE ch. 341 and the rules of the Commission.
- 2. As evidenced by Findings of Fact No. 2, the Respondent failed to enclose all well units and storage tanks with an intruder-resistant fence, in violation of 30 TEX. ADMIN. CODE §§ 290.41(c)(3)(O) and 290.43(e).
- 3. As evidenced by Findings of Fact No. 3, the Respondent failed to seal the wellhead with a gasket or sealing compound, in violation of 30 TEX. ADMIN. CODE § 290.41(c)(3)(K).
- 4. As evidenced by Findings of Fact No. 4, the Respondent failed to properly install an air release device in such a manner to preclude the possibility of submergence or the entrance of contaminants, in violation of 30 TEX. ADMIN. CODE § 290.44(d)(1).
- 5. As evidenced by Findings of Fact No. 5, the Respondent failed to provide adequate ventilation which includes high level and floor level screened vents for all enclosures in which chlorine gas is being stored or fed, in violation of 30 TEX. ADMIN. CODE § 290.42(e)(4)(c).

- 6. As evidenced by Findings of Fact No. 6, the Respondent failed to provide a small bottle of fresh ammonia solution (or approved equal) for testing for chlorine leakage that is readily accessible outside the chlorinator room and immediately available to the operator in the event of an emergency, in violation of 30 TEX. ADMIN. CODE § 290.42(e)(4)(A).
- 7. As evidenced by Findings of Fact No. 7, the Respondent failed to provide Facility records to Commission personnel at the time of the investigation, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2), (f)(3)(B)(iv), (f)(3)(D)(i), and (f)(3)(D)(ii).
- 8. As evidenced by Findings of Fact No. 8, the Respondent failed to provide documentation showing that the Facility is maintaining internal procedures to notify the ED by a toll-free reporting phone number immediately following certain events that may negatively impact the production or delivery of safe and adequate drinking water, in violation of 30 TEX. ADMIN. CODE § 290.46(w).
- 9. As evidenced by Findings of Fact No. 9, the Respondent failed to provide emergency power that will deliver water at a rate of 0.35 gpm per connection in the event of the loss of normal power supply, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(v) and TEX. HEALTH & SAFETY CODE § 341.0315(c).
- 10. As evidenced by Findings of Fact No. 10, the Respondent failed to provide an elevated storage tank capacity of 100 gallons per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iv), TEX. HEALTH & SAFETY CODE § 341.0315(c), and TCEQ Agreed Order Docket No. 2009-0413-PWS-E, Ordering Provision 2.a.i.
- 11. As evidenced by Findings of Fact No. 11, the Respondent failed to provide two or more service pumps having a total capacity of 2.0 gpm per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iii), TEX. HEALTH & SAFETY CODE § 341.0315(c), and TCEQ Agreed Order Docket No. 2009-0413-PWS-E, Ordering Provision 2.a.ii.
- 12. Pursuant to TEX. HEALTH & SAFETY CODE § 341.049, the Commission has the authority to assess an administrative penalty against the Respondent for violations of the Texas Water Code and the Texas Health and Safety Code within the Commission's jurisdiction; for violations of rules adopted under such statutes; or for violations of orders or permits issued under such statutes.
- 13. An administrative penalty in the amount of Twenty-One Thousand Seventy-Nine Dollars (\$21,079) is justified by the facts recited in this Agreed Order, and considered in light of the factors set forth in TEX. HEALTH & SAFETY CODE § 341.049(b). The Respondent has paid Six Hundred Four Dollars (\$604) of the administrative penalty. The remaining amount of Twenty Thousand Four Hundred Seventy-Five Dollars (\$20,475) of the administrative penalty shall be payable in 35 monthly payments of Five Hundred Eighty-Five (\$585) each. The next monthly payment shall be paid within 30 days after the effective date of this Agreed Order. The subsequent payments shall each be paid not later than 30 days following the due date of the previous payment until paid in full. If the Respondent fails to timely and satisfactorily comply with the payment requirements of this Agreed Order, the Executive Director may, at the Executive Director's option,

accelerate the maturity of the remaining installments, in which event the unpaid balance shall become immediately due and payable without demand or notice. In addition, the failure of the Respondent to meet the payment schedule of this Agreed Order constitutes the failure by the Respondent to timely and satisfactorily comply with all the terms of this Agreed Order.

III. ORDERING PROVISIONS

NOW, THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS that:

- 1. The Respondent is assessed an administrative penalty in the amount of Twenty One Thousand Seventy-Nine Dollars (\$ 21,079) as set forth in Section II, Paragraph 13 above, for violations of TCEQ rules and state statutes. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order completely resolve the violations set forth by this Agreed Order in this action. However, the Commission shall not be constrained in any manner from requiring corrective actions or penalties for other violations that are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: North San Saba Water Supply Corporation, Docket No. 2012-0557-PWS-E" to:

Financial Administration Division, Revenues Section
 Attention: Cashier's Office, MC 214
 Texas Commission on Environmental Quality
 P.O. Box 13088
 Austin, Texas 78711-3088

45850

- 2. The Respondent shall undertake the following technical requirements:
 - a. Within 30 days after the effective date of this Agreed Order, provide calibration certificates for both well meters, in accordance with 30 TEX. ADMIN. CODE § 290.46; *Done see letter - 12-8-12*
 - b. Within 45 days after the effective of this Agreed Order, submit written certification as described below in Ordering Provision 2.f, and include supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision 2.a.; *Done 12-8-12*
 - c. Within 180 days after the effective date of this Agreed Order, provide emergency power that will deliver water at a minimum of 0.35 gpm per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45; *Done 12-6-12*
 - d. Within 195 days after the effective of this Agreed Order, submit written certification as described below in Ordering Provision 2.f, and include supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision 2.c.;

April 2012

Off of -
Oct 27,
2015

- e. Within 730 days after the effective of this Agreed Order:
 - i. Provide an elevated storage tank capacity of 100 gallons per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45; and
 - ii. Provide two or more service pumps having a total capacity of 2.0 gpm per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45.
- f. Within 745 days after the effective date of this Agreed Order, submit written certification as described below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision 2.e. The certification shall be notarized by a State of Texas Notary Public and include the following certification language:

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations."

The certification shall be submitted to:

Order Compliance Team
Enforcement Division, MC 149A
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

with a copy to:

Water Section Manager
Waco Regional Office
Texas Commission on Environmental Quality
6801 Sanger Avenue, Suite 2500
Waco, Texas 76710-7826

- 3. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Facility operations referenced in this Agreed Order.
- 4. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director.

copy

The determination of what constitutes good cause rests solely with the Executive Director.

- 5. The Executive Director may refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings without notice to the Respondent if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
- 6. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.

- 7. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
- 8. This Agreed Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Agreed Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Agreed Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms "electronic transmission", "owner", "person", "writing", and "written" shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.
- 9. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties. By law, the effective date of this Agreed Order is the third day after the mailing date, as provided by 30 TEX. ADMIN. CODE § 70.10(b) and TEX. GOV'T CODE § 2001.142.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Bryan W. Shaw

For the Commission

Ram Jones Jr.

For the Executive Director

9/4/12

Date

I, the undersigned, have read and understand the attached Agreed Order in the matter of North San Saba Water Supply Corporation. I am authorized to agree to the attached Agreed Order on behalf of North San Saba Water Supply Corporation, and do agree to the specified terms and conditions. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I understand that by entering into this Agreed Order, North San Saba Water Supply Corporation waives certain procedural rights, including, but not limited to, the right to formal notice of violations addressed by this Agreed Order, notice of an evidentiary hearing, the right to an evidentiary hearing, and the right to appeal. I agree to the terms of the Agreed Order in lieu of an evidentiary hearing. This Agreed Order constitutes full and final adjudication by the Commission of the violations set forth in this Agreed Order.

I also understand that failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.

Kathy Gage
Signature

6-27-2012
Date

KATHY GAGE
Name (Printed or typed)
Authorized Representative of
North San Saba Water Supply Corporation

PRESIDENT
Title

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenues Section at the address in Section III, Paragraph 1 of this Agreed Order.

April 4, 2016

Roger Whatley, President
North San Saba WSC
P. O. Box 598
San Saba, TX 76877

Dear Mr. Whatley,

Under the Texas Public Information Act, § 552.001 to 552.353, I am requesting an opportunity to inspect or obtain copies of public records consisting of the procedure, including calculations, used to arrive at numbers entered as "Known Water Loss/Flush" as found in the Water Report prepared for North San Saba Water Supply Corporation.

If there are any the public fees for copying these records, please inform me if the cost will exceed \$15.00. However, I would also like to request a waiver of all fees in that the disclosure of the requested information is in the public interest and will contribute significantly to the public's understanding of the rate change process.

The Texas Public Information Act requires that you "promptly produce" the requested records unless, within 10 days, you have sought an Attorney General's Opinion. If you expect a significant delay in responding to this request, please, please contact me with information about when I might expect the copies.

If you deny any or all of this request, please cite each specific exemption you feel justifies the refusal to release the information and notify me of the appeal procedures available to me under the law.

I shall look forward to hearing from you promptly, as specified in the law. Thank you for your cooperation.

Sincerely,



Barbara Horn
7255 County Road 124
San Saba, TX 76877

Horn Exhibit 27

**North San Saba Water Supply Corporation
P. O. Box 598
San Saba, Texas 76877
325-372-5348**

April 6, 2016

Barbara Horn, Member NSSWSC
7255 County Road 124
San Saba, Texas 76877

RE: Your Letter Dated April, 4. 2016

Dear Barbara,

At most monthly meetings when Will Broyles is in attendance, he has produced a Water Report for the previous month. He has taken questions from the Board as well as from members in attendance, at various times when there were questions.

The specific question that you ask has been answered before, by Will Broyles, in a regular monthly NSSWSC Board Meeting, perhaps twice in the past 6 months. However, and to be as accurate as I could be in this reply, I have taken time to go to town and meet with Will, and get specific answers so that I could refresh my own memory be sure of my reply. Here is a listing of all the measured numbers and calculated numbers in that spreadsheet with methodology and calculations given:

City Water to Shaw Bend (a meter at Stingy Lane)

Previous Meter Read

Current Meter Read

Water Produced = the difference in these two readings = A

City Water to 500 (another meter at Stingy Lane)

Previous Meter Read

Current Meter Read

Water Produced = the difference in these two readings = B

FM500 Well (a meter at FM500)

Previous Meter Read

Current Meter Read

Water Produced = the difference in these two readings = C

Water Purchased = A + B

Total Water Prod & Purch = A + B + C = D

Horn Exhibit 28

Known Water Loss/Flush – This is a quantity determined by Will Broyles any time he goes to repair a leak in the field. He will perform a determination of the rate of a given water leakage by a metered observation, where he essentially excavates down to the leaking pipe and uses a 5gallon bucket to catch the leaking water. By measuring the time it takes to fill the bucket, he can calculate the leak rate = (5gallons)/(time measured). Then he estimates the length of time that the pipe has been leaking. Since our last system upgrade (new pipes, pumps, and monitoring equipments) and particularly because of the much-improved system-stability along with the remote monitoring “Supervisory Control And Data Acquisition” (SCADA) system, he can much more accurately detect individual event-irregularities and know more precisely than ever before, the length of time a given water leak has been leaking. The same basic methodology is used with an intended loss (a flush). Then,

Known Water Loss/Flush = the summation of all [(leak rates) x (leak times)] = E

Water Sold = the summation of all members metered water usage for the month = F

Unknown Water Loss % = $((D - (E + F))/D) \times 100\%$

I hope this has been responsive to your request for information.

Sincerely,

Roger Alan Whatley
Roger Alan Whatley
President, NSSWSC

terms of unauthorized consumption are chronic and widespread. Such policies could include service discontinuance and criminal judgments.

5.3 REAL LOSSES

All water utilities incur leakage losses; only the amount varies. Leaks and most visible main breaks occur for a variety of reasons, including poor installation workmanship or materials, corrosion, external forces, environmental extremes, and other causes. Leakage is always occurring, and only grows worse if left unchecked. Therefore, all water utilities should provide system maintenance and upkeep functions that include appropriate components of leakage management: active leakage control, timely quality repair, water main rehabilitation, and pressure management.

5.4 ACTIVE LEAKAGE CONTROL

Active leakage control is defined as any water utility program that proactively seeks nonvisible leakage. The most typical functions of active leakage control are routine leak detection surveys and the use of minimum hour flow measurement in District Metered Areas or pressure zones. District Metered Areas are zones or metered areas created within the distribution system to isolate flow to monitor water loss. Large meters are installed on the main lines, and with the aid of "radio read" or similar automated meter technology, the utility is able to compare customer usage to the actual main line flow meter. Although this effort will not pinpoint leaks, it will aid utilities in locating high loss sections so they can begin leak detection surveys with more accuracy.

Leaks and water main breaks that surface and are visible are defined as "reported" since they usually come to the water utility's attention by a report from a customer, police, or other citizen. Most water utilities are effective in addressing

reported leaks since these events represent emergency or nuisance conditions. These leaks are addressed quickly so the duration of the leak event is short and volume of water lost is relatively small, even if the leak is spraying at a high rate of flow. Unfortunately, many water utilities respond only to reported leaks and operate no active leakage control programs to identify and control unreported leaks. Unreported leaks usually account for the majority of annual real loss volumes in most water utilities because they are numerous and run undetected for long periods of time. All water utilities should operate an active leakage control program, even if this involves conducting a leak detection survey once every several years. Utilities with extensive and/or aging water distribution systems should operate an ongoing program, with constant leak detection and possible use of District Metered Areas to monitor flows closely and respond to new leakage shortly after it arises. Even for systems that have a good active leakage control program, it is likely that a portion of the leakage will go undetected and, thus, unreported. This volume and the background leakage are collectively labeled "unreported loss" in the Water Audit Worksheet. The top-down Water Audit Method (Appendix 1.1) quantifies unreported loss as a "catch-all" component, meaning that this volume of real losses is the quantity that remains after authorized consumption, apparent losses, and reported leakage have been subtracted from the system input volume.

5.4.1 *Timely, Quality Leak Repair Policies and Functions*

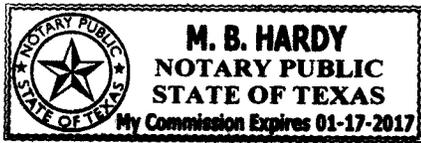
This practice appears to be straightforward: once a leak or break is known to the water utility, respond quickly and make the repair. This function, however, can be more complicated than it seems. On some occasions, utilities use a "band-aid" repair approach that does not identify the underlying cause

Millersview-Doole WSC

| | | <u>Yearly 168 hr./</u> |
|----------------|---|----------------------------|
| Vincent Bednar | 12-2011 Field Hand | \$14.55 \$ 29,333 |
| Rebecca Bowen | 7-2015 Meter Reader & (Plant Operator) | \$10.50 \$ 21,168 |
| Wade Halfmann | 3-2015 Field Hand | \$10.50 \$ 21,168 |
| Karon McNaley | 7-2013 Accounts & (Plant Operator) | \$11.25 \$ 22,680 |
| Raymond Meek | 5-2015 Plant Operator | \$10.50 \$ 21,168 |
| Curtis Shipmen | 1-2016 Field Hand | \$10.50 \$ 21,168 |
| Tonya Williams | 8-2012 Billing | \$11.50 \$ 23,184 |
| Marcus Wright | 6-2014 Field Hand | \$12.25 \$ 24,696 |

Barbara Horn

SUBSCRIBED AND SWORN TO this 27th day of April, 2016



M. B. Hardy

Notary Public in and for

The State of Texas

Respectfully submitted,

Barbara Horn
Barbara Horn, *Pro se*