



Control Number: 48246



Item Number: 1

Addendum StartPage: 0



PURSUANT TO PUC CHAPTER 24, SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS, SUBCHAPTER G: CERTIFICATES OF CONVENIENCE AND NECESSITY

Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

Docket Number: **48246**

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

7 copies of the application, including the original, shall be filed with

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

If submitting digital map data, two copies of the portable electronic storage medium (such as CD or DVD) are required.

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Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

Purpose of Application

<input type="checkbox"/> Obtain	<input type="checkbox"/> New Water CCN	<input type="checkbox"/> New Sewer CCN
<input checked="" type="checkbox"/> Amend	<input checked="" type="checkbox"/> Water CCN# (s)	10336
<input type="checkbox"/> Amend	<input type="checkbox"/> Sewer CCN#(s)	

1. Applicant Information

Applicant

Utility name: Nerro Supply Investors, LLC

Certificate number: 10336

Street address (City/ST/ZIP/Code): P.O. Box 691008

Mailing address(City/ST/ZIP/Code): Houston, Texas 77269

Utility Phone Number and Fax: (281) 355-1312

Contact information

Please provide information about the person(s) to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant manager, or other title related to the applicant.

Name: Bret W. Fenner, P.E.

Title: Engineer

Mailing address: 200 Harbor Circle, Georgetown, Texas 78633

Email: bretfenner@yahoo.com

Phone and Fax: (512) 264-9124

List all counties in which service is proposed:

Montgomery

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

- ☐ Investor Owned Utility ☐ Individual ☐ Partnership
- ☐ Home or Property Owners Association ☒ For-profit Corporation
- ☐ Non-profit, member-owned, member-controlled cooperative corporation
(Water Code Chapter 67, Water Supply or Sewer Service Corporation)
- ☐ Municipality ☐ District ☐ Other - Please explain:

B. If the applicant is a For-Profit business or corporation, please include the following information:

- i. A copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts. (See Attachment A)
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State: 802143247
- iii. A listing of all stockholders and their respective percentages of ownership.
- iv. A copy of the company's organizational chart, if available.
- v. A list of all directors and disclose the title of each individual.
- vi. A list of all affiliated organizations (if any) and explain the affiliate's business relationship with the applicant.

C. If the applicant is a Texas Water Code (TWC) Chapter 67 water supply or sewer service corporation please provide:

- i. A copy of the Articles of Incorporation and By-Laws.
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State.
- iii. Identification of all board members including name, address, title, and telephone number.
- iv. A copy of the corporation's *Certificate of Account Status* from the Texas Comptroller of Public Accounts.

2. Location Information

- A. Are there people already living in the proposed area?** ☐ Yes ☒ No
- If YES, are any currently receiving utility service?** ☐ Yes ☐ No
- If YES, from WHOM?** _____

B. Demonstrate the Need for Service by providing the following:

Have you received any requests for service in the requested service area?

☒ Yes ☐ No

If YES, provide the following: (See Attachment B)

- i. Describe the service area and circumstances driving the need for service in the requested area. Indicate the name(s) and address(es) of landowner(s), prospective landowner(s), tenant(s), or resident(s) that have requested service; and/or
- ii. Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or
- iii. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, fueling wells, etc.); and/or
- iv. Provide copies of any written application(s) or request(s) for service in the requested area; and/or
- v. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area.
- vi. If none of these items exist or are available, please justify the need for service in the proposed area in writing.

Note: Failure to demonstrate a need for additional service in the proposed service area may result in the delay and /or possible denial of the application.

C. Is any portion of the proposed service area inside an incorporated city or district?

☐ Yes ☒ No

If YES, within the corporate limits of: _____

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

D. Is any portion of the proposed service area inside another utility's CCN area?

☐ Yes ☒ No

If YES, has the current CCN holder agreed to decertify the proposed area?

If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest:

Single certification

3. Map Requirements

Attach the following hard copy maps with each copy of the application: (See Attached Maps)

- A. A location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
- B. A map showing only the proposed area by:
 - i. metes and bounds survey certified by a licensed state or register professional land surveyor; or
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled). Also, a data disk labeled with the applicant's name must be provided; or
 - iii. following verifiable natural and man-made landmarks; or
 - iv. a copy of recorded plat map with metes and bounds.
- C. A written description of the proposed service area.
- D. Provide separate and additional maps of the proposed area(s) to show the following:
 - i. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and
 - ii. any facilities, customers or area currently being served outside the applicant's certificated area(s).

Note: Failure to provide adequate mapping information may result in the delay or possible denial of your application.

Digital data submitted in a format other than ArcView shape file or Arc/Info E00 file may result in the delay or inability to review applicant's mapping information.

For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC website for assistance.

4. New System Information or Utilities Requesting a CCN for the First Time

- A. Please provide the following information:
 - i. a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed system;
 - ii. copies of written requests seeking to obtain service from each of the public drinking water systems or sewer systems listed in a. 1 above or documentation that it is not economically feasible to obtain service from each entity;
 - iii. copies of written responses from each system or evidence that they did not reply; and
 - iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit.
- B. Were your requests for service denied? ☐ Yes ☐ No

i. If yes, please provide documentation of the denial of service and go to c.

ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each utility that granted your request for service.

C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any:

D. Date of plat approval, if required: _____
 Approved by: _____

E. Date Plans & Specifications submitted to the TCEQ for approval: _____
 _____ Attach copy of approval letter, if available. If the letter is not available by the time your CCN application is submitted, please supplement your application with a copy of the letter once you receive it from the TCEQ.

F. Date construction is scheduled to commence: _____

G. Date service is scheduled to commence: _____

5. Existing System Information

A. Please provide the following information for each water and/or sewer system, attach additional sheets if necessary.

i. Water system(s): TCEQ Public Water System identification number(s):

1	7	0	0	0	1	3	1	7	0	0	0	3	1	1	0	1	0	2	1	3
1	7	0	0	0	3	6														

ii. Sewer system(s): TCEQ Discharge Permit number(s)

W Q - ;	W Q - ;
W Q - ;	W Q - ;
W Q - ;	W Q - ;

- iii. Date of last TCEQ water and/or sewer system inspection(s): (See Attachment C)
- iv. Attach a copy of the most recent TCEQ water and/or sewer inspection report letter(s).
- v. For each system deficiency listed in the TCEQ inspection report letter; attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates. (See Attachment C)

B. Provide the following information about the utility's certified water and/or sewer operators

Name	Classes	License Number
Anthony Freeman	Class B - W&S	WW0042488 & WG0012851
Abel Garcia	Class C	WG0013679
Anival Gonzales	Class D	WO0039544
Mondre Jackson	Class C	WG0012963

- Attach additional sheet(s) if necessary -

C. Using the current number of customers, is any facility component in systems named in #5A above operating at 85% or greater of minimum standard capacity?

- ☐ Yes
- ☒ No

Attach a copy of the 85% rule compliance document filed with the TCEQ if the system is operating at 85% or greater of the TCEQ's minimum standard capacity requirements.

D. In the table below, the number of existing and/or proposed metered and non-metered connections (by size). The proposed number should reflect the information presented in the business plan or financial **documentation** and reflect the number of service requests identified in Question 2.b in the application.

TCEQ Water System			TCEQ Sewer System		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter	2,530	5	Residential	0	0
1" meter or larger			Commercial		
Non-Metered			Industrial		

TCEQ Water System			TCEQ Sewer System		
Other:			Other:		
Total Water	2,530	5	Total Sewer	0	0

E. If this application is for a water CCN only, please explain how sewer service is or will be provided:

Individual septic systems

F. If this application is for a sewer CCN only, please explain how water service is or will be provided:

N/A

G. Effect of Granting a Certificate Amendment. (See Attachment B)

Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:

- the applicant,
- any retail public utility of the same kind already serving the proximate area; and
- any landowner(s) in the requested area.

H. Do you currently purchase or plan to purchase water or sewer treatment capacity from another source?

i. ☒ No, (skip the rest of this question and go to #6)

ii. ☐ Yes, Water

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Water Source	% of Total Treatment
	0.00%

Water Source	% of Total Treatment
	0.00%
	0.00%

iii. ☐ Yes, Sewer treatment capacity

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Sewer Source	% of Total Treatment
	0.00%
	0.00%
	0.00%

iv. Provide a signed and dated copy of the most current water or sewer treatment capacity purchase agreement or contract.

I. **Ability to Provide Adequate Service. (See Attachment B)**

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:

- i. the current and projected density; and
- ii. the land use of the requested area.

J. **Effect on the Land.** Explain the effect on the land to be included in the certificated area.

(See Attachment B)

6. Financial Information

A. For new water and/or sewer systems and for applicants with existing CCNs who are constructing a new stand-alone water and/or sewer system:

- i. the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing retail water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
- ii. Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates

should correlate to the projected growth in connections, shown on the projected profit and loss statement.

- iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate the date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.

B. For existing water and/or sewer systems: (See Attachment D)

- i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).
- ii. Attach a proposed rate schedule or tariff.

❖ **Note: An existing water and/or sewer system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application**

- C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.
- D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.

❖ **Note: Failure to provide adequate financial information may result in the delay or possible denial of your application.**

7. Notice Requirements

- A. All proposed notice forms must be completed and submitted with the application. Do not mail or publish the notices until you receive written approval from the commission to do so.
- B. The commission cannot grant a CCN until proper notice of the application has been given. Commission rules do not allow a waiver of notice requirements for CCN applicants.
- C. It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.
- D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application for use in preparing proposed notices. (Notice forms are available in Spanish upon request.)
- E. After reviewing and, if necessary, modifying the proposed notice, the commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully before providing the notice.
- F. **Notice For Publication:**
The applicant shall publish the notice in a newspaper with general circulation in the county(ies) where a CCN is being requested. The notice must be published once each week for two consecutive weeks beginning with the week after the notice is received from the commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.
- G. **Notice To Neighboring Utilities: (See Attachment E)**
 - i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
 - ii. For applications for the issuance of a NEW CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within five (5) miles of the requested service area.

- iii. For applications for the AMENDMENT of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within two (2) miles of the requested service area.

H. Notice to Customers:

Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application.

- I. The commission may require the applicant to deliver notice to other affected persons or agencies.

Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the commission. Wait until you receive written authorization to do so. Authorization occurs after the commission has reviewed the notices for completeness, and your application has been accepted for filing. Once the application is accepted for filing, you will receive written authorization to provide notice. Please check the notices for accuracy before providing them to the public. It is the applicant's burden to ensure that correct and accurate notice is provided.

OATH

STATE OF Texas
COUNTY OF Harris

I, Charles G. Peterson, being duly sworn,
file this application as President (indicate relationship to Applicant,
that is, owner, member of partnership, title as officer of corporation, or other authorized
representative of Applicant); that, in such capacity, I am qualified and authorized to file
and verify such application, am personally familiar with the maps and financial information
filed with this application, and have complied with all the requirements contained in this
application; and, that all such statements made and matters set forth therein are true and
correct. I further state that the application is made in good faith and that this application
does not duplicate any filing presently before the Public Utility Commission of Texas.

I further represent that the application form has not been changed, altered or amended
from its original form.

**I further represent that the Applicant will provide continuous and adequate
service to all customers and qualified applicants for service within its certificated
service area.**

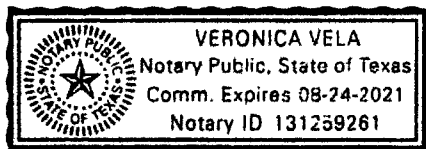
Charles G. Peterson President
AFFIANT

(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,
This day 22nd of March 20 18

SEAL



Veronica Vela
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Veronica Vela
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 08/24/2021

Notice for Publication

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

Montgomery COUNTY(IES), TEXAS

Name of Applicant Nerro Supply Investors, LLC has filed an application for a CCN to obtain or amend CCN No. (s) 10336 and to decertify a portion(s) of _____ with the
(Name of Decertified Utility)

Public Utility commission of Texas to provide water
(specify 1) water or 2) sewer or 3) water & sewer)

utility service in Montgomery County
(ies).

The proposed utility service area is located approximately 4 miles southeast
[direction] of downtown Magnolia, [City or Town] Texas, and is generally bounded on the north by Hazy Meadow Lane; on the east by Adams Lane; on the south by FM 1774 & Coleman Rd.; and on the west by Hazy Meadow Ln. & FM 1774.

The total area being requested includes approximately 55 acres and 0 current customers.

A copy of the proposed service area map is available at (Utility Address and Phone Number): P.O. Box 691008, Houston, TX 77269 (281) 355-1312

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 file with the PUC at the following address:

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

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 commission 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.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

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

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

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

Notice to Neighboring Systems, Landowners and Cities

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

Montgomery COUNTY(IES), TEXAS

To: _____ Date Notice Mailed _____ 20 18
(Neighboring System, Landowner or City)

(Address)

City State Zip

Name of Applicant Nero Supply Investors, LLC has filed an application for a CCN to obtain or amend CCN No. (s) 10336 and to decertify a portion(s) of _____ with the
(Name of Decertified Utility)

Public Utility Commission of Texas to provide water
(specify 1) water or 2) sewer or 3) water & sewer)
utility service in Montgomery County(ies).

The proposed utility service area is located approximately 4 miles southeast
[direction] of downtown Magnolia, [City or Town] Texas, and is generally bounded on the north by Hazy Meadow Lane; on the east by Adams Lane; on the south by FM 1774 & Coleman Rd.; and on the west by Hazy Meadow Ln. & FM 1774.

See enclosed map of the proposed service area.

The total area being requested includes approximately 55 acres and 0 current 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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If a public hearing is requested, the commission 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.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

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Notice to Customers of IOUs in Proposed Area

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

_____ COUNTY(IES), TEXAS

Dear Customer

Requested Area Contains no Current Customers

20

Name of Applicant _____ for a
CCN to obtain or amend CCN No. (s) _____ and to
decertify a portion(s) of _____ with the
(Name of Decertified Utility)

Public Utility commission of Texas to provide

utility service in _____

(specify 1) water or 2) sewer or 3) water & sewer

County(ies).

The proposed utility service area is located approximately _____ miles
[direction] of downtown _____, [City or Town] Texas.

A copy of the proposed service area map is available at (Utility Address and Phone
Number): _____

The current utility rates which were first effective on _____ 20

Monthly Flat Rate of \$ _____ Per connection

-OR-

Monthly Base Rate Including per _____ gallons
connection for:

5/8" meter	\$ _____
1" meter	\$ _____
1 1/2" meter	\$ _____
2" meter	\$ _____

Other\$ _____

Gallonage charge of \$ _____ Per 1,000
Gallons above minimum (same for all meters sizes)

Miscellaneous Fees

Regulatory Assessment

Tap Fee (Average Actual Cost)

Reconnecting fee:

- Non Payment (\$25.00 max)
- Transfer
- Customer's request

Late fee

Returned Check charge

Customer Deposit (\$50.00 max)

Meter test fee

(Actual Cost not Exceed \$25.00)

Other Fees

1%

\$ _____
\$ _____
\$ _____
\$ _____
\$5.00 or 10%
\$ _____
\$ _____
\$ _____
\$ _____

Your utility service rates and fees cannot be changed by this application. If you are currently paying rates, those rates must remain in effect unchanged. Rates may only be increased if the utility files and gives notice of a separate rate change application.

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:

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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 Commission 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.

IF A HEARING IS HELD, it is important that you or your representative attend to present your concerns. Your request serves only to cause a hearing to be held and is not used during the hearing.

If you are a landowner with a tract of land at least 25 acres or more, and is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

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P.O. Box 13326
Austin, Texas 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

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

HISTORICAL BALANCE SHEETS

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO						
EQUITY TO TOTAL ASSETS						

HISTORICAL INCOME STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps						
New Taps per Year			See Attached Financial Statements			
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

HISTORICAL EXPENSES STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

See Attached Financial Statements

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO						
EQUITY TO TOTAL ASSETS						

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps						
New Taps per Year						
Total Meters at Year End			See Attached Financial Statements			
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

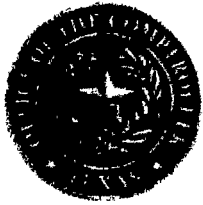
PROJECTED EXPENSES STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense			See Attached Financial Statements			
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income						
Depreciation (if Funded)						
Loan Proceeds			See Attached Financial Statements			
Other						
Total Sources						
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
TOTAL USES						
NET CASH FLOW						
DEBT SERVICE COVERAGE						
Cash Available for Debt						
Service (CADS)						
Net Income (Loss)						
Depreciation , or Reserve						
Interest						
TOTAL						
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest						
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS						

ATTACHMENT A



Franchise Tax Account Status

As of : 03/15/2018 07:31:37

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

NERRO SUPPLY INVESTORS, LLC

Texas Taxpayer Number 32056220802

Mailing Address 11131 MCCRACKEN CIR STE A CYPRESS, TX 77429-4463

Right to Transact Business in Texas ACTIVE

State of Formation TX

Effective SOS Registration Date 01/26/2015

Texas SOS File Number 0802143247

Registered Agent Name CHARLES PETERSON

Registered Office Street Address 11131 MCCRACKEN CIRCLE, SUITE A CYPRESS, TX 77429

Public Information Report

Public Information Report
NERRO SUPPLY INVESTORS, LLC
Report Year :2017

Information on this site is obtained from the most recent Public Information Report (PIR) processed by the Secretary of State (SOS). PIRs filed with annual franchise tax reports are forwarded to the SOS. After processing, the SOS sends the Comptroller an electronic copy of the information, which is displayed on this web site. The information will be updated as changes are received from the SOS.

You may order a copy of a Public Information Report from open.records@cpa.texas.gov or Comptroller of Public Accounts, Open Records Section, PO Box 13528, Austin, Texas 78711.

Title**Name and Address**

MANAGER	CHARLES PETERSON 11131 MCCRACKEN CIR STE A CYPRESS, TX 77429
----------------	--

ATTACHMENT B

2. B. Demonstrate Need for Service

The Applicant is submitting this application to amend its current water and sewer service areas to include the requested areas to which it has been providing water and sewer service. None of the service areas being requested is in the certificated service area of another CCN holder. Centralized water and sewer service will reduce the likelihood of negative impacts to the environment, which would otherwise arise with the installation and operation of individual groundwater wells and septic systems. No customer's rates will be changed by this application. The requested service area is being added as part of an agreed settlement in PUC Docket No. 46322.

5. G. Effect of Granting a Certificate Amendment.

- i. the applicant - The applicant is already operating and providing water and sewer service in the requested service areas. The applicant will benefit from having the areas requested with its certificated service area.
- ii. any retail public utility of the same kind already serving the proximate area - Public utilities in the proximate area have declined to provide service the requested areas.
- iii. any landowner(s) in the requested area – there will be no effect on the landowners in the requested service areas as they are already receiving water and sewer service for the proposed service areas from the utility.

5. I. Ability to Provide Adequate Service.

The utility currently has the capacity to provide water and sewer service in the requested service areas as it is currently providing service to the area. As Attachment C indicates, the utility had no violations and meets TCEQ current minimum standards in its last annual inspection.

Jamie Kindred

From: Art DePue <adpbase@yahoo.com>
Sent: Wednesday, March 07, 2018 4:29 PM
To: jamie@gulfutility.net
Subject: High Meadow Industrial Park
Attachments: High Meadow Industrial Lots.pdf

Jamie

It was a pleasure speaking with you and I hope we can work out getting water to our property.

Attached is a drawing of the industrial park.

Thanks

Art

Art DePue
E. L. Free & Associates
281.351.7425 office
281.507.8341 cell
281.255.3203 fax
<http://www.loopnet.com/profile/11340023460/Art-DePue/>

ATTACHMENT C

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Jon Niermann, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 18, 2016

Gregory Pappas, Manager
Nerro Supply LLC
P.O. Box 691008
Houston, Texas 77629-1008

Re: Comprehensive Compliance Investigation at:
Hazy Hollow East Estates, 37103 Fawn Lane, Magnolia, Montgomery County, Texas
Regulated Entity No.: 101196657
TCEQ ID No.: 1700013

Investigation No.: 1294989

Dear Mr. Pappas:

On November 9, 2015, Ms. Kathryn Roeder, of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced facility to evaluate compliance with the applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation. In addition, please be advised that a violation could be issued upon further review of your system's records or self-reported documentation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Ms. Roeder, in the Houston Region Office at (713) 767-3650.

Sincerely,

A handwritten signature in black ink, appearing to read "Julia Thorp".

Julia Thorp, Team Leader
Public Water Supply
Houston Region Office

JT/KR/mar

cc: Montgomery County Environmental Health Services

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Jon Niermann, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

April 25, 2016

CERTIFIED MAIL # 7010 1870 0003 4949 6377
RETURN RECEIPT REQUESTED

Betty Blaschke, President
Northwest Water Systems Inc.
PO Box 550
Tomball, Texas 77377

RECEIVED

DEC 20 2016

**TCEQ
CENTRAL FILE ROOM**

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Shady Brook Acres, 29819 Nichols Sawmill Road, Tomball, Montgomery County, Texas
Regulated Entity No.: 101247088
TCEQ ID No.: 1700031

Investigation No.: 1241764

Dear Ms. Blaschke:

On March 23, 2016, Ms. Destiny Winning, of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for Public Water Supply. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified for which compliance documentation is required. A due date for submitting compliance documentation for outstanding alleged violations #600615 and #601457 will be determined after you provide a compliance plan for these alleged violations. Your compliance plan is due by July 21, 2015. Please address how each violation will be resolved and provide a reasonable time frame for completion of the work.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled Obtaining TCEQ Rules (GI 032) are located on our agency website at <http://www.tceq.texas.gov> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Houston Region Office at (713) 767-3650 or the Central Office Publications Ordering Team at (512) 239-0028.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the Houston Region Office within 10 days from the date of this letter. At that time, PWS Team Leader Ms. Julia Thorp, will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you

TCEQ Region 12 • 5425 Polk St., Ste. H • Houston, Texas 77023-1452 • 713-767-3500 • Fax 713-767-3520

Austin Headquarters: 512-239-1000 • tceq.texas.gov • How is our customer service? tceq.texas.gov/customersurvey

printed on recycled paper

Betty Blaschke, President
April 25, 2016
Page 2

decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

If you or members of your staff have any questions, please feel free to contact Ms. Winning, in the Houston Region Office at (713) 767-3650.

Sincerely,



Julia Thorp, Team Leader
Public Water Supply
Houston Region Office

JT/DW/mar

Enclosure: Summary of Investigation Findings

cc: Montgomery County Environmental Health Services

Michael Williams, Chief Operator, P.O. Box 691008, Houston, Texas, 77269

Summary of Investigation Findings

SHADY BROOK ACRES

Investigation #

1241764

Investigation Date: 03/23/2016

, MONTGOMERY COUNTY,

Additional ID(s): 1700031

OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 600615 Compliance Due Date: To Be Determined
30 TAC Chapter 290.46(m)(1)(B)

Alleged Violation:

Investigation: 1241764

Comment Date: 04/22/2016

Design and Construction of Pressure Tanks

Failure to conduct an inspection of the pressure tank annually, to determine that the pressure release device and pressure gauge are working properly, the air-water ratio is being maintained at the proper level, the exterior coating systems are continuing to provide adequate protection to all metal surfaces, and that the tank remains in a watertight condition. Pressure tanks provided with an inspection port must have the interior surface inspected every five years.

At the time of the investigation, the regulated entity did not provide a copy of the interior tank inspection report for the investigator to review.

Recommended Corrective Action: Submit a compliance plan or copy of the interior tank inspection report to verify compliance.

Track No: 601457 Compliance Due Date: 05/22/2016
30 TAC Chapter 290.41(c)(1)(D)

Alleged Violation:

Investigation: 1241764

Comment Date: 04/14/2016

Ground Water Sources and Development

Failure to locate ground water sources so there will be no danger of pollution from insanitary surroundings. Specifically, the well G1700031A must not be located within 50 feet of livestock. This Agency will allow the continued use of this well so long as the following criteria are met and confirmed by subsequent sanitary surveys:

- a. A raw water (untreated) sample from the well must be submitted each month for bacteriological analysis. These samples are required in addition to the routine monthly distribution samples and must be collected directly from the wellhead prior to the point of chlorination. The results of these analyses must be maintained with the system's other records and they will be reviewed at the time of the next survey.
- b. The chlorination facilities must be operated to maintain a minimum free chlorine residual of 0.5 mg/L throughout the distribution system.
- c. You must request an exception to the required setback distance for the insanitary surroundings by writing to: Texas Commission on Environmental Quality, Technical Review and Oversight Team (MC-159), P.O. Box 13087, Austin, Texas 78711-3087; phone (512)239-4691.

Please note that failure to obtain an exception may result in formal enforcement action by the regional office and should the Technical Review & Oversight Team deny your exception request you may be required to drill a new well.

The investigator received an email on April 5, 2016, from the regulated entity that states that the system is now collecting raw water samples from the well due to the location of the livestock.

Recommended Corrective Action: Submit a copy of raw water sample results, a copy of your chlorination log with 2 weeks worth of readings, and a compliance plan for the exception to the required setback distance to the insanitary surroundings or a copy of the exception to verify compliance.

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Jon Niermann, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



PWS_1700031_CO_20170501_Exception

Texas Commission on Environmental Quality
Protecting Texas by Reducing and Preventing Pollution

May 1, 2017

Mr. Timothy Manley, P.E.
Manley Engineering and Associates, Inc.
9100 Southwest Freeway, Suite 251
Houston, Texas 77074

Re: Shady Brook Acres - PWS ID No. 1700031
Request for an Exception to the Sanitary Control Easement Rule
Request for an Exception to the Well Setback Requirement to Livestock in Pastures
Request for an Exception to the Pressure Cementing Method Requirement
Well No. 1 (TCEQ Well ID G1700031A)
Montgomery County, Texas
RN 101247088 | CN 605149988

Dear Mr. Manley,

On February 7, 2017, the Texas Commission on Environmental Quality (TCEQ) received your letter dated February 2, 2017, requesting an exception to the requirement that all public water supply wells have properly recorded sanitary control easements as specified in Title 30 of the Texas Administrative Code (30 TAC) §290.41(c)(1)(F). On March 22, 2017, we received your request for an exception to the requirement that all public supply wells be at least 50-feet from pastures with livestock as specified in 30 TAC §290.41(c)(1)(D). Lastly, on March 27, 2017 we received your request for an exception to the requirement that all public water supply wells be constructed with a proper pressure cementing method as specified in 30 TAC §290.41(c)(3)(C). These requests are for the Shady Brook Acres Public Water System (PWS) Well No. 1 (TCEQ Well ID G1700031A). The submittal indicated that the well is currently constructed and in use as a public water supply well. Each exception request is addressed separately below.

Sanitary Control Easement – 30 TAC §290.41(c)(1)(F)

The TCEQ has determined that the inability to secure sanitary control easements indicates that this groundwater source may be susceptible to fecal contamination and may result in a risk to public health. Based on this concern, and in order to allow monitoring of the well to determine if the well has been impacted by lack of sanitary control, and from well setback requirements, we are temporarily granting your request for an exception to the sanitary control easement requirement under the conditions listed below. This temporary exception applies to the Nichols Sawmill Road right-of-way, and to the following properties located within a 150-foot radius of Well No. 1 (TCEQ Well ID G1700031A):

- COPELAND, LONNIE D & DEBBIE K/ S868001 - Shady Brook Acres, BLOCK 3, Lot 1, 2, LABEL # PFS0847317;
- JOSEPH, RICHARD P/ SHADY BROOK ACRES, BLOCK 3, LOT 17 and SHADY BROOK ACRES BLOCK 3 RESERVE A;
- JC & JS INVESTMENT LLC/ A0612 - Ward Cyrus T, TRACT 17, ACRES 10.715;

Mr. Timothy Manley, P.E.

Page 2 of 5

May 1, 2017

- SNYDER, PATRICK V & EVELINA/ A0612 WARD CYRUS T, TRACT 17-A, ACRES 7.950; and POWELL, JESSE C CO TR & SANDRA OWEN CO/ A0612 WARD CYRUS T, TRACT 18, ACRES 15.000.

In accordance with 30 TAC §290.46(b) and §290.109(d)(4)(E), the PWS is required to fulfill the conditions of approval outlined below.

Condition 1:

- The PWS must collect one raw water sample per month from Well No. 1 (G1700031A). The PWS must submit the sample for bacteriological analysis at a TCEQ-accredited laboratory with a current National Environmental Laboratory Accreditation Program (NELAP) certification.

The sampling procedure should be the same as the one used when collecting routine distribution samples. Please ensure that the sample is delivered to the laboratory clearly labeled with the proper TCEQ Well ID (G1700031A) and marked "RAW."

For a list of TCEQ-accredited laboratories see our website at:

www.tceq.texas.gov/assets/public/compliance/compliance_support/qa/txnelap_lab_list.pdf

These samples are in addition to the normally required monthly distribution bacteriological samples and must be collected at a point prior to the disinfectant injection point. The sample results should be submitted in the same manner as the results of the monthly distribution bacteriological samples.

Once twelve (12) consecutive monthly bacteriological sample results have been received and reviewed, the TCEQ will evaluate the results and reissue, if appropriate, an exception without an expiration date. Based on the results of the raw water bacteriological samples the TCEQ may continue or modify the current monthly monitoring requirement, require a more stringent disinfection protocol, or require treatment.

If any of the samples come back positive, please follow the instructions in Enclosure 1: *Instructions for Positive Bacteriological Samples*.

Please update your system's monitoring plan to reflect the monitoring requirements outlined in this letter and mail to the TCEQ Monitoring Plan Coordinator at the following address:

Monitoring Plan Coordinator (MC 155)
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711

Additional information is available in TCEQ's Regulatory Guidance No. 384 (RG-384), *How to Develop a Monitoring Plan for a Public Water System*, or on our website at:

www.tceq.texas.gov/permitting/water_supply/pdw/monitoring_plans/monitoring_plans.html

All public water system monitoring plans are required to be kept up-to-date and on file at the system at all times and must be presented to TCEQ staff upon request.

Condition 2:

- This temporary exception will expire in 36 months from the date of this letter (May 1, 2020).

Well Setback Requirement to Livestock in Pastures - 30 TAC §290.41(c)(1)(D)

The submittal indicates that a pasture with livestock is located approximately 10-feet from Well No. 1. The TCEQ has determined that the inability to maintain a minimum well setback distance of 50-feet between a pasture with livestock and public water supply wells indicates that this groundwater source may be susceptible to fecal contamination and may result in a risk to public health. Based on this concern, and in order to allow monitoring of the well to determine if the well has been impacted by presence of potential contamination hazards, we are temporarily granting your request for an exception to the well setback requirement between PWS wells and pastures with livestock under the conditions listed below. This temporary exception applies to Well No. 1 (TCEQ Well ID G1700031A). In accordance with 30 TAC §290.46(b) and §290.109(d)(4)(E), the PWS is required to fulfill the conditions of approval outlined below.

Condition 1:

- The PWS must comply with all requirements and conditions discussed above in this letter for its exception request to the Sanitary Control Easement- 30 TAC §290.41(c)(1)(F).

Condition 2:

- This temporary exception will expire in 36 months from the date of this letter (May 1, 2020).

Pressure Cementing Requirement - 30 TAC §290.41(c)(3)(C)

The submittal indicated that no information is available regarding the pressure cementing of the wells. The TCEQ believes that a lack of a proper annular space seal may result in ground water source contamination as a result of storm water inflow or infiltration, or from undesirable groundwater plumes being conveyed to the groundwater source through the well's annular space. The TCEQ has determined that the inability to determine an adequate well cementing method for Well No. 1 (TCEQ Well ID G1700031A) indicates this groundwater source may be susceptible to fecal contamination and result in a risk to public health. Based on this concern, and in order to allow monitoring of the well to determine if the well has been impacted by inadequate well cementing, we are temporarily granting your request for an exception to the pressure cementing method requirement under the conditions listed below. This temporary exception applies to Well No. 1 (TCEQ Well ID G1700031A). In accordance with 30 TAC §290.46(b) and §290.109(d)(4)(E), the PWS is required to fulfill the conditions of approval outlined below.

Condition 1:

- The PWS must comply with all requirements and conditions discussed above in this letter for its exception request to the Sanitary Control Easement- 30 TAC §290.41(c)(1)(F).

Condition 2:

- This temporary exception will expire in 36 months from the date of this letter (May 1, 2020).

We note you provided in your submittal and additional information:

- A map showing the location of the well;

- A statement regarding the presence or absence of sanitary hazards located within the radii of Well No. 1 as specified by 30 TAC Chapter 290 except for the noted livestock in pastures;
- An official copy of the deed for all property owned by Nerro Supply, LLC. within 150-feet of the well;
- A statement from Mr. Jacob Bowen of Gulf Utility Service and Nerro Supply, LLC, received April 17, 2017, clarifying the ownership of property and the county appraisal district website not reflecting accurate ownership in the area of the well; and
- A well schedule from Texas Water Development Board Well Information Report for Well#6050614, without information on the lithology, pressure cementing, water well casing information, chemical analysis, 36-hour pump test conductance, and submersed pump information for Well No. 1.

We note that no well log for Well No. 1 (TCEQ Well ID G1700031A) was provided. The PWS may want to request an exception to the Well log/ completion requirements in 30 TAC §290.41(c)(3)(A) and to the record keeping of well completion data in 30 TAC §290.46(n)(3) (*Enclosure 2: Staff Guidance Well Completion Data Exception*).

A copy of this letter and all related monitoring data must be maintained with the water system's records for as long as these exceptions are in effect. These records must be made available to TCEQ staff upon request. If contamination of a well occurs which is not remediated through treatment, a new properly constructed well may be required at another location and abandonment, proper plugging, and sealing of the abandoned well will be required.

All exceptions are subject to periodic review and may be revoked or amended if warranted as specified in 30 TAC §290.39(l)(2) or evidence is found that granting of an exception results in a degradation of water quality or water supply. Noncompliance with any condition stated in this exception letter may result in enforcement action as specified in 30 TAC §290.39(l)(5). These exceptions are not intended to waive compliance with any other TCEQ requirement in 30 TAC Chapter 290. This exception cannot be used as a defense in any enforcement action resulting from noncompliance with any other requirement of 30 TAC Chapter 290.

Mr. Timothy Manley, P.E.
Page 5 of 5
May 1, 2017

If you have questions concerning this letter, or if we can be of additional assistance, please contact Mr. Chirag Patel by email at chirag.patel@tceq.texas.gov, by telephone at (512) 239-0522, or by correspondence at the following address:

Technical Review and Oversight Team (MC 159)
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Sincerely,



Tamira Konkin-Garcia, Team Leader
Technical Review and Oversight Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality

TKG/ccp

Enclosure 1: Instructions for Positive Bacteriological Samples
Enclosure 2: Staff Guidance Well Completion Data Exception

Cc: Mr. Charles Peterson, Manager, P.O. Box 691008, Houston, Texas 77269-1008

Compliance

From: Destiny Winning <Destiny.Winning@Tceq.Texas.Gov>
Sent: Wednesday, November 30, 2016 4:21 PM
To: Compliance
Subject: RE: Shady Brook Acres- 1700031

Good afternoon Mr. Kindred,

Thank you for the pressure tank inspection. That will resolve the violation.

Has the interior pressure tank inspection for Wildwood Shores, PWS#2360078, been completed?

Thank you,

Destiny Winning

Texas Commission on Environmental Quality
Environmental Investigator
5425 Polk Street, Suite H
Houston, Texas 77023
Direct: 713-767-3729
Office: 713-767-3650

From: Compliance [mailto:compliance@gulfutility.net]
Sent: Wednesday, November 30, 2016 1:46 PM
To: Destiny Winning <Destiny.Winning@Tceq.Texas.Gov>
Subject: Shady Brook Acres- 1700031

Destiny,

Please see attached letter in regards to the compliance investigation item requested for Shady Brook Ares 1700031. The internal HPT inspection was performed and is attached to the letter.

POTABLE WATER STORAGE TANK Inspection Form

Section 290.46(f)(3)(D)(ii) of the Texas Commission on Environmental Quality's *Rules and Regulations for Public Water Systems* requires documentation of annual ground, elevated, and pressure storage tank maintenance inspections. [See also 290.46(m)(1) and 290.46(m)(2)]

Location: <u>Shady Brook</u>	
Description:	<u>HPT</u>
Date & Material of Exterior Coating System:	<u>1997</u>
Date & Material of Interior Coating System:	<u>1997</u>

Exterior of Tank

O.K.	Problem	NA	Description
X			<i>Foundation:</i> settling, cracks, deterioration
X			<i>Protective Coatings:</i> rust, pitting, corrosion, leaks
X			<i>Water Level Indicator:</i> operable, cable access opening protected
		X	<i>Overflow Pipe:</i> flap valve cover accessible, operable, sealed
X			<i>Access Ladder:</i> loose bolts or rungs
X			<i>Roof:</i> low spots for ponding water, holes along seams, rust
X			<i>Air Vents:</i> proper design, screened, sealed edges and seams
		X	<i>Cathodic Protection Anode Plates:</i> secured and sealed
		X	<i>Roof Hatch:</i> proper design, locked, hinge bolts secured, gasket
X			<i>Pressure Tank Operational Status:</i> pressure release device, pressure gauge, air-water volume device

Interior of Tank

O.K.	Problem	NA	Description
X			<i>Water Quality:</i> insects, floating debris, sediment on the bottom
X			<i>Protective Coating:</i> rust, corrosion, scaling
Date:		Last Inspection of Pressure Tank Interior	

Comments

Empty space for comments	
Name of Inspector:	<u>Jason Bell</u>
Date of Inspection:	<u>NOV 8th, 2016</u>

Bryan W. Shaw, Ph.D., P.E., Chairman
Toby Baker, Commissioner
Jon Niemann, Commissioner
Richard A. Hyde, P.E., Executive Director



PWS_1700036_CO_20160418_CCL ✓

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 19, 23016

RECEIVED

DEC 20 2016

TCEQ
CENTRAL FILE ROOM

Chuck Peterson, President
Northwest Water Systems Inc.
12337 Jones Rd.
Houston, Texas 77070

Re: Comprehensive Compliance Investigation at:
White Oak Valley Estates, 3052 Leafy Lane, Conroe, Montgomery County, Texas
Regulated Entity No.: 101246353
TCEQ ID No.: 1700036

Investigation No.: 1319154

Dear Mr. Peterson:

On April 28, Ms. Melody Kirksey, of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced facility to evaluate compliance with the applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation. In addition, please be advised that a violation could be issued upon further review of your system's records or self-reported documentation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Ms. Kirksey, in the Houston Region Office at (713) 767-3650.

Sincerely,

A handwritten signature in black ink, appearing to read "Julia Thorp".

Julia Thorp, Team Leader
Public Water Supply
Houston Region Office

JT/MK/mar

cc: Montgomery County Environmental Health Services

1010213-10-246013-1 INVESTIGATION REPORT

Bryan W. Shaw, Ph.D., P.E., Chairman
Toby Baker, Commissioner
Jon Niemann, Commissioner
Richard A. Hyde, P.E., Executive Director



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

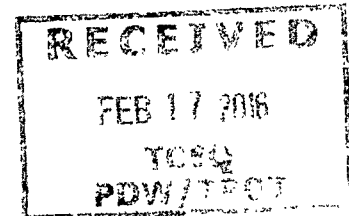
RECEIVED

DEC 13 2016

TCEQ
CENTRAL FILE ROOM

February 16, 2016

Mr. Chuck Peterson, President
Gulf Utility Service, Inc.
PO Box 691008
Houston, Texas 77269-1008



Re: Comprehensive Compliance Investigation at:
Spring Creek Valley Estates, 29826 Kingbird Dr., Tomball, Harris County, Texas
Regulated Entity No.: 101450674, TCEQ ID No.: 1010213, Investigation No.: 1305710

Dear Mr. Peterson:

On January 13, 2016, Ms. Christina Bernal of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced facility to evaluate compliance with the applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation; however, please see the attached Additional Issues. In addition, please be advised that a violation could be issued upon further review of your system's records or self-reported documentation.

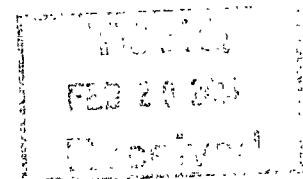
The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Ms. Christina Bernal in the Houston Region Office at (713) 767-3650.

Sincerely,

A handwritten signature in cursive script that reads "Latrichia Spikes".

Latrichia Spikes, Team Leader
Public Water Supply
Houston Region Office

LS/CB/ra



cc: Harris County Public Health and Environmental Services

Mr. Jerry Randolph, Supervisor, PO Box 550, Tomball, Texas, 77377-0550

Enclosure: Summary of Investigation Findings

ATTACHMENT D

Nerro Supply, LLC

BALANCE SHEET

As of December 31, 2017

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Post Oak Bank **9907	201,662.39
Total Bank Accounts	\$201,662.39
Accounts Receivable	
Accounts Receivable	61,133.60
Total Accounts Receivable	\$61,133.60
Other Current Assets	
Intercompany Balances	
Due (to)/from BSH2O	378,690.55
Due (to)/from BSWR	1,109,498.14
Due (to)/from GUS	-309,792.80
Due (to)/from WW POA Standby	-696,310.71
Total Intercompany Balances	482,085.18
Total Other Current Assets	\$482,085.18
Total Current Assets	\$744,881.17
Fixed Assets	
1000 Land	260,386.38
Allendale .444 Acres	9,400.00
Allendale 33.6 Acres	13,281.00
Bayridge Sewer .5104 Acres	10,286.00
Bayridge Water .2010 Acres	4,054.00
Bayridge Water 50.7 Acres	18,765.00
Brazos Valley Land 10 Tracts	141,128.14
Hillgreen .444 Acres	9,400.00
Hillgreen 33.6 Acres	13,281.00
KBR .46 Acres	29,978.00
KBR 5 Acres	13,351.00
Loch Ness Cove .444 Acres	9,400.00
Loch Ness Cove 33.6 Acres	13,281.00
Northwest Water Land Tracts	261,905.92
Oaks Grande .3150 Acres	6,353.00
Oaks Grande 50.7 Acres	18,764.00
Oaks of Houston .51 Acres	51,086.00
Oaks of Houston 38 Acres	68,217.90
River Club .444 Acres	9,399.00
River Club 33.6 Acres	13,280.00
Riverwood .3340 Acres	6,737.00
Riverwood 50.6 Acres	18,746.00
Wildwood Tract 1	47,959.35
Wildwood Tract 2	72,406.00
Wildwood Tract 3	1,625.00

	TOTAL
Woodhaven .444 Acres	9,399.00
Woodhaven 33.6 Acres	13,279.17
Total 1000 Land	1,145,148.86
1200 Depreciable Assets	
KBR	
System Improvements-KBR	63,700.45
Total KBR	63,700.45
Nerro 1 Distribution Lines	
Water Distribution Lines	391,714.00
Water Distribution Lines - Hillgreen	7,741.59
Water Distribution Lines - Lochness Cove	6,861.00
Water Distribution Lines - Riverclub	14,824.26
Water Distribution Lines - Woodhaven	13,856.84
Total Nerro 1 Distribution Lines	434,997.69
Nerro 1 Water Systems	321,365.00
Blowers	19,442.00
Ground Storage Tanks	128,691.00
Lift Stations	100,809.00
Pressure Tanks	72,179.00
Pump House Bldgs/Misc/Fence	115,210.00
System Improvements-Allendale	18,951.88
System Improvements-Hillgreen	12,995.78
System Improvements-Lochness	19,030.36
System Improvements-River Club	27,632.18
System Improvements-Woodhaven	15,911.55
Total Nerro 1 Water Systems	852,217.75
Nerro 2 Distribution Lines	
Water Distribution Lines - Bayridge	1,059.62
Water Distribution Lines - Oaks @ Houston	761.17
Total Nerro 2 Distribution Lines	1,820.79
Nerro 2 Water/Sewer Systems	
Sewage Collection Lines/Taps	478,355.96
Sewage Treatment Plants	360,032.00
System Improvements-Bayridge	344,996.29
System Improvements-Lost Lakes	35,979.45
System Improvements-Oaks @ Houston Point	8,684.83
System Improvements-Riverwood	29,205.62
Total Nerro 2 Water/Sewer Systems	1,257,254.15
Nerro 3 Distribution Lines	
Water Distribution Lines - Benchley Oaks	15,077.65
Water Distribution Lines - Lakewood Estates	30,652.24
Water Distribution Lines - Oak Forest	2,488.36
Water Distribution Lines - Smetana Forest	7,097.44
Total Nerro 3 Distribution Lines	55,315.69
Nerro 3 Water Systems	
Brazos Valley Water Systems	262,095.11
System Improvements-Benchley Oaks	14,392.68
System Improvements-Lakewood Estates	18,979.24
System Improvements-Oak Forest	8,699.20

	TOTAL
System Improvements-Smetana	17,951.66
Total Nerro 3 Water Systems	322,117.89
Nerro 4 Distribution Lines	
Water Distribution Lines - Apache Hills	4,716.34
Water Distribution Lines - Lakeview N Marshall	17,392.73
Water Distribution Lines - Little Oak Forest	5,022.87
Water Distribution Lines - Somerville	17,942.68
Total Nerro 4 Distribution Lines	45,074.62
Nerro 4 Water Systems	
System Improvements-Apache Hills	3,822.50
System Improvements-Somerville Place	12,178.46
Total Nerro 4 Water Systems	16,000.96
Nerro NW 1 Distribution Lines	
Water Distribution Lines - Hazy Hollow	7,135.18
Total Nerro NW 1 Distribution Lines	7,135.18
Nerro NW 1 Water Systems	
Northwest Water Systems	486,396.70
System Improvements-Hazy Hollow	22,427.87
Total Nerro NW 1 Water Systems	508,824.57
Nerro NW 2 Distribution Lines	
Water Distribution Lines - Shady Brook Acres	1,346.42
Water Distribution Lines - Spring Creek Valley	5,806.00
Water Distribution Lines - White Oak Valley	2,025.79
Total Nerro NW 2 Distribution Lines	9,178.21
Nerro NW 2 Water Systems	
System Improvements-Shady Brook Acres	9,711.88
System Improvements-Spring Creek Valley	3,232.07
System Improvements-White Oak Valley	7,075.08
Total Nerro NW 2 Water Systems	20,019.03
Wildwood Shores Water/Sewer System	
System Improvements-Wildwood	71,650.22
Water Distribution Lines - Wildwood	50,974.47
Wildwood Estates Sewer System	151,009.34
Wildwood Estates Site Improve.	4,605.75
Wildwood Estates Water System	139,687.00
Total Wildwood Shores Water/Sewer System	417,926.78
Total 1200 Depreciable Assets	4,011,583.76
Accumulated Depreciation	-731,665.68
Total Fixed Assets	\$4,425,066.94
Other Assets	
Intangible Assets	
Accumulated Amortization	-257,051.84
Goodwill & Customer Base	600,000.00
Loan Fees	2,771.00
Loan Fees-Post Oak Loan 2016 02	69,304.98
Loan Fees-Post Oak Loan 2016 03	40,230.64
Loan Fees-Post Oak Loan 2017 11	15,199.75
Total Intangible Assets	470,454.53

	TOTAL
Security Deposit	1,505.00
Total Other Assets	\$471,959.53
TOTAL ASSETS	\$5,641,907.64
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 Accounts Payable	53,874.92
Total Accounts Payable	\$53,874.92
Credit Cards	
Post Oak Bank-\$500k Nov 2017	497,895.30
Total Credit Cards	\$497,895.30
Other Current Liabilities	
Accrued Liabilities - Franchise Tax	2,755.48
Other Liabilities	100.00
Regulatory Assess-BVGCD	-854.72
Regulatory Assess-GRP Fees	-11,327.14
Regulatory Assess-TCEQ Payable	19,293.61
Water Deposits	36,380.19
Water Deposits - Northwest Water	3,524.74
Total Other Current Liabilities	\$49,872.16
Total Current Liabilities	\$601,642.38
Long-Term Liabilities	
Post Oak Bank-Line of Credit	223,330.09
Post Oak Bank-Nerro Loan	2,690,074.82
Post Oak Bank-NWW Loan	442,247.85
Total Long-Term Liabilities	\$3,355,652.76
Total Liabilities	\$3,957,295.14
Equity	
32000 Retained Earnings	-378,781.01
Members Equity	
30400 Member Equity-Blackswan	2,120,918.64
Total Members Equity	2,120,918.64
Net Income	-57,525.13
Total Equity	\$1,684,612.50
TOTAL LIABILITIES AND EQUITY	\$5,641,907.64

Nerro Supply, LLC

PROFIT AND LOSS

January - December 2017

	TOTAL
Income	
IOU Revenue (Nerro 1 & 2)	
Late Fees/Reconnect/Adjustments	21,681.56
Sewer Revenue - IOU	160,671.24
Tap Fee - IOU	9,950.00
Water Revenue - IOU	453,153.13
Total IOU Revenue (Nerro 1 & 2)	645,455.93
IOU Revenue (Nerro 3 & 4)	
Late Fees/Reconnect/Adjustments	13,566.95
POSGWD Water Fee	-240.48
Tap Fee - IOU	10,305.00
Water Revenue - IOU	330,060.51
Total IOU Revenue (Nerro 3 & 4)	353,691.98
IOU Revenue (Nerro NW 1&2)	
Late Fees/Reconnect/Adjustments	31,174.32
NHCRWA Pumpage Fee	-49,396.94
SJRA Pumpage Fee	-167,774.38
Water Revenue- IOU	887,824.01
Total IOU Revenue (Nerro NW 1&2)	701,827.01
KBR Facilities	
KBR Facility	144,864.00
KBR Facility-Parking Lot Rental	6,600.00
Total KBR Facilities	151,464.00
Wildwood Revenue	
Late Fees/Reconnect/Adj-Wildwood	8,694.37
Sewer Revenue - Wildwood	32,867.51
Tap Fees - Wildwood	15,400.00
Water Revenue - Wildwood	36,263.62
Wildwood Standby Fees	0.00
Total Wildwood Revenue	93,225.50
Total Income	\$1,945,664.42
Cost of Goods Sold	
50100 Operations	
Operations - KBR	44,679.00
Operations - Nerro 2	48,000.00
Operations - Wildwood	60,000.00
Total 50100 Operations	152,679.00
50200 Connection Charge	
Connections - Nerro 1	72,736.67
Connections - Nerro 2	80,450.47
Connections - Nerro 3	78,553.51
Connections - Nerro 4	74,975.93
Connections - NW 1	171,678.94
Connections - NW 2	111,596.52
Connections - Wildwood	36,249.75
Total 50200 Connection Charge	626,441.90
50300 Distribution	
Distribution - Nerro 1	3,014.09
Distribution - Nerro 2	420.67
Distribution - Nerro 3	275.00
Distribution - Nerro 4	143.20
Distribution - NW#1	2,366.65
Distribution - NW#2	569.28
Distribution - Wildwood	130.06
Total 50300 Distribution	6,818.95
50400 Repairs	
Repairs - KBR	77.75
Repairs - Nerro 1	29,776.53
Repairs - Nerro 2	26,515.87
Repairs - Nerro 3	34,287.30
Repairs - Nerro 4	15,910.72
Repairs - NW#1	40,621.14
Repairs - NW#2	24,953.46
Repairs - Wildwood	17,379.04
Total 50400 Repairs	189,521.81
50500 Maintenance	
Maintenance - KBR	26,227.72
Maintenance - Nerro 1	17,291.81
Maintenance - Nerro 2	22,969.20
Maintenance - Nerro 3	7,742.72
Maintenance - Nerro 4	8,869.88
Maintenance - NW#1	11,042.67
Maintenance - NW#2	15,467.70
Maintenance - Wildwood	17,798.61
Mowing	65,359.00
Total 50500 Maintenance	192,769.31
50700 Lab Fees	180.00
Lab Fees - KBR	13,200.00
Lab Fees - Nerro 1	6,543.12
Lab Fees - Nerro 2	14,626.22
Lab Fees - Nerro 3	6,072.53
Lab Fees - Nerro 4	7,299.21
Lab Fees - NW#1	2,430.85

	TOTAL
Lab Fees - NW#2	4,218.96
Lab Fees - Wildwood	6,998.70
Special Reporting	275.00
State Lab Fees	20,511.10
Total 50700 Lab Fees	82,355.00
50800 Chemicals	
Bleach	2,668.25
Chemicals - KBR	4,239.96
Chemicals - Nerro 1	6,304.95
Chemicals - Nerro 2	13,490.00
Chemicals - Nerro 3	10,561.99
Chemicals - Nerro 4	6,291.40
Chemicals - NW#1	4,870.34
Chemicals - NW#2	4,467.44
Chemicals - Wildwood	3,831.20
Chlorine	1,137.50
Polyphosphate	1,797.50
Total 50800 Chemicals	59,658.53
50900 Plant Utilities	
Plant Utilities - KBR	
KBR Plant Utilities	12,443.78
Total Plant Utilities - KBR	12,443.78
Plant Utilities - Nerro 1	
Allendale	1,914.27
Hillgreen	1,460.66
Loch Ness	1,871.57
River Club	3,051.40
Woodhaven	2,356.09
Total Plant Utilities - Nerro 1	10,653.99
Plant Utilities - Nerro 2	
Bayridge LS	3,345.31
Bayridge Water	1,524.87
Bayridge WWTP	10,279.22
Lost Lakes	927.35
Oaks at Houston LS	335.64
Oaks at Houston Water	3,804.37
Riverwood	5,603.78
Total Plant Utilities - Nerro 2	25,820.54
Plant Utilities - Nerro 3	
Benchley Oaks	5,486.87
Lakewood Estates	2,896.26
Oak Forest	2,277.89
Smantana Forest	1,810.32
Total Plant Utilities - Nerro 3	12,271.34
Plant Utilities - Nerro 4	
Apache Hills	2,129.33
Lakeview	2,047.23
Little Oak Forest	992.11
Somerville	1,591.88
Whispering Woods	927.10
Total Plant Utilities - Nerro 4	7,687.45
Plant Utilities - NW#1	
Hazy Hollow East Estates	23,737.58
Total Plant Utilities - NW#1	23,737.58
Plant Utilities - NW#2	
Shady Brook Acres	1,917.79
Spring Creek Valley Estates	8,793.07
White Oak Valley NW 2	7,836.35
Total Plant Utilities - NW#2	18,547.21
Plant Utilities - Wildwood	
Wildwood	11,269.00
Total Plant Utilities - Wildwood	11,269.00
Total 50900 Plant Utilities	122,490.89
51000 Property Taxes	
Property Taxes - Brazos Valley	1,893.41
Property Taxes - KBR	3,056.83
Property Taxes - Nerro 1 & 2	3,183.89
Property Taxes - NWW	17,445.26
Property Taxes - Wildwood	1,297.37
Total 51000 Property Taxes	26,876.76
51100 Water Fee	12,336.57
Permits and Licenses	17,864.57
Total 51100 Water Fee	30,201.14
Total Cost of Goods Sold	\$1,490,054.07
GROSS PROFIT	\$455,810.35
Expenses	
60400 Bank Service Charges	8,288.45
63300 Insurance Expense	10,163.78
64900 Office Expense	1,742.47
66700 Professional Fees	1,000.00
Accounting Fees	2,750.00
Total 66700 Professional Fees	3,750.00
66750 Property Taxes - Business Property	2,244.63
67200 Repairs and Maintenance	800.00
67250 Regulatory Violations	23,160.00
69000 Repair & Maintenance	
Facility Upgrades	0.00
Main Line Repairs	0.00

	TOTAL
Total 00000 Repair & Maintenance	0.00
Total Expenses	\$50,149.31
NET OPERATING INCOME	\$405,461.04
Other Income	
Other Miscellaneous Income	132.00
Upgrades & Main Line Repair - Contra	0.00
Wildwood Standby Fees - Contra	0.00
Total Other Income	\$132.00
Other Expenses	
Amortization Expense	50,184.72
Asset Management	98,904.00
Depreciation Expense	142,886.18
Interest Expense-Post Oak Bank	171,143.29
Total Other Expenses	\$463,118.17
NET OTHER INCOME	\$ -462,986.17
NET INCOME	\$ -57,525.13



WATER UTILITY TARIFF

Tariff Control Number: 46268

Nerro Supply Investors, LLC
(Utility Name)

718 Westscott Street
(Business Address)

Houston, Texas 77007
(City, State, Zip Code)

(281)355-1312
(Area Code/Telephone)

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

10336

This tariff is effective in the following counties:

Harris and Montgomery

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

None

This tariff is effective in the following subdivisions and public water systems:

See attached list.

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	4
SECTION 3.0 -- EXTENSION POLICY	11

APPENDIX A-- DROUGHT CONTINGENCY PLAN
APPENDIX B -- SAMPLE SERVICE AGREEMENT
APPENDIX C -- APPLICATION FOR SERVICE

LIST OF SUBDIVISIONS

SUBDIVISION	PWS ID NUMBER	COUNTY
Hazy Hollow East Estates	1700013	Montgomery
Shady Brook Acres	1700031	Montgomery
Spring Creek Valley Estates	1010213	Harris
White Oak Valley Estates	1700036	Montgomery

Hazy Hollow East Estates, White Oak Valley
Estates, Shady Brook Acres, Spring Creek Valley Estates

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Spring Creek Valley Estates (Harris County)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$37.16</u> (includes 1000 gallons)	<u>\$3.56</u> per 1,000 gallons over the minimum *Plus NHCRA Fee for <u>ALL</u> gallons used

*North Harris County Regional Water Authority Water Use Fee:\$2.19
per 1,000 gallons of water usage

Hazy Hollow East Estates, White Oak Valley Estates, Shady Brook Acres
(Montgomery County)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$36.71</u> (includes 1000 gallons)	<u>\$3.55</u> per 1,000 gallons over the minimum *PLUS LSGCD & SJRA fees for <u>ALL</u> gallons used

*Lone Star Groundwater Conservation District Water Use Fee:\$0.05
per 1,000 gallons of water usage

*San Jacinto River Authority Fee for Hazy Hollow East Estates and White Oak Valley Estates
only:\$2.94
per 1,000 gallons of water usage
(Tariff Control No. 46268)

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

Cash X, Check X, Money Order X, Credit Card _____, Other (specify) _____
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT
PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE
GIVEN FOR CASH PAYMENTS.

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

SECTION 1.0 – RATE SCHEDULE (Continued)

Section 1.02 - Miscellaneous Fees

TAP FEE N/A
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs) Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter) Actual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE \$25.00
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

RECONNECTION FEE
THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non payment of bill (Maximum \$25.00) \$25.00
b) Customer's request that service be disconnected N/A

TRANSFER FEE N/A
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) 10%
PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

Hazy Hollow East Estates, White Oak Valley
Estates, Shady Brook Acres, Spring Creek Valley Estates

SECTION 1.0 – RATE SCHEDULE (Continued)

RETURNED CHECK CHARGE\$25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE
UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES
AND WATER TESTING. [\$24.21(K)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

Pass Through Provision:

For Utilities subject to changes in costs imposed by any non-affiliated provider of purchased water or sewer or a groundwater conservation district having jurisdiction over the Utility, these increases (decreases) shall be passed through as an adjustment to the gallonage charge according to the formula:

$AG = G \pm B/(1-L)$, Where:

AG = adjusted gallonage charge, rounded to nearest one cent

G = approved gallonage charge, per 1,000 gallons

B = changed in fee (per 1,000 gallons)

L = water or sewer line loss for preceding 12 months, not to exceed 0.15 (15%);

$ABR = BR + (B \times N)/(1-L)$, Where:

ABR = adjusted base rate, rounded to nearest one cent;

B = approved gallonage charge, per 1,000 gallons;

N = no. of 1,000 gallons included in base rate (do not use zero);

L = water or sewer line loss for preceding 12 months, not to exceed 0.15
(15%)

ATTACHMENT E

City of Magnolia
18111 Buddy Riley Blvd
Magnolia, TX 77354

City of Stagecoach
16930 Boot Hill Rd
Stagecoach, TX
77355

Quadvest LP
PO Box 409
Tomball, TX 77377

H-M-W SUD
PO Box 837
Pinehurst, TX 77362

Pinehurst Decker Prairie
WSC PO Box 681005
Houston, TX 77268

T&W Water Service
PO Box 2927
Conroe, TX 77305

South Central Water Company
PO Box 570177
Houston, TX 77257

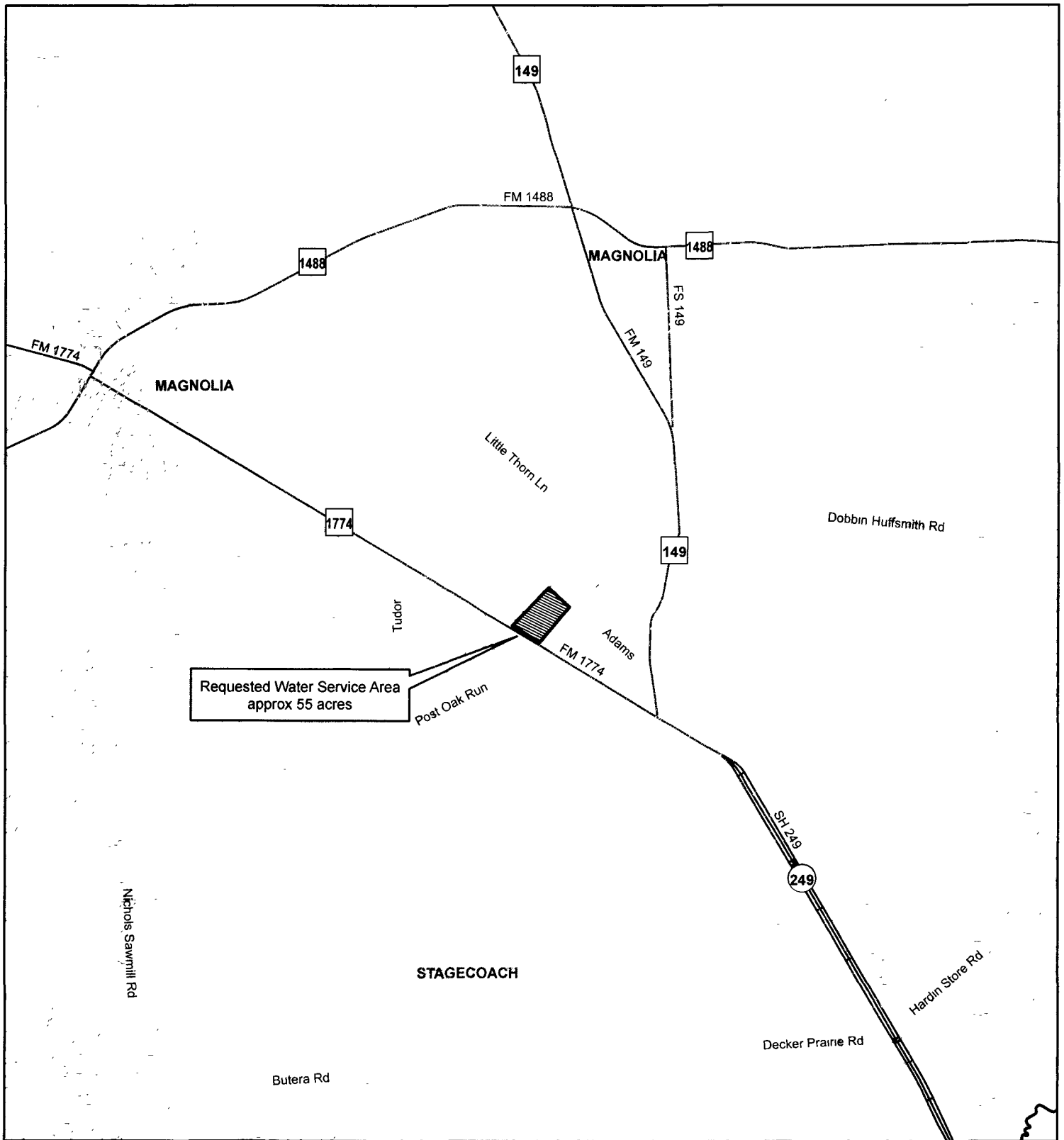
Johnston Water Utility LLC
14708 Olin Rd
Tomball, TX 77377

San Jacinto River
Authority PO Box 329
Conroe, TX 77305

Lone Star Groundwater Conservation
District 655 Conroe Park North Dr.
Conroe, TX 77303

Montgomery County Judge Craig
Doyal 501 North Thompson
Conroe, TX 77301

Maps



General Location

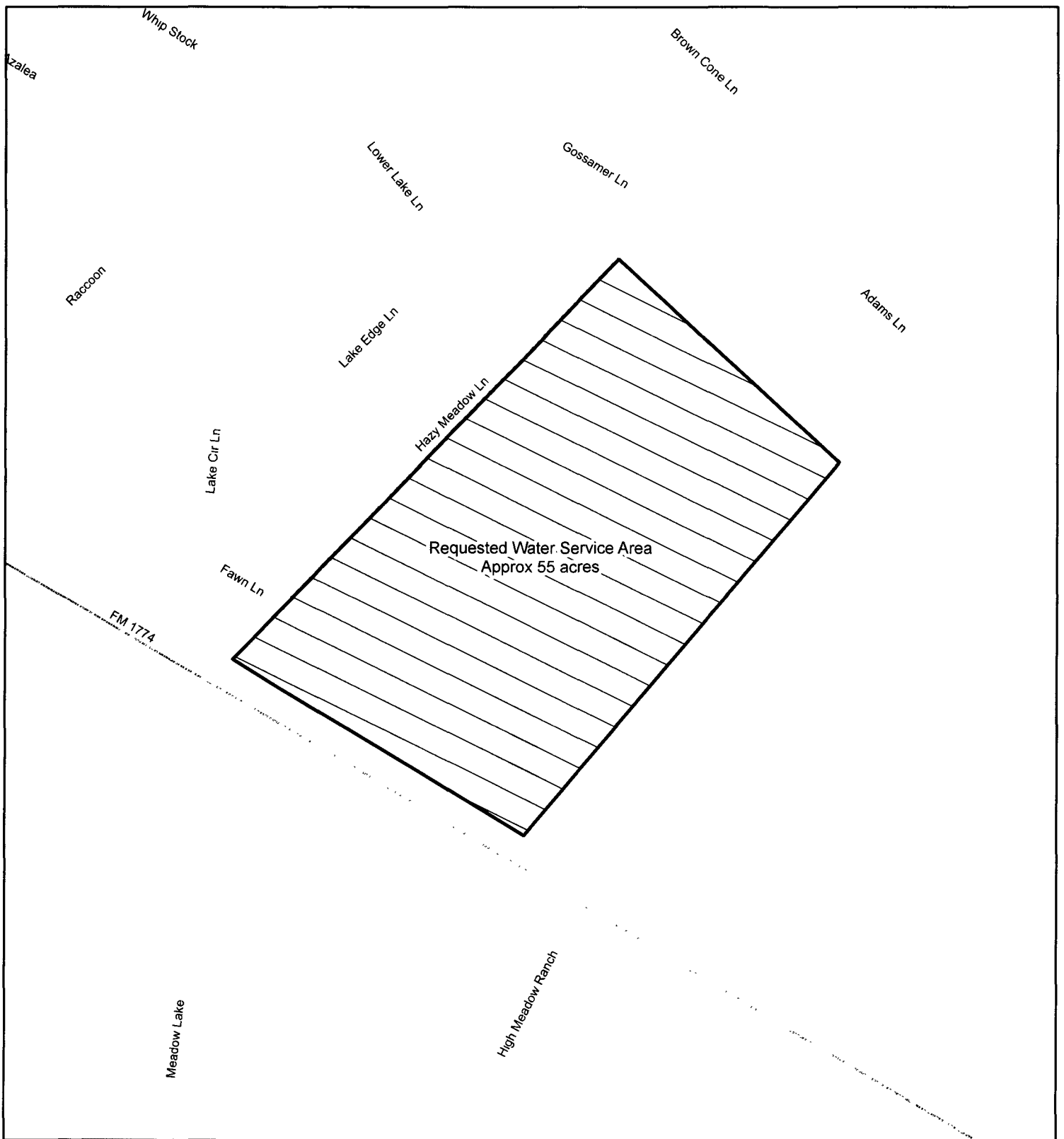
Nerro Supply Investors LLC
Application to Amend Water CCN No. 10336
in Montgomery County



Requested Water Service Area - approx 55 acres

0 0.5 1
 Miles

Map by S Burt, ASBGI
 Date, March 29, 2018
 Base, TxDOT Roadways 2015, MCAD City
 Project, Nerro General Location



Large Scale Map

Nerro Supply Investors LLC
Application to Amend Water CCN No. 10336
in Montgomery County



0 250 500
Feet



Requested Water Service Area - approx 55 acres

Map by: S Burt, ASBGI
Date: March 29, 2018
Base: TxDOT Roadways 2015
Project: Nerro Large Scale



Large Scale on Imagery
Nerro Supply Investors LLC
Application to Amend Water CCN No. 10336
in Montgomery County

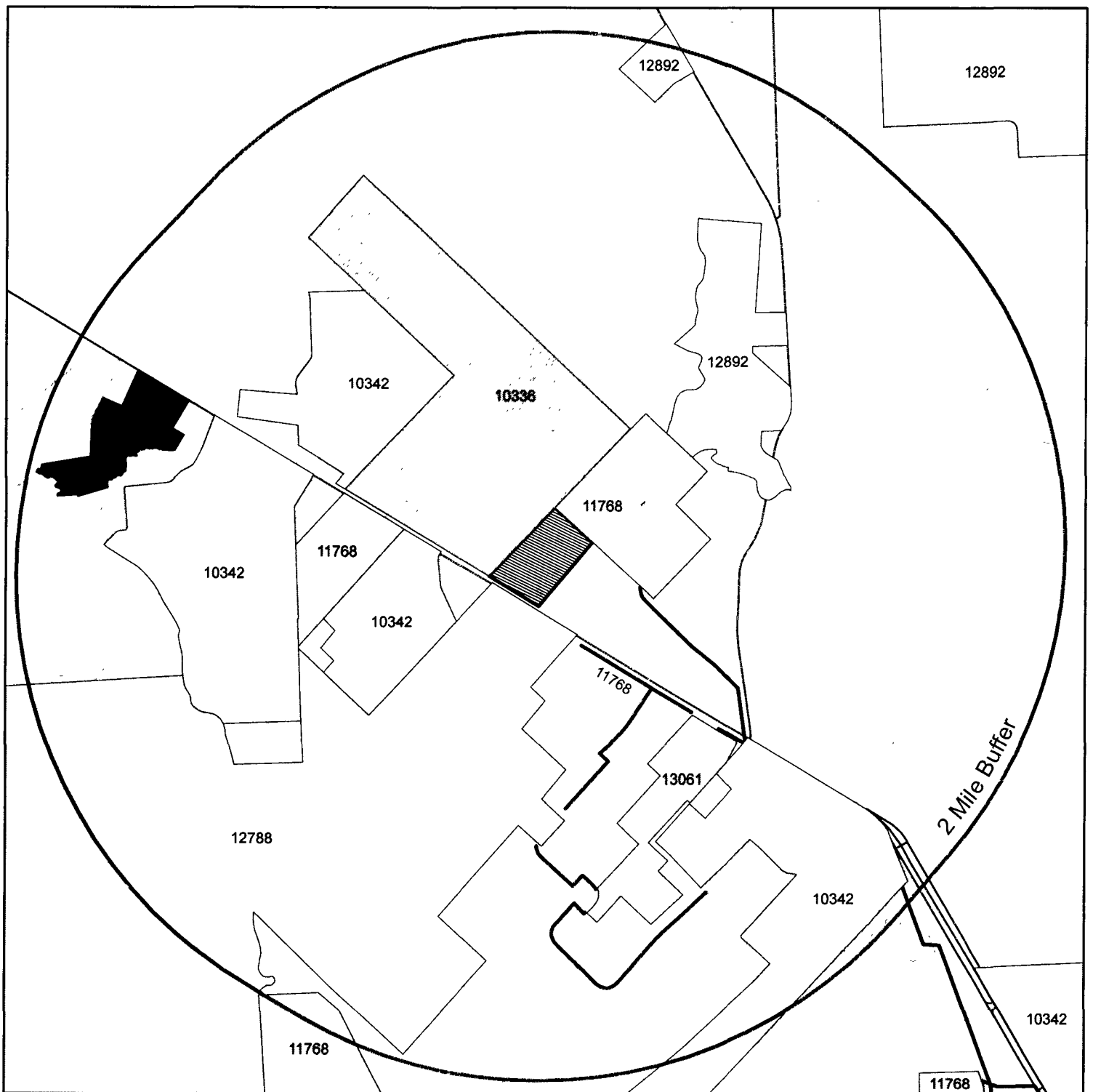


0 175 350
 Feet



Requested Water Service Area - approx 55 acres









Map by: S Burt, ASBG
 Date: March 29, 2018
 Base: ESRI World Imagery
 Project: Nerro Large Scale on Imagery





2 Mile Buffer with Water CCNs

Nerro Supply Investors LLC
Application to Amend Water CCN No. 10336
in Montgomery County

Water CCNs

-  10336 - Nerro Supply Investors LLC
-  10342 - H-M-W SUD
-  11612 - Quadvest LP
-  11768 - Pinehurst Decker Prairie WSC
-  12788 - Johnston Water Utility LLC
-  12892 - T&W Water Service
-  13061 - South Central Water Co
-  11768 - Pinehurst Decker Prairie WSC

-  Requested Water Service Area
-  2 Mile Buffer



0 0.5 1 Miles

Map by: S Burt, ASBGi
Date: March 29, 2018
Base: TxDOT Roadways 2015
Project: Nerro 2 Mile Buffer with CCNs