



Control Number: 48296



Item Number: 1

Addendum StartPage: 0



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

Pursuant to Chapter 13.251 of the Texas Water Code

2018 APR 18 PM 2:54

FILED CLERK

Docket Number: **48296**

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

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

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

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

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

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Part A – General Information

*RN# **RN101261147** *CN# **CN600693485** * (PRIOR TCEQ ID numbers)

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

<input type="checkbox"/> Sale of	<input type="checkbox"/> All	<input checked="" type="checkbox"/> Portion	of the	<input checked="" type="checkbox"/> Water system(s) under CCN No.:	12100
<input checked="" type="checkbox"/> Acquisition				<input type="checkbox"/> Sewer system(s) under CCN No.:	
<input type="checkbox"/> Lease/Rental					

<input checked="" type="checkbox"/> Transfer of	<input checked="" type="checkbox"/> All	<input type="checkbox"/> Portion	of the	<input checked="" type="checkbox"/> Certificated water service area – CCN No.:	12100
				<input type="checkbox"/> Certificated sewer service area – CCN No.:	

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

Applicant is purchasing all of the certificated water service area under CCN No. 12100 but is only purchasing a portion of the existing water system; refer to the acquisition contract included as Attachment 1 hereto for details.

and to:

<input type="checkbox"/> Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN	
<input checked="" type="checkbox"/> Amend the transferee's CCN No.:	Nueces Water Supply Corporation CCN #11948
<input type="checkbox"/> Merge or consolidate public utilities	
<input checked="" type="checkbox"/> Cancel CCN of the transferor (seller)	Cyndie Park 2 Water Supply Corporation CCN #12100

2. Proposed effective date of this transaction: within 30 days after PUC approval
(Must be at least 120 days after proper notice is provided)

Part B – Current Service Provider or Seller Information

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

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

A. Name: **Cyndie Park 2 Water Supply Corporation PWS#1780050**
(Individual, Corporation or Other Legal Entity)

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

B. Utility Name (if different than above):
Address: **4623 Cindy Lane, Robstown, Texas 78380** Telephone: (AC)

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

Name: **Roxanna Hunt Sandoval** Title: **Nueces County Grant Adm.**
Address: **901 Leopard, Rm 501, Corpus Christi, Tx 78401** Telephone: (AC) **(361) 888-0225**

PUCT Sale Merger Transfer (Previous TCEQ Form 10516)

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Fax:

Email:

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

A. What was the effective date of the last rate increase?

6/27/2016

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

☒ No ☐ Yes- Application/Docket Number: Date

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

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit
To NWSC's knowledge there are none. This is based on conversations with the current Board President, Diana Leyba.			

Part C – Purchaser or Transferee Information

☛ Questions 6 through 16 refer to the transferee or purchaser.

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

Applicant:

(Individual, Corporation, or Other Legal Entity)

Utility Name:

(If different than above)

Utility Address:

Fax:

Email:

Telephone (AC):

CCN Numbers held prior to the filing of this application:

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

☐ Individual

☐ Home or Property Owners Association

☐ Partnership; attach copy of partnership agreement

☐ Corporation; provide charter number as recorded with the Office of the Secretary of State for

Texas:

☒ Non-profit, member owned, member-controlled Cooperative Corporation (Article 1434(a) Water Sewer Service Corporation); provide charter number: 651348

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

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

Name:	N/A	Email	
Address			
Telephone (AC):		Fax (AC):	

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

•Name:	Alice J. Black	Telephone (AC):	(361) 584-3360
Address:	P.O. Box 71, Bishop, Texas 78343		
Position:	NWSC Board President	Ownership % (if applicable):	0.00%

•Name:	Mike Benton	Telephone (AC):	(361) 584-3310
Address:	688 CR 85, Bishop, Texas 78343		
Position:	NWSC Board Vice-President	Ownership % (if applicable):	0.00%

•Name:	Ruth Ann Smith	Telephone (AC):	(361) 675-0725
Address:	4951 CR 6, Bishop, Texas 78343		
Position:	NWSC Board Secretary/Treasurer	Ownership % (if applicable):	0.00%

•Name:	Donald Lundmark	Telephone (AC):	(361) 584-2475
Address:	666 CR 81A, Bishop, Texas 78343		
Position:	NWSC Board Member	Ownership % (if applicable):	0.00%

•Name:	Sherry Zimmerman	Telephone (AC):	(361) 688-0323
Address:	6117 FM 70, Bishop, Texas 78343		
Position:	NWSC Board Member	Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

- Attach additional sheet(s) if necessary -

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

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

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

* See Attachment 2

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

Name:	Carola G. Serrato	Title:	Nueces WSC Gen Manager
Address:	P.O. Box 415, Kingsville, Texas 78364	Telephone (AC):	(361) 592-1720
Fax #	(361) 592-5965	Email	mcserrato@stwa.org
Relationship to the applicant:	Nueces WSC General Manager		

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

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

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

See Attachment 3.

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

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

See Attachment 4.

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

See Attachment 5.

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

See Attachment 6.

E. How will the transaction serve the public interest?

See Attachment 7.

12. Please describe the nature of the proposed transaction:

See Attachment 8.

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

A.

• Total Purchase Price: N/A

• Total Original Cost (as recorded on books of seller or merging entity):

N/A

• Accumulated Depreciation as of the proposed effective date of the transaction:

N/A

• Contributions in Aid of Construction:

- Specific surcharges approved by TCEQ or PUC:

N/A

- Revenues from explicit customer agreements:

N/A

- Developer Contributions (please explain):

N/A

- Other Contributions (please explain):

N/A

Total Contributions in Aid of Construction

N/A

• Net Book Value: N/A

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

Application/Docket Number: Date:

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

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

[attach additional sheet(s) if necessary]:

N/A

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

Utility Plant in Service:	<input type="text" value="N/A"/>
Plant Acquisition Adjustment:	<input type="text" value="N/A"/>
Extraordinary Loss on Purchase:	<input type="text" value="N/A"/>
Accumulated Depreciation of Plant:	<input type="text" value="N/A"/>
Cash:	<input type="text" value="N/A"/>
Notes Payable:	<input type="text" value="N/A"/>
Mortgage Payable:	<input type="text" value="N/A"/>
Others (please list):	<input type="text" value="N/A"/>

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

Purchaser's Initials: Date:

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

<input type="checkbox"/>	All the customers will be charged the same rates as they were charged before the transaction.
<input type="checkbox"/>	Some
<input checked="" type="checkbox"/>	All customers will be charged different rates than they were charged before the transaction.

If rates are changing, please explain:

See Attachment 9.

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

☐ Other. Please explain:

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

There are no other neighboring active water utilities providing the same service within two (2) miles of the area affected by the proposed transaction.

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

* Nueces WSC's historic spreadsheets and audits for 2014 through 2017 included as Attachment 10 hereto are being provided in lieu of completion of the following 7 pages of charts entitled "Part D - Historical Financial Information" and "Part E - Projected Information."

Part D – Historical Financial Information

HISTORICAL BALANCE SHEETS	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash						
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						
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 EXPENSE DETAIL	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						
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						

Part E – Projected Information

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						
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 EXPENSE DETAIL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
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						

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						
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						

Part F – TCEQ Public Water or Sewer System Information

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

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

1	7	8	0	0	5	0
---	---	---	---	---	---	---

Date of last inspection:

10-16-2014

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q

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--	--	--

 -Name of Permittee:

--

 -Date of application to transfer Discharge Permit submitted:

--

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

--

18. A. Are any improvements required to meet TCEQ or PUC standards?

<input checked="" type="checkbox"/>

 Yes

<input type="checkbox"/>

 No. If yes, please explain:

See Attachment 11.

B. Is there a moratorium on new connections?

<input type="checkbox"/>

 Yes

<input checked="" type="checkbox"/>

 No. If yes, please explain:

--

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

Description of the Required Improvement	Schedule to Complete	Estimated Cost
As explained previously, all required major capital improvements will be in place prior to NWSC's acceptance of CP2WSC's CCN. Details of the projects are included in the budget provided by the Texas Water Development Board, which is included under Attachment 5 hereto.		

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries?

<input type="checkbox"/>

 Yes

<input checked="" type="checkbox"/>

 No

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

Water Sewer

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

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

• Source: % of total supply:

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

Water		Sewer	
<input type="text" value="0"/>	-Non Metered	<input type="text" value="0"/>	-2"meter
<input type="text" value="18"/>	-5/8" or 3/4" meter	<input type="text" value="0"/>	-3" meter
<input type="text" value="0"/>	-1" meter	<input type="text" value="0"/>	-4" meter
<input type="text" value="0"/>	-1 1/2" meter	<input type="text" value="0"/>	-Other
Total Water Connections:		<input type="text" value="18"/>	Total Sewer Connections
			<input type="text" value="0"/>

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

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

Name	Class	License#
Carola Serrato	A - Water	WO 0007757
Jacob Hinojosa	B - Water Distribution	WD 0012386
Dony Cantu	C - Water Distribution	WD 0012618
Patrick Sendejo	D - Water Distribution	WO 0037193
Nigel Gomez	D - Water Distribution	WO 0038226

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

* See Attachment 12

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

Part G – Oaths and Notices

OATH FOR SELLER OR FORMER SERVICE PROVIDER

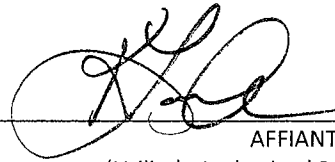
STATE OF Texas

COUNTY OF Nueces

I, Crystal Lamb, being duly sworn, file this application for
sale, lease, rental or merger or consolidation as Cyndie Park 2 WSC Board Member

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

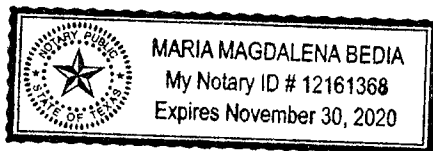
I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(j) and copies of any outstanding Orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas, or Attorney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


AFFIANT
(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this
day 13th of April, 20 18.

SEAL





NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Maria M. Bedia

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

11/30/2020

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

OATH FOR PURCHASER OR ACQUIRING ENTITY


STATE OF Texas

COUNTY OF Nueces

I, Alice J. Black, being duly sworn, file this application for

sale, lease, rental or merger or consolidation as Nueces WSC Board 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 documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

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



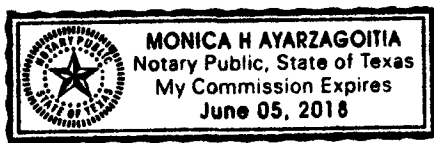
AFFIANT
(Utility's Authorized Representative)


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

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this
day 13th of April, 20 18.

SEAL





NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Monica H. Ayarzagoitia

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

6/5/18

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

FORM A

Docket No. _____

Notice to Current Customers, Neighboring Systems and Cities

Cyndie Park 2 Water Supply Corporation 'S
(Seller's or Transferor's Name)

**NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND
NECESSITY (CCN) NO**

12100

TO

Nueces Water Supply Corporation

(Purchaser's or Transferee's Name)

IN Nueces COUNTY, TEXAS

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

(Address)

City State Zip

Cyndie Park Water Supply Corporation 4623 Cindy Lane Robstown, Texas 78380
Sellers or Transferors' Name Address City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell facilities and transfer
water or sewer (please select) CCN No. 12100 in Nueces [County Name]

County to:

Nueces Water Supply Corporation P.O. Box 415 Kingsville, Texas 78364
Purchasers or Transferee's Name Address City/State/Zip Code

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

Cyndie Park 2 Subdivision

The area subject to this transaction is located approximately 13 miles Northwest [direction] of
downtown Robstown, [City or Town] Texas, and is **generally** bounded on the north by

FM 1833; on the east by Cyndie Park Subdivision property line

; on the south by CR 48; and on the west by Ranch Road

The total area being requested includes approximately 30.2 acres and serves 18 current customers.

This transaction will have the following effect on the current customer's rates and services:

This transaction will result in becoming a Nueces WSC member which means being charged Nueces WSC fees/rates and receiving the same quality of water. Your service will be subject to the rules of Nueces WSC's Tariff.

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

To request a hearing, you must:

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

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

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

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

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

Carola G. Serrato, General Manager

Utility Representative

Nueces Water Supply Corporation

Utility Name

NUECES WATER SUPPLY CORPORATION
P.O. BOX 415
KINGSVILLE, TEXAS 78364

ATTACHMENT 1

QUESTION 1

Enclosed is the fully-executed Contract for Acquisition by Nueces Water Supply Corporation of Certain Water Utility Assets of Cyndie Park 2 Water Supply Corporation Located within and Serving that Certain Subdivision Known as and Referred to as Cyndie Park 2.

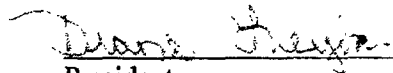
**RESOLUTION APPROVING CONTRACT FOR ACQUISITION
BY NUECES WATER SUPPLY CORPORATION OF CERTAIN WATER
UTILITY ASSETS OF CYNDIE PARK 2 WATER SUPPLY CORPORATION
LOCATED WITHIN AND SERVING THAT CERTAIN SUBDIVISION
KNOWN AS AND REFERRED TO AS CYNDIE PARK 2**

STATE OF TEXAS §
 §
COUNTY OF NUECES §

WHEREAS, the Board of Directors of the Cyndie Park 2 Water Supply Corporation (the "Corporation") wishes to enter into that certain Contract for Acquisition by Nueces Water Supply Corporation of Certain Water Utility Assets of Cyndie Park 2 Water Supply Corporation Located within and Serving that Certain Subdivision Known as and Referred to as Cyndie Park 2, a copy of which is attached hereto (the "Contract").

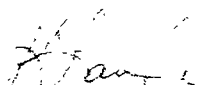
NOW, THEREFORE, BE IT RESOLVED that the Corporation hereby approves the Contract, and the President of the Corporation is hereby authorized and directed to execute the Contract on behalf of and as act of the Corporation.

Duly adopted this the 13th day of February, 2018.



President

ATTEST:



Secretary/Vice President

STATE OF TEXAS §

COUNTY OF NUECES §

KNOW ALL BY THESE PRESENTS:

- A. Ratification. The acceptance and signing of this contract by representatives of the parties is subject to ratification and approval by the board of directors of Purchaser and by the board of directors on behalf of Seller. Within ten (10) calendar days from the execution of this contract, Seller will deliver to Purchaser written evidence of ratification of this contract by the entity or person identified above, unless ratification is required by a board of directors, in which event ratification will be considered at the next scheduled meeting of the board of directors. After Purchaser receives evidence of ratification of the contract, Purchaser will cause ratification of this contract to be considered by its board of directors at the next regularly scheduled board meeting. Absent timely ratification of this contract by both parties within sixty (60) calendar days of signing this contract, this contract shall terminate and be of no force or effect. Purchaser represents to Seller that Purchaser's board of directors has the lawful authority to ratify and approve the contract on behalf of Purchaser.

Seller represents to Purchaser that the board of directors holds full legal authority to ratify this contract on behalf of Seller and to fully obligate Seller under this contract.

- B. The obligation of Seller to transfer the above-described assets to Purchaser and for Purchaser to acquire those assets is subject to approval of the transfer by the PUC. Seller and Purchaser will file the required notices and applications with the PUC to obtain PUC approval in accordance with Chapter 13, Texas Water Code. If the transaction is not approved by law, or if the PUC does not approve the transaction within one (1) year of the date hereof, then this Agreement shall be terminated and of no legal effect.
2. PROPERTY TO BE CONVEYED BY SELLER. Subject to the conditions described in Section 1, above, Seller shall sell, deed, grant, assign and convey to Purchaser all the assets, real and personal, owned by Seller, described as follows (the "Assets" or "assets"):
- A. The water utility system to be conveyed shall include only the easements, right-of-way, facilities and equipment under the ownership and control of the Seller which are used exclusively for providing services to Cyndie Park 2 which are described on the attached Exhibit "A."
 - B. In addition, the assets shall include the files and records, including but not limited to water system plans, drawings, and maps, all known correspondence with and reports from any regulatory agencies associated with the water utility system, utility tariffs, lab reports, meter testing reports, and all customer billing records complete for future reference by Purchaser. Records containing proprietary business information of Seller are excluded from the assets.
 - C. The assets to be sold, assigned, or transferred shall not include the Seller's rights under water utility CCN No. 12100 to provide water utility service within Cyndie Park 2 and do not include the well, the well site and land on which the well is located or any treatment or filtration equipment used to treat water from the well. However, Seller agrees to cancellation of its CCN No. 12100 and agrees to support Purchaser's amendment of its CCN No. 11948 to include Cyndie Park 2.
 - D. As part of this Agreement and subject to PUC approval, Seller agrees that, as between Seller and Purchaser, Purchaser shall have the exclusive right to provide retail water service within Cyndie Park 2.
 - E. All of the accounts receivable due to Seller as of the date of Closing.
3. CONVEYANCE DOCUMENTS AND UCC NOTICES. Seller will assign to Purchaser all of its rights, titles, and interest (express or created at law) to all

right-of-way, and easements for all water utility facilities. Seller will convey to Purchaser by recordable bill of sale and such other transfer documents as may be required by law the water utility facilities owned and operated by Seller within Cyndie Park 2 and listed on the attached Exhibit "A." All such documents required herein shall be prepared by Purchaser, at its expense, subject to review by counsel for Seller before closing. Seller shall not unreasonably withhold expedited review and approval. Purchaser shall pay all filing fees related to the conveyance of title to such utility system assets.

4. **ASSET SALE. This is an asset sale only. Seller authorizes Purchaser to prepare and send notice of its proposed sale to its respective creditors, if any, as may be required by the Texas Business and Commerce Code.**
5. **CONSIDERATION PAID BY PURCHASER.**
 - A. In consideration of the sale and transfer of assets by Seller to Purchaser and the representations, warranties, and covenants of Seller set forth in this contract, Purchaser agrees to pay Seller at Closing a total of Ten Dollars (\$10.00) for the Assets.
 - B. In addition to the purchase price specified above, Purchaser will pay out-of-pocket expenses for the following relating to the sale:
 - (i) Preparation and filing of the application to obtain PUC approval (Seller will pay cost of notice to its members and for publication notice);
 - (ii) Preparation of the bill of sale, and assignment; and
 - (iii) The fees and costs of the closing, including the fees of the closing agent, if any.
6. **PAYMENT OF AD VALOREM TAXES.** Seller shall pay all delinquent taxes, if any, on the assets being sold. Seller shall pay all ad valorem taxes, if any, for the tax year during which closing occurs pro-rated to the date of closing based upon the preceding year's ad valorem tax assessments which shall be deemed conclusive evidence of that tax year's tax obligations.
7. **TRANSFER OF CONTROL AT CLOSING.** Transfer of the management and control of the water system being sold from Seller to Purchaser shall occur on the date of closing as defined herein. Prior to the date of closing, Seller shall continue to operate, maintain, repair, and improve the system in the usual course of business and in compliance with federal and state regulatory requirements. Seller will not incur debt secured by the system or revenue from the system or take other actions that will affect the value of the system without prior approval by Purchaser.

To insure that service to existing customers remains constant and uninterrupted, Purchaser shall set up electric utility accounts in its own name with electric service supplier to be effective on the date of closing. Any transfer fees or other costs associated with this change in electric utility service shall be paid by Purchaser.

In addition, Seller shall read, jointly with Purchaser, prior to the day of closing, the water meters of all customers within the service area being conveyed by Seller to Purchaser and submit such final readings to Purchaser before or by the closing. Purchaser shall use such readings as the initial reading for use in preparing its first bills to the customers of the purchased water system and Purchaser shall receive and retain all payments received from customers after the date of Closing.

8. **COSTS OF REPRESENTATIVES AND AGENTS.** Each party shall bear all of the costs of attorneys, consultants, and engineers retained by and under their respective control with this transaction and the regulatory applications arising therefrom, except as specified in Section 5(B).
9. **CUSTOMER ACCOUNTS TO PURCHASER.** At closing, Seller shall transfer all customer deposits and membership fees, if any, with statutory interest, if any, to Purchaser. A list of all current customers, including delinquent, unserved, inactive or disputed or unauthorized meters, shall be delivered to Purchaser not later than thirty (30) days after execution of this contract. Upon closing, all customers of Seller shall become customers of Purchaser. Copies of the closing statements, customer deposit lists, final billings, and notices of unauthorized meters shall be filed with the PUC at the time of closing.
10. **PURCHASER'S FUTURE WATER UTILITY SERVICE OBLIGATION.** Upon closing, Purchaser shall be responsible for all operations, maintenance, construction, improvements, etc., related to the provision of water utility service to Cyndie Park 2 pursuant to the Agreement under the regulations and standards of the Texas Commission on Environmental Quality ("TCEQ") and the PUC.
11. **REPRESENTATIONS AND AGREEMENTS OF SELLER.** THE SELLER HEREBY WARRANTS AND REPRESENTS TO PURCHASER THE MATTERS CONTAINED IN THE FOLLOWING SUBPARAGRAPHS AND AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS PURCHASER FROM ANY LOSS OR LIABILITY RESULTING THEREFROM. SAID REPRESENTATIONS, WARRANTIES AND INDEMNITIES SHALL SURVIVE CLOSING.
 - A. *Title to the assets.* At Closing, Seller is the sole legal owner of the assets. The assets are not now subject to any written or oral lease, option, or agreement of sale, claim or legal proceedings. To the best of the Seller's knowledge, there are no parties claiming adverse possession of the assets.

- B. *Authority.* Seller has the full power and authority to execute, deliver and perform this Agreement and all agreements and documents referred to in this Agreement. There are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under other debtor relief laws contemplated by, pending, or to the best of Seller's knowledge, threatened against Seller.
- C. *Assessments.* There are no special assessments of any kind presently pending against the assets and Seller has not received any notice of any special assessments being contemplated.
- D. *Non-foreign status.* To inform Purchaser that withholding of tax is not required under Section 1445 of the Internal Revenue Code and under penalties of perjury, the Seller hereby certifies that the Seller is not a non-resident alien or a foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined for purposes of federal income tax law and that the Seller's social security number/federal taxpayer identification number is as set out below. The Seller understands that this certification may be disclosed to the Internal Revenue Service and that false statement made could be punished by fines, imprisonment or both.
- E. *Free and Clear Title.* On the closing date, the assets will be free and clear of all mechanic's and materialman's liens and other liens and encumbrances of any nature, and no work or materials will have been furnished to the assets that might give rise to mechanic's or materialman's liens or other liens against the assets other than work or materials to which Purchaser has given its consent.
- F. *Condition of Assets.* On the date of transfer, all property to be sold and transferred will be in as good a condition as the same was on the date of execution of this contract, reasonable wear and tear alone excepted.
- G. *No Contract.* Seller is not a party to or bound by any franchise agreements, licensing agreement, or any other contractual limitation upon its right to conduct business except Seller's lawful obligation created by the Texas Water Code to provide continuous and adequate utility service to existing water service customers under the rules and regulations of the PUC.
- H. *No Litigation.* As of the date of execution of this contract, only the following litigation is pending or, to the Seller's best knowledge, threatened against the Seller in any way related to the water system to be conveyed by Seller to Purchaser, nor has the Seller filed any lawsuits related to the water system in any way, and Seller shall immediately notify Purchaser if any such event occurs prior to closing:

1. _____

2. _____

(Insert description of any pending litigation or claim.)

- I. *No NOVs.* As of the date of execution of this contract, only the following notices of violation, administrative order, or other administrative directors are pending or, to the Seller's best knowledge, threatened against the Seller in any way related to the water system to be conveyed by Seller to Purchaser and Seller shall immediately notify Purchaser if any such event occurs prior to closing:

By executing and delivering the Deed, if any, and Bill of Sale, Seller shall be deemed to have made the foregoing representations and warranties as of the date of closing.

12. REPRESENTATIONS AND AGREEMENTS OF PURCHASER. Purchaser hereby represents and agrees Purchaser will close this purchase under the terms here set forth and perform as required.
13. TIMING OF CLOSING CONTROLLED BY PUC PROCESSING. The date of closing shall be controlled by the PUC approval of transfer of the water system and cancellation and amendment of the related CCNs. PUC authorization shall be deemed to have been received when issued. The date of closing shall be the earliest practical date occurring after approval has been given by PUC which is mutually agreeable to Purchaser and the Seller, but in no event later than thirty (30) days after such approval has been given.
14. ADDITIONAL COVENANTS AND AGREEMENTS. The following additional covenants and agreements shall be incorporated into this contract:
- A. Seller shall afford Purchaser and its agents, representatives, employees and/or agents an ongoing and continuous right to inspect the books, records, and properties of Seller relating to the property being sold at reasonably convenient times during regular business hours of the Seller. Such inspection shall be made and conducted with the least possible interference with Seller's conduct of its business and such right shall continue from execution of the contract through date of actual transfer and closing.

- B. To the extent here provided, all of the terms, representations, and covenants herein set forth are continuing terms, representations, and warranties and shall survive the date of closing. The Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.
 - C. This contract shall be filed with the PUC.
 - D. At the closing, Seller shall (i) execute and deliver to Purchaser a Bill of Sale, conveying to Purchaser good and indefeasible title to the assets described on Exhibit "A"; (ii) deliver to Purchaser such evidence of authority to close this Agreement as Purchaser reasonably requests; (iii) deliver possession of the assets described on Exhibit "A" to Purchaser; (iv) deliver to Purchaser an affidavit certifying that Seller is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code; and (v) execute and deliver to Purchaser such other documents that may be reasonably required by Purchaser to consummate the transactions contemplated hereby. These documents shall be prepared at the expense of the Seller. At closing, Purchaser shall deliver to Seller the Purchase Price.
 - E. Seller represents that it has not engaged the services of a real estate broker in the sale or purchase, respectively, of this property, and agrees to indemnify Purchaser from all such claims or liabilities resulting therefrom. This clause shall survive the closing of this transaction.
15. PERFORMANCE IS MATERIAL TO AGREEMENT. The parties acknowledge herein that full and faithful performance of all provisions of this Agreement are material to each respective party and their willingness to be bound by the same. Accordingly, the parties agree that the principal, but not exclusive, remedy for any breach hereunder shall be the right to judicially-ordered specific performance.
16. VENUE. Venue over any causes or controversies arising under or from this contract shall be in the courts of competent jurisdiction of Nueces County, Texas, and shall be subject to and interpreted by the laws of the State of Texas. The prevailing party to any enforcement suit under this Agreement shall be entitled to recover reasonable and necessary attorney fees, litigation costs, and assessed costs of court.
17. NO ORAL AGREEMENT; THIS IS THE COMPLETE AGREEMENT. This written contract contains the complete agreement of the parties concerning this purchase. This written contract supersedes and replaces any other agreements heretofore executed by the parties. No other representations or agreements of the parties, expressed or implied, shall be in force and effect unless the same are reduced to writing as an identified addendum or modification to this Agreement

and signed by the parties affected by such changes. There shall be no other offers of sale or conveyance or transfer by Seller to any other party.

18. ADDRESSES. The official addresses of the parties for purposes of notices, correspondence or other matters arising here from shall be the following until written notice to the other parties of any change:

SELLER:

Cyndie Park 2 Water Supply Corporation
4623 Cindy Lane
Robstown, Texas 78380

PURCHASER:

Nueces Water Supply Corporation
P O Box 415
Kingsville, Texas 78364

19. MULTIPLE COPIES. The parties acknowledge that this contract shall be executed in multiple copies, in one or more counterparts, each of which shall be deemed to be an original document, but all when taken together shall constitute but one and the same instrument.
20. PUC APPROVAL. PUC requires one hundred twenty (120) days advance notice of a sale or merger in order to determine that the transaction "will serve the public interest." Within thirty (30) calendar days from signing this contract, Seller shall complete Seller's portion of the PUC application for sale, transfer or merger requesting authorization to sell the assets and cancel its CCN to the Purchaser, or any alternative or additional documents that may be required by the PUC. Purchaser shall complete its portion of the application within ten (10) calendar days after receipt from Seller and shall file the application with the PUC, together with all of the required copies, attachments, maps and exhibits, and pay all of the required filing fees. Seller shall issue notice of the application as required by the PUC. Seller and Purchaser shall each cooperate with each other and with the PUC with any information that it may request as part of its review of the application. If Seller does not timely complete its portion of the application or issue notice of the application, Purchaser may complete and file the application and issue notice on behalf of Seller.
21. CUSTOMER CONTRIBUTIONS/NEGATIVE VALUE STATUS. Seller shall provide disclosure statements as may be required by the PUC pursuant to Texas Water Code § 13.301(j), if any. Purchaser shall not purchase nor pay for any customer accounts or equitable interests.

22. SPECIAL CONDITIONS.

- A. Seller shall transfer the deposits and membership fees held by Seller to Purchaser at closing and upon such transfer, the customers of Seller shall become customers of Purchaser, with the same rights and privileges as Purchaser's existing customers. No deposits, or portion thereof, will be transferred to any customer of Seller as a result of the sale.
- B. Purchaser will not require Seller's customers in good standing to pay an additional deposit or membership fee as a condition to continuing to obtain service from Purchaser after closing provided Purchaser received a membership fee and/or deposit from Seller for such account. Otherwise, customers will be required to pay membership fees and/or deposits in accordance with Purchaser's tariff. This requirement does not apply to any customer who is delinquent in paying for service.

23. INTERPRETATION. If any section, subsection, sentence, clause, or phrase of this contract is for any reason held illegal, unenforceable, or void, such decision shall not affect the validity of the remaining sections of this contract. The Parties hereby declare that they would have approved this contract, and each section, subsection, clause, or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared illegal, unenforceable, or void; and provided further that the parties shall endeavor to substitute for each such offending section, subsection, sentence, clause or phrase of the contract such additional and further language as may be required to make the instrument in all manner legal and valid.

24. CAPTIONS. The captions used herein are for convenience purposes only and shall not affect the construction or interpretation of this contract.

25. NUMBER AND GENDER. Any reference herein to the singular number shall be deemed to include, where the context so requires, the plural and vice-versa, and any reference herein to any gender shall be deemed to include the male, female and neuter genders.

26. TIME IS OF THE ESSENCE. Time is of the essence under this contract.

27. DEFAULT.

- A. In the event Purchaser fails or refuses to timely close the purchase of the assets, Seller not being in default hereunder, Seller may (as its sole remedy) terminate this Agreement.
- B. In the event Seller defaults in the performance of Seller's obligations under this Agreement, or if any of Seller's representations and warranties

are or become untrue, Purchaser not being in default hereunder, Purchaser may (as its sole remedies) (a) terminate this Agreement, and thereafter neither party shall have any further rights, liabilities or obligations hereunder; or (b) waive the default(s) and proceed to close the transaction contemplated hereby in accordance with the remaining terms hereof; or (c) obtain specific performance of this contract.

28. **SUCCESSORS AND ASSIGNS.** This contract shall be binding on the heirs, representatives, successors and assigns of both parties.
29. **NO THIRD-PARTY BENEFICIARIES.** Nothing in this contract will be construed as creating any form of partnership or joint venture relationship between the Parties, nor shall either party be authorized to act as an agent for the other party. Nothing in this contract shall be construed to confer any right, privilege or benefit on, or to otherwise create any vested right or third-party beneficiary relationship with any person or entity not a party to the contract.
30. **ATTORNEYS' FEES.** In the event that any party hereto shall bring an action to enforce the terms hereof or to declare rights hereunder, the prevailing party in any such action shall be entitled to his court costs and reasonable attorneys' fees to be paid by the non-prevailing party as fixed by the court of appropriate jurisdiction, including, but not limited to, attorneys' fees and court costs incurred in courts of original jurisdiction, bankruptcy courts, or appellate courts.

ATTACHMENTS: Exhibit "A"

**[The remainder of this page is intentionally left blank.
Signature pages begin on following page.]**

SIGNED THIS 13th DAY OF FEBRUARY, 2018.

CYNDIE PARK 2 WATER SUPPLY CORPORATION

By: Diana Leyba

Name: Diana Leyba

Title: Cyndie Park 2 WSC, Board President

NUECES WATER SUPPLY CORPORATION

By: [Signature]

Name: [Signature]

Title: [Signature]

NUECES WATER SUPPLY CORPORATION
P.O. BOX 415
KINGSVILLE, TEXAS 78364

ATTACHMENT 2

QUESTION 9

Attached are the Articles of Incorporation of Nueces Water Supply Corporation.

Non-Profit



The State of Texas

SECRETARY OF STATE

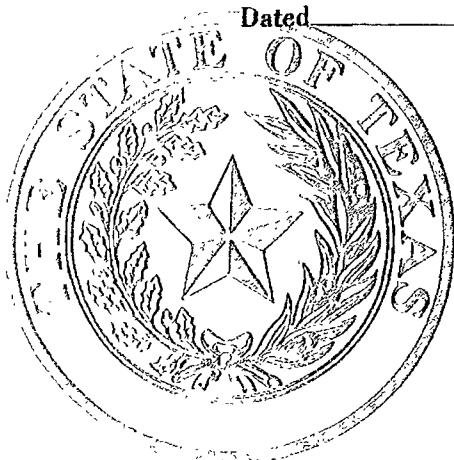
CERTIFICATE OF INCORPORATION OF

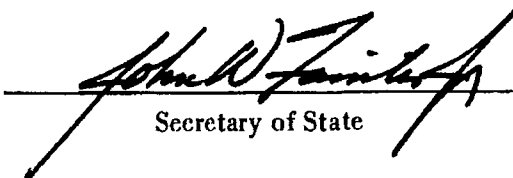
NUECES WATER SUPPLY CORPORATION
CHARTER NO. 651348

The undersigned, as Secretary of State of the State of Texas, hereby certifies that Articles of Incorporation for the above corporation duly signed and verified pursuant to the provisions of the Texas Non-Profit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Incorporation and attaches hereto a copy of the Articles of Incorporation.

Dated APR 14, 19 83.




Secretary of State

ARTICLES OF INCORPORATION

OF

NUECES WATER SUPPLY CORPORATION

THE STATE OF TEXAS X

COUNTY OF NUECES X

KNOW ALL MEN BY THESE PRESENTS:

Clerk B
Corporations Section

FILED
In the Office of the
Secretary of State of Texas

APR 14 1983

WE, the undersigned natural persons of the age of twenty-one (21) years or more, at least three of whom are citizens of the State of Texas, acting as incorporators of a Corporation, do hereby adopt the following Articles of Incorporation for such Corporation:

ARTICLE I.

The name of the Corporation is NUECES Water Supply Corporation.

ARTICLE II.

The Corporation is a non-profit Corporation organized under Article 1434a of the Revised Civil Statutes of Texas of 1925, as amended, supplemented by the Texas Non-Profit Corporation Act, Article 1.01 et seq., as amended, and is authorized to exercise all powers, privileges and rights conferred on a Corporation by these Acts, and all powers and rights incidental in carrying out the purposes for which the Corporation is formed, except such as are inconsistent with the express provisions of these Acts.

ARTICLE III.

The period of its duration is perpetual.

ARTICLE IV.

The Corporation is formed for the purpose of furnishing a water supply for general farm use and domestic purposes to individuals residing in the rural community of Nueces County, Texas, and the surrounding rural areas. The places where the business of the Corporation is to be transacted shall be the Kingsville Community in Nueces County, Texas and the surrounding rural areas.

ARTICLE V.

The street address of the initial registered office of the Corporation is South Texas Water Authority, Seale Hall, Texas A & I University, Kingsville, Texas 78362 and the name of its initial registered agent at such address is Tom Brown.

ARTICLE VI.

The number of directors constituting the initial Board of Directors of the Corporation is four (4), and the names and addresses of the persons who are to serve as the initial directors are:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
<u>Alvin McNair</u>	<u>P. O. Box 666</u>	<u>Bishop, Texas 78343</u>
<u>W. M. Stuart</u>	<u>P. O. Box 52 61</u>	<u>Bishop, Texas 78343</u>
<u>Fred Perez</u>	<u>P. O. Box 246</u>	<u>Aguadulce, Texas 78330</u>
<u>Tom Paschal</u>	<u>P. O. Box 455 157</u>	<u>Bishop, Texas 78343</u>
_____	_____	_____

ARTICLE VII.

The name and street address of each incorporator is:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
<u>Alvin McNair</u>	<u>P. O. Box 666</u>	<u>Bishop, Texas 78343</u>
<u>W. M. Stuart</u>	<u>P. O. Box 5761</u>	<u>Bishop, Texas 78343</u>
<u>Fred Perez</u>	<u>P. O. Box 246</u>	<u>Aguadulce, Texas 78330</u>
<u>Tom Paschal</u>	<u>P. O. Box 465 167</u>	<u>Bishop, Texas 78343</u>

Each incorporator shall be a member of the Board of Directors who are to serve as directors until the first annual meeting of the members, or until their successors are elected and qualified.

ARTICLE VIII.

The Corporation is and shall continue to be a Corporation without capital stock, and membership in the Corporation shall be deemed personal estate and shall be transferable only on the books of the Corporation in such manner as the By-Laws may prescribe.

IN WITNESS WHEREOF, we have hereunto set our hands, this the 4th day of April, 1983.

Alvin McNair
W. M. Stuart
Fred R. Perez
Tom Paschal

THE STATE OF TEXAS

X

COUNTY OF NUECES

X

I, KENNETH T. KOHRS, a Notary Public, do
hereby certify that on this 4th day of April, 19 83,
personally appeared before me, Alvin McNair, W. M. Stuart, Fred Perez,
and Tom Paschal

who each being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators, and that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.

Kenneth T. Kohrs
Notary Public in and for

NUECES County, Texas

(Notarial Seal)

KENNETH T. KOHRS
My Commission expires 12-12-84.

BYLAWS Of NUECES WATER SUPPLY CORPORATION

Bylaws of the Nueces Water Supply Corporation, having been approved by the Board of Directors and Members of said Corporation are as follows:

ARTICLE I

The President shall preside and vote at all Members' and Directors' meetings. The President shall perform all other duties that usually pertain to the office or are delegated by the Board of Directors.

ARTICLE II

The Vice-President shall, in case of the absence or disability of the President, perform the duties of the President.

ARTICLE III

The Secretary-Treasurer shall have custody of all monies, records and securities of the Corporation. The Secretary-Treasurer shall keep minutes of all meetings of the Corporation. All monies of the Corporation shall be deposited by the Secretary-Treasurer in such depository as shall be selected by the Directors. Checks must be signed by the Secretary-Treasurer or assistant or deputy secretary, and the President or a designee of that office. The Secretary-Treasurer shall have custody of the seal of the Corporation and affix it as directed by resolution passed by the Board of Directors or Members. The Board of Directors may appoint an employee as assistant or deputy secretary to assist the Secretary-Treasurer in all official duties pertaining to that office.

The position of the Secretary-Treasurer, and other Board positions and/or employees entrusted with receipt and disbursement of funds shall be placed under a fidelity bond in an amount which shall be set from time to time, but not less than once each year, by the Board of Directors. The fidelity bond coverage amount shall approximate the total annual debt service requirements for all USDA Rural Development, Rural Utilities Service (RUS) loans and be evidenced by a position fidelity schedule bond as acceptable to USDA Rural Development, RUS, or its successor agencies and assigns.

ARTICLE IV

Section 1. A person must be a member of the Corporation and at least 18 years old in order to serve as a Director. A person is not qualified to serve as a Director if the person has been determined by a final judgment of a court exercising probate jurisdiction to be totally mentally incapacitated; or partially mentally incapacitated without the right to vote; or has been finally convicted of a felony from which the person has not been pardoned or otherwise released from the resulting disabilities.

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Section 2. The Board of Directors shall consist of five (5) Directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter on the second Tuesday in April immediately following the membership meeting, the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer. The Directors shall be elected by the Members at the Members' meetings provided for in Article VI of the Bylaws. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. The terms of the Directors of the first class shall expire at the first annual meeting of the Members after their election; the terms of the Directors of the second class shall expire at the second annual meeting after their election; and terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. Directors, as such, shall not receive any stated salary for their services, except as provided for by state law.

Not later than the 60th day after a Director dies, resign or is determined by the Board not to meet one of the qualifications set forth in Section 1, a successor who meets those qualifications shall be appointed by a majority of the remaining Directors to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the remaining balance of the previously vacated term.

Section 3. Officers and Directors may be removed from office in the following manner, except as otherwise provided in Article V: Any Member, Officer, or Director may present charges against a Director or Officer by filing such charges in writing with the Secretary-Treasurer of the Corporation. If presented by a Member, the charges must be accompanied by a petition signed by at least ten (10) percent of the Members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the Membership and shall be effective if approved by a vote of 2/3 majority of those voting if a quorum is present. The Director(s) or Officer(s) against whom such charges have been presented shall be informed in writing of such charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges shall have the same opportunity. If the removal of a Director(s) is approved, such action shall also vacate any other office(s) held by the removed Director(s) in the Corporation. A vacancy in the Board thus created shall immediately be filled by a qualified person other than the removed Director upon a vote of a majority of the Members present and voting at such meeting, in accordance with the written annual or special meetings procedures as adopted by the Board. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the Board has been filled.

Section 4. The President of the Board, or Vice-President, shall preside at any meeting of the Members convened to consider removal of an Officer or Director as provided under Section 3, unless the President is the subject of charges, in which event the Vice-President shall preside. In the event both the President and the Vice-President are the subject of charges, those Directors who are not the subject of any charges shall appoint one of their number to preside over the meeting. Any meeting convened to consider the removal of an Officer or Director shall be conducted in accordance with the procedures prescribed by the Board. The fact that the President, Vice-President, or any other Officer

or Director has been made the subject of charges does not otherwise prevent such individual from continuing to act in the capacity as an Officer or Director of the Corporation. Any Director that has been removed under the provisions of this Article shall not be precluded from subsequent election to a position on the Board of Directors.

Section 5. The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership. Such policy, at a minimum, shall be in conformance with the provisions of the Texas Non-Profit Corporation Act pertaining to duties and responsibilities of the Board of Directors.

ARTICLE V

Section 1. Meetings of the Board of Directors shall be held at such time and place as the Board may determine at the previous meeting, and shall include posting of the meeting as required by the Texas Open Meetings Act. The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act, Chapter 551, Texas Government Code, including any subsequent amendment thereto. In the event of any conflict between the provisions of these Bylaws and the requirements of the Open Meetings Act, the provisions of the Open Meetings Act shall prevail.

Section 2. Any Director failing to attend two (2) consecutive meetings may be given written notice by the balance of the Board of Directors that failure by said Director to attend a third consecutive meeting, without justifiable cause acceptable to the balance of the Board of Directors, shall give rise to removal of said Director from the Board. A successor shall be appointed by a majority vote of the Directors remaining to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the balance of the term.

Section 3. The Board of Directors shall provide access for the public, new service applicants, or Members to the meetings of the Board of Directors by setting aside a time for hearing of suggestions, proposals, or grievances; however, there shall be no deliberations or actions by the Board unless such has first been noticed in accordance with the Texas Open Meetings Act. The Board of Directors shall establish reasonable rules for access to such meetings.

Section 4. The Board of Directors may, upon lawful notice to the public, meet in executive session when permitted, in the manner and for such limited purposes as provided for in the Texas Open Meetings Act, as amended, and for no other reason. All proceedings of any meeting at which a quorum of Directors is present to discuss the business of the Corporation shall be recorded in the manner required by the Texas Open Meetings Act.

Section 5. In conducting their duties as members of the Board, Directors: (1) shall be entitled to rely, in good faith and with ordinary care, on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or the Corporation's affairs that have been prepared or presented by one or more officers or employees of the Corporation, or by legal counsel, public accountants, or other persons retained by the Corporation for the development of professional advice and information falling within such person's professional

or expert competence; (2) may believe, in good faith and with ordinary care, that the assets of the Corporation are at least that of their book value; and (3) in determining whether the Corporation has made adequate provision for the discharge of its liabilities and obligations, may rely in good faith and with ordinary care, on the financial statements of, or other information concerning, any person or entity obligated to pay, satisfy or discharge some or all of the Corporation's liabilities or obligations; and may rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more Officers or employees of the Corporation, legal counsel, public accountants, or other persons provided the Directors reasonably believes such matters to fall within such person's professional or expert competence. Nevertheless, Directors must disclose any knowledge they may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

ARTICLE VI

Section 1. There shall be a regular meeting of the Members annually, on the second Tuesday of April to transact all business that may be properly brought before it.

Section 2. The Board of Directors shall adopt and from time to time may revise written procedures for conducting annual ~~for conducting annual~~ or special Membership meetings, including notification to the Membership of the proposed agenda, location, and date of the meeting; election procedures; approval of the ballot form to be used; and validation of eligible voters, ballots, and election results. At least thirty (30) days before the date of a Membership meeting that includes an election, the Corporation shall mail to each Member of record at the address last know to the Corporation written notice of such meeting indicating the time, place, and purpose of such meeting; the election ballot; and for director elections, a statement of each candidate's qualifications, including biographical information as provided in each candidate's application. The election ballot for director elections must include the number of directors to be elected and the names of the candidates.

Failure to hold or call an annual or special meeting in accordance with these Bylaws shall give each Member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership.

Section 3. The Board shall select an independent election auditor not later than thirty (3) days before the scheduled date of a Membership meeting where an election will be held. The independent election auditor is not required to be an experienced election judge or auditor and may serve as an unpaid volunteer. At the time of the selection and while serving in the capacity of an independent auditor, the independent auditor may not be associated with the Corporation as an employee; a director or candidate for director; or an independent contractor engaged by the Corporation as part of the Corporation's regular course of business. The independent election auditor shall receive and count the ballots before the meeting is adjourned. The independent election auditor shall provide the board with a written report of the election results.

Section 4. For any election a member may vote in person at the Membership meeting; by mailing a completed ballot to the office of the independent election auditor or to the Corporation's main office which must be received by noon on the business day before the date of the meeting; or by

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delivering a completed ballot to the office of the independent election auditor or to the Corporation's main office by noon on the business day before the date of the meeting.

A quorum for the transaction of business at a meeting of the Membership is a majority of the members present. In determining whether a quorum is present, all members who mailed or delivered ballots to the independent election auditor or the Corporation on a matter submitted to a vote at the meeting are counted as present.

Section 3 5. The Board of Directors shall establish a standing Credentials Committee of three (3) Members, of which the Secretary-Treasurer shall be the chairperson. This committee shall at no time have sufficient board members appointed to constitute a quorum of the Board of Directors. This committee, in accordance with procedures adopted by the Board under Section 2, shall recommend for Board approval the election procedures and all related forms and notices, recommend for Board approval a person to fill the role of independent election auditor, ensure that the election procedures are implemented, and serve other functions designated in the Corporation's election procedures. Should the individual holding the office of Secretary-Treasurer be running for re-election, the President shall appoint an officer not currently running for re-election to serve as chairperson of this committee.

Section 6. After fixing a date for the notice of a meeting, the Board of Directors shall prepare an alphabetical list of the names of all voting Members who are entitled to vote as of the record date of the meeting. The list must show the address of each voting Member. No later than two (2) business days after the date notice is given of the meeting, and continuing through the meeting, the list of voting Members must be available for inspection by any Member entitled to vote at the meeting for the purpose of communication with other Members concerning the meeting at the Corporation's principal office or at a reasonable place identified in the meeting notice where the meeting will be held. Any voting Member, or voting Member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and at their expense, copy the list. Further, the Board shall make the list of voting Members available at the meeting, and shall allow inspection of such list by any voting Member or voting Member's agent or attorney at any time during the meeting, including any adjournments thereof.

ARTICLE VII

A special meeting of the Members or Directors may be called by the President, or by demand by a majority of the board members or one-third (1/3) of the Members. Such special meetings shall be held upon giving notice as required by the Texas Open Meetings Act.

Prior to convening any special meeting of the Members, the President shall request in writing that the Secretary-Treasurer give at least ten (10) days prior notice to the Members, and that such special meeting is otherwise noticed, as required under Texas Business Organizations Code Section 22.156, and as provided under Article V of these Bylaws. Such notice shall specify the time, place and purpose of the meeting, and shall be addressed and mailed to each of the Members at their address last known to the Corporation, personally delivered to each Member, or sent by facsimile to each Member.

Emergency meetings of the Directors may be held on rare occasions and only when clearly authorized by the Texas Open Meetings Act. Notice of such emergency meeting shall be provided under Article V of the Bylaws and the Texas Open Meetings Act, at least two hours before the meeting is convened. It shall be the responsibility of the President, or a designee of that office, to ensure that proper notice is posted and Directors are properly notified. In no event shall any emergency meeting of the Directors be convened where the business of such meeting could be considered at a regular or special meeting of the Directors receiving at least seventy-two (72) hours notice as provided under Article V of these Bylaws.

ARTICLE VIII

The Corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid and, provided also, that the Directors of the Corporation may allocate to sinking fund(s) and reserve accounts such amount of profits as they deem necessary for maintenance, operation, capital improvements, expansions and replacements of all facility components, as provided by Section 67.008 (d) of the Texas Water code. Funds allocated by the Board to a sinking fund for replacement, amortization of debts, and the payment of interest that are not required to be spent in the year in which deposited shall be invested in accordance with the provisions of Section 67.014 (b) of the Texas Water Code.

ARTICLE IX

The Directors of the Corporation shall establish and maintain, so long as the Corporation is indebted to the Government, in an institution insured by the State or Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the Corporation. Securities so purchased shall be deemed at all times to be part of the reserve fund account. There shall be deposited in such fund the sum as required by a total of all loan resolutions executed by the Corporation. Such deposits shall be made monthly and shall continue until the total amount deposited equals the sum as required by the executed loan resolutions provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

Withdrawals may be made from this fund only upon prior written approval from USDA Rural Development, RUS. Approval shall be made only for emergency repairs, obsolescence of equipment, improvements to facility, and for making up any deficiencies in revenue for loan payments.

ARTICLE X

Section 1. The Corporation shall have Members as defined by the Texas Water Code. All customers of the Corporation must hold a Membership or obtain their service through a Membership.

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A person or entity that holds an interest in property solely as security for the performance of an obligation or that only builds on or develops the property for sale to others is not required to hold a Membership as a condition to receive service on a limited basis. Every person (which includes any legal entity) owning or having a legal right to the control, possession or occupancy of property served, or which may reasonably be served by the Corporation, shall have the right to become a Member of the Corporation upon payment of the Membership fee hereinafter provided and upon compliance with the Corporation's conditions of water and/or sewer service as provided for in its published charges, rates and conditions of service. Membership shall not be denied because of the applicant's race, color, religion, sex, age, marital status, familial status, handicap, income from Public Assistance, disability or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis.

Section 2. The Membership fee shall be as determined by the Board of Directors. Payment of Membership fee or transfer of Membership shall entitle an applicant to further qualify for one (1) connection to the system or shall entitle a transferee of Membership to continue to qualify for service to an existing connection to the system by meeting the conditions for water and/or sewer as provided in the Corporation's published rates, charges, and conditions of service. A person may own more than one Membership, but each Member shall be entitled to only one vote regardless of the number of Memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors.

Section 3. The Membership fee may be revised by the Board of Directors as the Board may determine to be appropriate. In determining the amount of the Membership fee, however, the Board shall ensure that the fee is sufficient to establish the potential Member as being legitimately interested in securing water and/or sewer service from the Corporation for such potential Members' own needs. Furthermore, the Board shall determine and administer such fee in a manner or in an amount which does not unreasonably deny service to financially deprived potential Members. In no event, however, shall the Membership fee exceed an amount equal to the sum of twelve (12) charges of the Corporation's minimum monthly water and/or sewer rate unless previously approved by USDA Rural Development, RUS. Membership fees will be refundable.

ARTICLE XI

Where necessary for determining those Members entitled to notice of, or those Members entitled to vote at any meeting or any adjournment thereof, or where necessary to make a determination of Members for any other proper purpose, ownership of Memberships shall be deemed to be vested in those persons who are the record owners of Memberships as evidenced by the Membership transfer book on the 15th day of the month preceding the month of the date upon which the action requiring such determination is to be taken. Nothing herein shall preclude the holder of a Membership from mortgaging such Membership or, upon notification of the Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

ARTICLE XII

Section 1. In order to ensure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the Members of the Corporation, Membership in the Corporation shall be transferred in accordance with the following:

(a) Except as herein provided, Membership in the Corporation shall be deemed personal estate and a person or entity that owns any stock of, is a Member of, or has some other right of participation in the Corporation may not sell or transfer that stock, Membership, or other right of participation to another person or entity except: (1) by will to a transferee who is a person related to the testator within the second degree by consanguinity; (2) by transfer without compensation to a transferee who is a person related to the owner of the stock or other interest within the second degree by consanguinity; or (3) by transfer without compensation or by sale to the Corporation.

(b) Subsection (a) of this section does not apply to a person or entity that transfers the Membership or other right of participation to another person or entity as part of the conveyance of real estate from which the Membership or other right of participation arose.

(c) The transfer of stock, Membership, or another right of participation under this section does not entitle the transferee to water and/or sewer service unless each condition for water and/or sewer service is met as provided in the Corporation's published rates, charges, and conditions of service. Water and/or sewer service provided by the Corporation as a result of stock, Membership, or other right of participation may be conditioned on ownership of the real estate designated to receive service and from which the Membership or other right of participation arose.

(d) The Corporation may cancel a person's or other entity's stock, Membership, or other right of participation if the person or other entity fails to meet the conditions for water and/or sewer service prescribed by the Corporation's published rates, charges, and conditions of service, or fails to comply with any other condition placed on the receipt of water and/or sewer service under the stock, Membership, or other right of participation authorized under Subsection (c) of this section. The Corporation may, consistent with the limitations prescribed by Subsection (a) of this section and as provided in the Corporation's tariff, reassign canceled stock, or a cancelled Membership, or other right of participation to any person or entity that has legal title to the real estate from which the canceled Membership or other right of participation arose and for which water and/or sewer service is requested, subject to compliance with the conditions for water and/or sewer service prescribed by the Corporation's published rates, charges, and conditions of service.

Section 2. Notwithstanding anything to the contrary herein above provided, the consideration for the transfer of any Membership in the Corporation from the original Members, their transferees, pledges, administrators or executors, or other persons, shall never exceed the amount of the original costs of such Membership. No gain or profit shall ever be realized from the sale or transfer of a Membership.

ARTICLE XIII

The Board may employ a manager to handle the business of the Corporation under the direction of the Board. The Board shall set the salary for the manager.

ARTICLE XIV

Notwithstanding the ownership of a Membership certificate, all Members shall be billed, disconnected, or reconnected, and otherwise shall receive service in accordance with the written policies of the Corporation, including the tariff of the Corporation. In the event a Member should surrender the Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water and/or sewer service shall be discontinued and the obligation to pay for water and/or sewer service shall terminate except as for the minimum charge for the current month and the charge for water and/or sewer used during the current month, and except as for any prior unpaid amounts due the Corporation. Any remaining balance from the membership fee will be refunded to the former Member. In the event Membership is terminated, cancelled, withdrawn, or surrendered, whether voluntarily or involuntarily, the former Member's rights and interest in the assets of the Corporation will not be forfeited.

ARTICLE XV

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation shall be distributed among the Members and former Members in direct proportion to the amount of their patronage with the Corporation insofar as practicable. Any indebtedness due the Corporation by a Member for water and/or sewer service or otherwise shall be deducted from such Member's share prior to final distribution. By application for and acceptance of Membership in the Corporation, each Member agrees that upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation transferred to that Member shall be in turn immediately transferred by the individual Member to an entity that provides a water supply or wastewater service, or both, that is exempt from ad valorem taxation. By application for and acceptance of membership in the Corporation, each Member grants the Corporation's Board of Directors that Member's permission to execute all instruments and documents necessary to effectuate such transfers in order to preserve the Corporation's statutory rights to exemption from income and ad valorem taxation.

ARTICLE XVI

The fiscal year of the Corporation shall be January 1 to December 31.

ARTICLE XVII

For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the USDA Rural Development, RUS, the Corporation shall insure with a reputable insurance company such of its properties and in such amounts as is required by the State Director of the USDA Rural Development, RUS, for the State of Texas.

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ARTICLE XVIII

Section 1. If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water and/or sewer charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by USDA Rural Development, RUS, so that the sum of such assessments and the amount collected from water and/or sewer and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than USDA Rural Development, RUS, without a favorable vote of the majority of the Members. Any assessments levied to make up operations deficits in any year shall be levied against Members in proportion to their patronage with the Corporation.

Section 2. In the event a Member should surrender their Membership certificate properly endorsed by the Secretary-Treasurer of the Corporation, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of surrender of the Membership certificate provided, however, that this paragraph and the second sentence of Article XIV shall not apply to relieve a Member of their obligation under special arrangements covering Multiple Membership certificates held by one Member which may have been required or approved by the USDA Rural Development, RUS.

ARTICLE XIX

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Members, Board of Directors, and committees, and shall keep a record of the name and addresses of its Members entitled to vote at its registered office or principle office in Texas.

Annually, the Board of Directors shall prepare or cause to be prepared a report of the financial activity of the Corporation for the preceding year including a statement of support, revenue, and expenses and changes in fund balances, a statement of functional expenses, and balance sheets for all funds or such financial reports as required by USDA Rural Development, RUS. Such report shall be approved by the Board of Directors.

With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Public Information Act, Chapter 552, Texas Government Code, including any amendments thereto, shall be available for public inspection and copying by the public or their duly authorized representatives during normal business hours subject to a reasonable charge for the preparation of copies.

In the event of any conflict between the provisions of the Public Information Act and the provisions of the Bylaws, the provisions of the Public Information Act shall prevail.

ARTICLE XX

These Bylaws may be altered, amended, or repealed by a vote of a majority of the Members voting at any regular meeting of the Members, or at any special meeting of the Members called for that purpose, except that the Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any Member of rights and privileges then existing, or so to amend the Bylaws as to effect a fundamental change in the intents and purposes of the Corporation. Notice of any amendment to be made at a special meeting of the Members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered. For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the USDA Rural Development, RUS, or its successor agencies and assigns, these Bylaws shall not be altered, amended, or repealed without the prior written consent of the State Director of the USDA Rural Development, RUS, for the State of Texas.

ARTICLE XXI

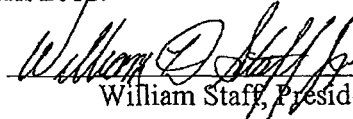
The seal of the Corporation shall consist of a circle within which shall be inscribed Nueces Water Supply Corporation.

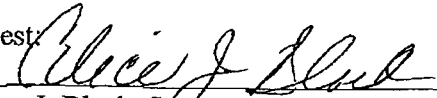
ARTICLE XXII

The Corporation pledges its assets for use in performing the functions of the corporation as provided by law and the Corporation's Articles of Incorporation.

ARTICLE XXIII

The above Bylaws were adopted as amended by the Members of the Nueces Water Supply Corporation, at a meeting held on the 10th day of April 2017.


William Staff, President

Attest: 
Alice J. Black, Secretary-Treasurer

NUECES WATER SUPPLY CORPORATION
P.O. BOX 415
KINGSVILLE, TEXAS 78364

ATTACHMENT 3

QUESTION 11(A)

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

The Nueces Water Supply Corporation (NWSC) was formed in 1983 in response to the creation of the South Texas Water Authority (STWA) as a means of providing retail rural service to property owners within STWA’s district. STWA was created by the 1979 State Legislature to provide wholesale water service to the communities of Kingsville, Bishop, Driscoll and Agua Dulce. STWA also provides service to the Nueces County Water Control and Improvement District #5 (Banquete) and later added the Ricardo Water Supply Corporation as a wholesale customer by holding an annexation election.

From the onset, STWA has managed the day-to-day business of the NWSC. These turn-key management services are provided on a contractual basis. STWA employs 12 to 13 persons with 6 to 7 persons working as field personnel and 6 full-time and 1 part-time individuals working in various office positions.

Below is a chart of the STWA personnel:

Name	Title	Number of Years
Carola G. Serrato	General Manager	34
Jacob Hinojosa	O&M Supervisor	9
Jo Ella Wagner	Finance Manager	23
Frances DeLeon	Business/Risk Manager	14
Dony Cantu	Field Forman	7
Patrick Sendejo	Field Tech II	3
Noemi Flores	Accountant Assistant	26
Monica Ayarzagoitia	Billing Clerk	24
Belinda Alvarez	Receptionist	20
Nigel Gomez	Field Tech I	3
Victor Gutierrez	Field Tech I	0.5
Oscar Ortegon	Field Tech I	0.25
Yvette Garza	Part-time Clerk	1.5

The design of the NWSC distribution system was developed as a result of contacting landowners on STWA’s Nueces County tax roll and determining which landowners were interested in retail water service. This was done in 1982. By 1983, STWA, on behalf of the

NWSC, applied to the Farmers Home Administration, now the USDA RD, for a loan to construct the lines for the requested services. By 1986, STWA personnel had acquired sufficient easements for FmHA to approve proceeding with construction of the distribution system with lines extending from six (6) pump stations constructed by STWA, located in Agua Dulce, Banquete, Driscoll, Bishop, Sablatura Park and on FM 2826 (Central PS). The original system had 250 retail customers located in the western half of Nueces County. Today, NWSC has approximately 925 customers.

NUECES WATER SUPPLY CORPORATION
P.O. BOX 415
KINGSVILLE, TEXAS 78364

ATTACHMENT 4

QUESTION 11(B)

“Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the PUC, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG) or the Environmental Protection Agency (EPA) in the past for noncompliance with the rules, orders or State Statutes?

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

Attached hereto is the TCEQ’s Executive Summary – Enforcement Matter, Docket 2010-1518-PWS-E, RN101261147, Case No. 40399, related to the Nueces WSC’s Enforcement Action. There were three (3) Notices of Violations pertaining to: (1) a wholesale contract, since obtained; (2) chloramine residual below 0.50 mg, which was corrected; and (3) failure to provide plant schematics, which were provided after the routine investigation. A penalty of \$525 was paid.

EXECUTIVE SUMMARY - ENFORCEMENT MATTER
DOCKET NO.: 2010-1518-PWS-E TCEQ ID: RN101261147 CASE NO.: 40399
RESPONDENT NAME: NUECES WATER SUPPLY CORPORATION

Page 1 of 2

ORDER TYPE:		
<input checked="" type="checkbox"/> 1660 AGREED ORDER	<input type="checkbox"/> FINDINGS AGREED ORDER	<input type="checkbox"/> FINDINGS ORDER FOLLOWING SOAH HEARING
<input type="checkbox"/> FINDINGS DEFAULT ORDER	<input type="checkbox"/> SHUTDOWN ORDER	<input type="checkbox"/> IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
<input type="checkbox"/> AMENDED ORDER	<input type="checkbox"/> EMERGENCY ORDER	
CASE TYPE:		
<input type="checkbox"/> AIR	<input type="checkbox"/> MULTI-MEDIA (check all that apply)	<input type="checkbox"/> INDUSTRIAL AND HAZARDOUS WASTE
<input checked="" type="checkbox"/> PUBLIC WATER SUPPLY	<input type="checkbox"/> PETROLEUM STORAGE TANKS	<input type="checkbox"/> OCCUPATIONAL CERTIFICATION
<input type="checkbox"/> WATER QUALITY	<input type="checkbox"/> SEWAGE SLUDGE	<input type="checkbox"/> UNDERGROUND INJECTION CONTROL
<input type="checkbox"/> MUNICIPAL SOLID WASTE	<input type="checkbox"/> RADIOACTIVE WASTE	<input type="checkbox"/> DRY CLEANER REGISTRATION
<p>SITE WHERE VIOLATION(S) OCCURRED: Nueces WSC, 111 West Sage Road, Nueces County</p> <p>TYPE OF OPERATION: Public water supply</p> <p>SMALL BUSINESS: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>OTHER SIGNIFICANT MATTERS: There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.</p> <p>INTERESTED PARTIES: No one other than the ED and the Respondent has expressed an interest in this matter.</p> <p>COMMENTS RECEIVED: The <i>Texas Register</i> comment period expired on February 21, 2011. No comments were received.</p> <p>CONTACTS AND MAILING LIST: TCEQ Attorney/SEP Coordinator: None TCEQ Enforcement Coordinator: Mr. Stephen Thompson, Enforcement Division, Enforcement Team 2, MC 169, (512) 239-2558; Ms. Laurie Eaves, Enforcement Division, MC 219, (512) 239-4495 Respondent: Ms. Carola G. Serrato, General Manager, NUECES WATER SUPPLY CORPORATION, P.O. Box 415, Kingsville, Texas 78364 Respondent's Attorney: Not represented by counsel on this enforcement matter</p>		

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
<p>Type of Investigation: <input type="checkbox"/> Complaint <input checked="" type="checkbox"/> Routine <input type="checkbox"/> Enforcement Follow-up <input type="checkbox"/> Records Review</p> <p>Date(s) of Complaints Relating to this Case: None</p> <p>Date of Investigation Relating to this Case: August 10, 2010</p> <p>Date of NOV/NOE Relating to this Case: August 24, 2010 (NOE)</p> <p>Background Facts: This was a routine investigation.</p> <p>WATER</p> <p>1) Failed to provide a purchase water contract that authorizes a maximum hourly production rate plus the actual service pump capacity of at least 2.0 gallons per minute ("gpm") per connection or is at least 1,000 gpm and able to meet peak hourly demands, whichever is less [30 TEX. ADMIN. CODE § 290.45(f)(5)].</p> <p>2) Failed to operate the disinfection equipment to maintain a minimum disinfectant residual of 0.5 milligrams per liter ("mg/L") of chloramine throughout the distribution system at all times [30 TEX. ADMIN. CODE §§ 290.46(d)(2)(B) and 290.110(b)(4)].</p> <p>3) Failed to provide a plant schematic that shows all water pumps, flow meters, unit processes, chemical feed points, and chemical monitoring points [30 TEX. ADMIN. CODE § 290.121(b)(1)(A)].</p>	<p>Total Assessed: \$655</p> <p>Total Deferred: \$131 <input checked="" type="checkbox"/> Expedited Settlement <input type="checkbox"/> Financial Inability to Pay</p> <p>SEP Conditional Offset: \$0</p> <p>Total Paid to General Revenue: \$524</p> <p>Compliance History Classification: Person/CN – N/A Site/RN – N/A</p> <p>Major Source: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Applicable Penalty Policy: September 2002</p>	<p>Corrective Actions Taken:</p> <p>The Executive Director recognizes that the Respondent has implemented the following corrective measures at the Facility:</p> <p>a. On August 12, 2010, the disinfectant residual in the distribution system was measured to be 0.79 mg/L of chloramine; and</p> <p>b. On August 16, 2010, a revised plant schematic was submitted that showed the locations of all service pumps owned by the Respondent.</p> <p>Ordering Provisions:</p> <p>The Order will require the Respondent to:</p> <p>a. Within 365 days after the effective date of this Agreed Order, obtain a purchase water contract that specifies a maximum hourly purchase rate that when combined with the actual service pump capacity is at least 2.0 gpm per connection or at least 1,000 gpm and able to meet peak hourly demands, whichever is less; and</p> <p>b. Within 380 days after the effective date of this Agreed Order, submit written certification and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision a.</p>

Additional ID No(s): PWS ID 1780052



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

TCEQ

DATES	Assigned	30-Aug-2010	Screening	15-Sep-2010	EPA Due	
	PCW	12-Oct-2010				

RESPONDENT/FACILITY INFORMATION

Respondent	NUECES WATER SUPPLY CORPORATION		
Reg. Ent. Ref. No.	RN101261147		
Facility/Site Region	14-Corpus Christi	Major/Minor Source	Minor

CASE INFORMATION

Enf./Case ID No.	40399	No. of Violations	3
Docket No.	2010-1518-PWS-E	Order Type	1660
Media Program(s)	Public Water Supply	Government/Non-Profit	Yes
Multi-Media		Enf. Coordinator	Stephen Thompson
		EC's Team	Enforcement Team 2

Admin. Penalty \$ Limit Minimum	\$50	Maximum	\$1,000
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Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties)	Subtotal 1	\$610
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ADJUSTMENTS (+/-) TO SUBTOTAL 1

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

Compliance History	5.0% Enhancement	Subtotals 2, 3, & 7	\$30
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Notes: Enhancement for one same/similar NOV.

Culpability	No	0.0% Enhancement	Subtotal 4	\$0
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Notes: The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply Total Adjustments	Subtotal 5	\$27
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Economic Benefit	0.0% Enhancement*	Subtotal 6	\$0
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Total EB Amounts \$237
Approx. Cost of Compliance \$745
*Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7	Final Subtotal	\$613
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OTHER FACTORS AS JUSTICE MAY REQUIRE	0.0%	Adjustment	\$0
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Reduces or enhances the Final Subtotal by the indicated percentage.

Notes:

Final Penalty Amount	\$613
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STATUTORY LIMIT ADJUSTMENT

Final Assessed Penalty	\$655
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DEFERRAL

20.0%	Reduction	Adjustment	-\$131
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Reduces the Final Assessed Penalty by the indicated percentage. (Enter number only; e.g. 20 for 20% reduction.)

Notes:

Deferral offered for expedited settlement.

PAYABLE PENALTY	\$524
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Screening Date 15-Sep-2010 Docket No. 2010-1518-PWS-E

Respondent NUECES WATER SUPPLY CORPORATION

Case ID No. 40399

Reg. Ent. Reference No. RN101261147

Media [Statute] Public Water Supply

Enf. Coordinator Stephen Thompson

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written notices of violation ("NOVs") with same or similar violations as those in the current enforcement action (<i>number of NOVs meeting criteria</i>)	1	5%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (<i>number of orders meeting criteria</i>)	0	0%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (<i>number of judgments or consent decrees meeting criteria</i>)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (<i>number of counts</i>)	0	0%
Emissions	Chronic excessive emissions events (<i>number of events</i>)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which notices were submitted</i>)	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which violations were disclosed</i>)	0	0%
Please Enter Yes or No			
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2) 5%

>> Repeat Violator (Subtotal 3)

N/A

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

N/A

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance
History
Notes

Enhancement for one same/similar NOV.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 5%

Screening Date 15-Sep-2010 **Docket No.** 2010-1518-PWS-E **PCW**
Respondent NUECES WATER SUPPLY CORPORATION *Policy Revision 2 (September 2002)*
Case ID No. 40399 *PCW Revision October 30, 2008*
Reg. Ent. Reference No. RN101261147
Media [Statute] Public Water Supply
Enf. Coordinator Stephen Thompson
Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code § 290.45(f)(5)

Violation Description

Failed to provide a purchase water contract that authorizes a maximum hourly purchase rate plus the actual service pump capacity of at least 2.0 gallons per minute ("gpm") per connection or is at least 1,000 gpm and able to meet peak hourly demands, whichever is less. Specifically, at the time of the investigation, it was documented that the purchase water contract did not specify any quantities to address the service pump or peak hourly demand capacity requirement; therefore, the service pump capacity is 100% deficient.

Base Penalty \$1,000

Environmental Property and Human Health

	Major	Moderate	Minor
Release			
Actual			
Potential	x		

Percent 25%

Programmatic Harm

	Major	Moderate	Minor
Falsification			

Percent 0%

Matrix Notes

Failing to provide a purchase water contract that authorizes a maximum hourly purchase rate to meet service pump capacity could lead to unexpected water outages. As a result, customers could be exposed to a significant amount of contaminants that exceed levels protective of human health.

Programmatic \$750

\$250

Violation Events

Number of Violation Events 2

36 **Number of violation days**

mark only one with an x

Single Event	
Two Monthly Events	x
Three Monthly Events	
Four Monthly Events	
Five Monthly Events	
Six Monthly Events	
Seven Monthly Events	
Eight Monthly Events	
Nine Monthly Events	
Ten Monthly Events	

Violation Base Penalty \$500

Two monthly events are recommended, calculated from the date of the investigation, August 10, 2010, to the date of screening, September 15, 2010.

Good Faith Efforts to Comply 0.0% \$0

	Before NOV	NOV to EDRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	(mark with x)

Notes

The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$500

Economic Benefit (EB) for this violation **Statutory Limit**

Estimated EB Amount \$37

Violation Final Penalty Total \$525

This violation Final Assessed Penalty (adjusted for limits) \$525

Economic Benefit Worksheet

Respondent: NUECES WATER SUPPLY CORPORATION
 Case ID No: 40399
 Reg. Ent. Reference No: RN101261147
 Media: Public Water Supply
 Violation No: 1

Percent Interest: 5.0
 Years of Depreciation: 15

Item Description: No commas
 Item Cost: \$500
 Date Required: 10-Aug-2010
 Final Date: 1-Sep-2011
 Yrs: 1.06
 Interest Saved: \$2
 Onetime Costs: \$35
 EB Amount: \$37

Delayed Costs

Equipment			0.00	\$0	\$0	\$0
Buildings			0.00	\$0	\$0	\$0
Other (as needed)	\$500	10-Aug-2010	1-Sep-2011	1.06	\$2	\$35
Engineering/construction			0.00	\$0	\$0	\$0
Land			0.00	\$0		\$0
Record Keeping System			0.00	\$0		\$0
Training/Sampling			0.00	\$0		\$0
Remediation/Disposal			0.00	\$0		\$0
Permit Costs			0.00	\$0		\$0
Other (as needed)			0.00	\$0		\$0

Notes for DELAYED costs

The delayed costs include the estimated amount to modify the purchase water contract to authorize the purchase of enough water to meet the service pump demand requirements, calculated from the date of the investigation to the estimated date of compliance.

Avoided Costs

ANNUALIZED avoided costs per benefiting item (except for one-time avoided costs)						
Disposal			0.00	\$0	\$0	\$0
Personnel			0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling			0.00	\$0	\$0	\$0
Supplies/equipment			0.00	\$0	\$0	\$0
Financial Assurance [2]			0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]			0.00	\$0	\$0	\$0
Other (as needed)			0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$500

TOTAL

\$37

Screening Date 15-Sep-2010 **Docket No.** 2010-1518-PWS-E **PCW**
Respondent NUECES WATER SUPPLY CORPORATION *Policy Revision 2 (September 2002)*
Case ID No. 40399 *PCW Revision October 30, 2008*
Reg. Ent. Reference No. RN101261147
Media [Statute] Public Water Supply
Enf. Coordinator Stephen Thompson
Violation Number 2
Rule Cite(s) 30 Tex. Admin. Code §§ 290.46(d)(2)(B) and 290.110(b)(4)

Violation Description

Failed to operate the disinfection equipment to maintain a minimum disinfectant residual of 0.5 milligrams per liter ("mg/L") of chloramine throughout the distribution system at all times. Specifically, at the time of the investigation, the disinfectant residual was measured to be 0.06 milligrams per liter ("mg/L") of chloramine at a flush valve located at the intersection of County Road 93 and County Road 16.

Base Penalty \$1,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm			Percent
	Major	Moderate	Minor	
Actual				10%
Potential		x		

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
				0%

Matrix Notes Failure to provide adequate disinfectant throughout the distribution system may expose consumers to a significant amount of contaminants which would not exceed levels protective of human health.

Adjustment \$900

\$100

Violation Events

Number of Violation Events 1 **Number of violation days** 1

mark only one with an x

Single Event	
Multiple Events	
Single Event	
Multiple Events	
Single Event	
Multiple Events	
Single Event	x

Violation Base Penalty \$100

One single event is recommended, calculated for the day on which the low residual reading occurred.

Good Faith Efforts to Comply 25.0% \$25

	Before NOV	NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary	x	
N/A		(mark with x)

Notes The Respondent achieved compliance on August 12, 2010.

Violation Subtotal \$75

Economic Benefit (EB) for this violation **Statutory Limit Test**

Estimated EB Amount \$200 **Violation Final Penalty Total** \$80

This violation Final Assessed Penalty (adjusted for limits) \$80

Economic Benefit Worksheet

Respondent: NUECES WATER SUPPLY CORPORATION
Case ID No: 40399
Reg. Ent. Reference No: RN101261147
Media: Public Water Supply
Violation No: 2

Percent Interest: 5.0
Years of Depreciation: 15

Item Cost Date Required Date Paid Interest Saved Onetime Costs EB Amount

Delayed Costs

Equipment			0.00	\$0	\$0	\$0
Buildings			0.00	\$0	\$0	\$0
Other (as needed)			0.00	\$0	\$0	\$0
Engineering/construction			0.00	\$0	\$0	\$0
Land			0.00	\$0	\$0	\$0
Record Keeping System			0.00	\$0	\$0	\$0
Training/Sampling			0.00	\$0	\$0	\$0
Remediation/Disposal			0.00	\$0	\$0	\$0
Permit Costs			0.00	\$0	\$0	\$0
Other (as needed)			0.00	\$0	\$0	\$0

Notes for DELAYED costs

Avoided Costs ANNUALIZE (1) avoided costs before entering item (except for one-time avoided costs)

Disposal			0.00	\$0	\$0	\$0
Personnel			0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling			0.00	\$0	\$0	\$0
Supplies/equipment			0.00	\$0	\$0	\$0
Financial Assurance [2]			0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]	\$200	10-Aug-2010 11-Aug-2010	0.00	\$0	\$200	\$200
Other (as needed)			0.00	\$0	\$0	\$0

Notes for AVOIDED costs

The avoided costs include the estimated amount necessary to ensure that the disinfection equipment is properly operated and maintained to ensure that the drinking water supply is adequately disinfected, calculated for the date on which the low disinfectant residual readings occurred.

Approx. Cost of Compliance

\$200

TOTAL

\$200

Screening Date 15-Sep-2010 **Docket No.** 2010-1518-PWS-E **PCW**
Respondent NUECES WATER SUPPLY CORPORATION **Policy Revision 2 (September 2002)**
Case ID No. 40399 **PCW Revision October 30, 2008**
Reg. Ent. Reference No. RN101261147
Media [Statute] Public Water Supply
Enf. Coordinator Stephen Thompson

Violation Number 3
Rule Cite(s) 30 Tex. Admin. Code § 290.121(b)(1)(A)
Violation Description Failed to provide a plant schematic that shows all water pumps, flow meters, unit processes, chemical feed points, and chemical monitoring points. Specifically, at the time of the investigation, it was documented that the plant schematic did not show the five service pumps that are now owned by the Respondent.

Base Penalty \$1,000

>> Environmental, Property, and Human Health Matrix

Release	Harm			Percent
	Major	Moderate	Minor	
Actual				0%
Potential				

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
			x	1%

Matrix Notes

Less than 30% of the rule requirement was not met.

\$990

\$10

Violation Events

Number of Violation Events 1 Number of violation days 36

mark only one with an x

x

Violation Base Penalty \$10

One single event is recommended.

Good Faith Efforts to Comply 25.0% \$2

	Before NOV	NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary	x	
N/A		(mark with x)

Notes

The Respondent achieved compliance on August 16, 2010.

Violation Subtotal \$8

Economic Benefit (EB) for this violation **Statutory Limit**

Estimated EB Amount \$0 **Violation Final Penalty Total** \$9

This violation Final Assessed Penalty (adjusted for limits) \$50

Economic Benefit Worksheet

Respondent: NUECES WATER SUPPLY CORPORATION
Case ID No: 40399
Reg. Ent. Reference No: RN101261147
Media: Public Water Supply
Violation No: 3

Percent Interest: 5.0
Years of Depreciation: 15

Item Description: One-time Costs EB Amount

Delayed Costs

Equipment			0.00	\$0	\$0	\$0
Buildings			0.00	\$0	\$0	\$0
Other (as needed)			0.00	\$0	\$0	\$0
Engineering/construction			0.00	\$0	\$0	\$0
Land			0.00	\$0		\$0
Record Keeping System	\$45	10-Aug-2010 16-Aug-2010	0.02	\$0		\$0
Training/Sampling			0.00	\$0		\$0
Remediation/Disposal			0.00	\$0		\$0
Permit Costs			0.00	\$0		\$0
Other (as needed)			0.00	\$0		\$0

Notes for DELAYED costs

The delayed costs include the estimated amount to update the plant schematic to show the five service pumps that are now owned by the Respondent, calculated from the date of the investigation to the date of compliance.

Avoided Costs

ANNUALIZED avoided costs per reporting item (except for one-time avoided costs)			0.00	\$0	\$0	\$0
Disposal			0.00	\$0	\$0	\$0
Personnel			0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling			0.00	\$0	\$0	\$0
Supplies/equipment			0.00	\$0	\$0	\$0
Financial Assurance [2]			0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]			0.00	\$0	\$0	\$0
Other (as needed)			0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$45

TOTAL

\$0

Compliance History Report

Customer/Respondent/Owner-Operator:	CN600693485 NUECES WATER SUPPLY CORPORATION	Classification:	Rating:
Regulated Entity:	RN101261147 NUECES WSC	Classification:	Site Rating:
ID Number(s):	PUBLIC WATER SYSTEM/SUPPLY	REGISTRATION	1780052
	WATER LICENSING	LICENSE	1780052
Location:	111 W SAGE RD, NUECES COUNTY, TX		
TCEQ Region:	REGION 14 - CORPUS CHRISTI		
Date Compliance History Prepared:	September 15, 2010		
Agency Decision Requiring Compliance History:	Enforcement		
Compliance Period:	September 15, 2005 to September 15, 2010		
TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History			
Name:	Stephen Thompson	Phone:	(512) 239-2558

Site Compliance History Components

- 1 Has the site been in existence and/or operation for the full five year compliance period? Yes
- 2 Has there been a (known) change in ownership/operator of the site during the compliance period? No
- 3 If Yes, who is the current owner/operator?
N/A
- 4 If Yes, who was/were the prior owner(s)/operator(s)?
N/A
- 5 When did the change(s) in owner or operator occur?
N/A

Components (Multimedia) for the Site :

- A. Final Enforcement Orders, court judgments, and consent decrees of the State of Texas and the federal government.
N/A
- B. Any criminal convictions of the state of Texas and the federal government
N/A
- C. Chronic excessive emissions events.
N/A
- D. The approval dates of investigations. (CCEDS Inv. Track. No.)
 - 1 11/17/2006 (518056)
 - 2 01/23/2007 (537444)
 - 3 06/25/2007 (543219)
 - 4 11/20/2007 (600971)
 - 5 08/24/2010 (849149)
- E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)

Date:	11/17/2006 (518056)	CN600693485
Self Report?	NO	Classification: Minor
Citation:	30 TAC Chapter 290, SubChapter F 290.121(a)	
Description:	Failure to maintain a monitoring plan.	
Self Report?	NO	Classification: Minor
Citation:	30 TAC Chapter 290, SubChapter D 290.46(f)(3)(A)(iv)	
Description:	Failure to maintain records of all dead-end main flushing.	
Self Report?	NO	Classification: Minor
Citation:	30 TAC Chapter 290, SubChapter D 290.45(f)(1)	
	30 TAC Chapter 290, SubChapter D 290.45(f)(5)	
Description:	Failure to meet all requirements for the purchase water contract.	
Self Report?	NO	Classification: Moderate
Citation:	30 TAC Chapter 290, SubChapter D 290.46(d)(2)(B)	
Description:	Failure to maintain a chlorine residual of 0.5 mg/L for reaches of the Agua Dulce distribution system. EIC - Moderate B19, c.(6)	

- F. Environmental audits.
N/A
- G. Type of environmental management systems (EMSs).
N/A
- H. Voluntary on-site compliance assessment dates.
N/A
- I. Participation in a voluntary pollution reduction program.
N/A
- J. Early compliance.
N/A
- Sites Outside of Texas
N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



**IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING NUECES WATER
SUPPLY CORPORATION
RN101261147**

§
§
§
§
§

**BEFORE THE
TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY**

AGREED ORDER DOCKET NO. 2010-1518-PWS-E

I. JURISDICTION AND STIPULATIONS

At its _____ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding NUECES 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 appear before the Commission and together stipulate that:

1. The Respondent owns and operates a public water supply at 111 West Sage Road in Nueces County, Texas (the "Facility") that has approximately 776 service connections and serves at least 25 people per day for at least 60 days per year.
2. The Commission and the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.
3. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about August 29, 2010.
4. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
5. An administrative penalty in the amount of Six Hundred Fifty-Five Dollars (\$655) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Five Hundred Twenty-Four Dollars (\$524) of the administrative penalty and One Hundred Thirty-One Dollars (\$131) is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the

terms of this Agreed Order. If the Respondent fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require the Respondent to pay all or part of the deferred penalty.

6. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
7. The Executive Director of the TCEQ and the Respondent have agreed on a settlement of the matters alleged in this enforcement action, subject to the approval of the Commission.
8. The Executive Director recognizes that the Respondent has implemented the following corrective measures at the Facility:
 - a. On August 12, 2010, the disinfectant residual in the distribution system was measured to be 0.79 milligrams per liter ("mg/L") of chloramine; and
 - b. On August 16, 2010, a revised plant schematic was submitted that showed the locations of all service pumps owned by the Respondent.
9. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
10. 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.
11. 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.

II. ALLEGATIONS

As owner and operator of the Facility, the Respondent is alleged to have:

1. Failed to provide a purchase water contract that authorizes a maximum hourly production rate plus the actual service pump capacity of at least 2.0 gallons per minute ("gpm") per connection or is at least 1,000 gpm and able to meet peak hourly demands, whichever is less, in violation of 30 TEX. ADMIN. CODE § 290.45(f)(5), as documented during an investigation conducted on August 10, 2010.
2. Failed to operate the disinfection equipment to maintain a minimum disinfectant residual of 0.5 mg/L of chloramine throughout the distribution system at all times, in violation of 30 TEX. ADMIN. CODE §§ 290.46(d)(2)(B) and 290.110(b)(4), as documented during an investigation conducted on August 10, 2010.
3. Failed to provide a plant schematic that shows all water pumps, flow meters, unit processes, chemical feed points, and chemical monitoring points, in violation of 30 TEX.

ADMIN. CODE § 290.121(b)(1)(A), as documented during an investigation conducted on August 10, 2010.

III. DENIALS

The Respondent generally denies each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 5 above. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: NUECES WATER SUPPLY CORPORATION, Docket No. 2010-1518-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

2. It is further ordered that the Respondent shall undertake the following technical requirements:
 - a. Within 365 days after the effective date of this Agreed Order, obtain a purchase water contract that specifies a maximum hourly purchase rate that when combined with the actual service pump capacity is at least 2.0 gpm per connection or at least 1,000 gpm and able to meet peak hourly demands, whichever is less, in accordance with 30 TEX. ADMIN. CODE § 290.45; and
 - b. Within 380 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 No. 2.a. 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
Corpus Christi Regional Office
Texas Commission on Environmental Quality
6300 Ocean Drive, Suite 1200
Corpus Christi, Texas 78412-5503

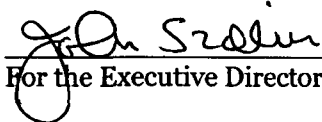
3. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Facility operations referenced in this Agreed Order.
4. The Executive Director may grant an extension 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. The determination of what constitutes good cause rests solely with the Executive Director.
5. 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.
6. 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.

7. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission



For the Executive Director

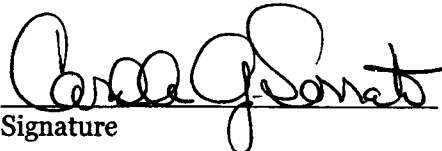
Date 1/10/2011

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

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.



Signature

Date 12-2-2010

Carol G. Serrato
Name (Printed or typed)
Authorized Representative of
NUECES WATER SUPPLY CORPORATION

General Manager
Title

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

NUECES WATER SUPPLY CORPORATION
P.O. BOX 415
KINGSVILLE, TEXAS 78364

ATTACHMENT 5

QUESTION 11(C)

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

According to plans, the required improvements will be in place prior to the sale, transfer, or merger. The NWSC Board will agree to service property owners in the Cyndie Park 2 Subdivision contingent upon the construction of a 4” distribution line extending from the vicinity of the Indian Trails Subdivision on FM 666 and the necessary Pump Station Improvements in Banquete. These improvements will be funded by the Texas Water Development Board and Texas Department of Agriculture per the budget sheets developed by Nueces County’s consulting engineering firm, LNV, which are attached hereto.

EXHIBIT F
Project Budget

Construction					
Construction	\$0.00	\$658,250.00	\$658,250.00	\$234,000.00	\$892,250.00
Subtotal for Construction	\$0.00	\$658,250.00	\$658,250.00	\$234,000.00	\$892,250.00
Basic Engineering Services					
Construction Engineering	\$0.00	\$60,000.00	\$60,000.00	\$0.00	\$60,000.00
Design	\$139,958.00	\$0.00	\$139,958.00	\$0.00	\$139,958.00
Planning	\$49,982.00	\$0.00	\$49,982.00	\$0.00	\$49,982.00
Subtotal for Basic Engineering Services	\$189,940.00	\$60,000.00	\$249,940.00	\$0.00	\$249,940.00
Special Services					
Inspection	\$0.00	\$70,000.00	\$70,000.00	\$0.00	\$70,000.00
O&M Manual	\$0.00	\$10,000.00	\$10,000.00	\$0.00	\$10,000.00
Permits	\$0.00	\$2,500.00	\$2,500.00	\$0.00	\$2,500.00
Surveying	\$10,000.00	\$0.00	\$10,000.00	\$0.00	\$10,000.00
Testing	\$0.00	\$10,000.00	\$10,000.00	\$0.00	\$10,000.00
Subtotal for Special Services	\$10,000.00	\$92,500.00	\$102,500.00	\$0.00	\$102,500.00
Contingency					
Contingency	\$60.00	\$89,250.00	\$89,310.00	\$0.00	\$89,310.00
Subtotal for Contingency	\$60.00	\$89,250.00	\$89,310.00	\$0.00	\$89,310.00
Total	\$200,000.00	\$900,000.00	\$1,100,000.00	\$234,000.00	\$1,334,000.00

NUECES WATER SUPPLY CORPORATION
P.O. BOX 415
KINGSVILLE, TEXAS 78364

ATTACHMENT 6

QUESTION 11(D)

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

NWSC anticipates that the impact and changes to the quality of service will be positive. The groundwater currently provided to CP2WSC members does not meet the MCL for arsenic. In the last five (5) years, a filtration system was installed to temporarily address the arsenic problem; however, the filtration system's media is costly and the small customer base of CP2WSC would be faced with high monthly minimums to afford changing out the media which has a limited life. NWSC will provide a treated surface water supply which it purchases from STWA. STWA purchases its supply from the City of Corpus Christi as it leaves the ON Stevens WTP in Calallen.

In addition, although CP2WSC has an operator of record, the NWSC has a larger staff including operators that are “on call” 24/7. NWSC anticipates that CP2WSC will be better served from a water quality, after-hour and administrative perspective.

NUECES WATER SUPPLY CORPORATION
P.O. BOX 415
KINGSVILLE, TEXAS 78364

ATTACHMENT 7

QUESTION 11(E)

“How will the transaction serve the public interest?”

CP 2 Property Owners and Members of the CP2WSC will be provided with a quality water supply that meets the State requirements. In addition, NWSC believes it will provide a more reliable supply as a result of having a staff of persons available to address operational issues such as leaks, low pressure, air in the lines, etc. The NWSC has established itself as a stable, sustainable WSC with a sound financial position and will make its services available to the residents of CP2 at a reasonable cost with the same rights as all of its members.

NUECES WATER SUPPLY CORPORATION
P.O. BOX 415
KINGSVILLE, TEXAS 78364

ATTACHMENT 8

QUESTION 12

“Please describe the nature of the proposed transaction.”

NWSC intends to provide turn-key services to the CP 2 Property Owners and Members of the CP2WSC and accept these property owners as NWSC members contingent upon:

- 1) the necessary approval of the Texas PUC,
- 2) the construction of the improvements as described in the response to Question 11.C.,
- 3) entering into an agreement with the Board of Directors of CP2WSC transferring any necessary facilities and agreeing to dissolve its CCN#12100,
- 4) receiving title to any necessary facilities from Nueces County, and
- 5) receiving membership payment of \$200 for each service connection from the landowner of record.

NUECES WATER SUPPLY CORPORATION
P.O. BOX 415
KINGSVILLE, TEXAS 78364

ATTACHMENT 9

QUESTION 14

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

All CP2 WSC customers will be charged different rates than they were charged before the transaction.

“If rates are changing, please explain.”

The Nueces WSC Board of Directors typically adopts a budget in November or December of the year preceding day 1 of a fiscal year, January 1st. NWSC will charge the CP2WSC customers/members, which will become NWSC customers/members, the same rates as all of its current customers. Those rates do not vary by any factor other than meter size. Current rates can be found in the NWSC Tariff attached hereto.

NUECES WATER SUPPLY CORPORATION
P.O. BOX 415
KINGSVILLE, TEXAS 78363
(361) 592-1720

T A R I F F

Amended: January 8, 1990
Amended: January 10, 1994
Amended: November 6, 1995
Amended: October 6, 1997
Amended: March 1, 1999
Amended: November 4, 2002
Amended: November 15, 2005
Amended: June 21, 2011
Amended: November 2, 2011
Amended: October 29, 2012
Amended: April 14, 2015
Amended: November 17, 2016 and December 15, 2016
Amended: July 14, 2017

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SECTION A: RESOLUTION 90-01

RESOLVED BY THE BOARD OF DIRECTORS OF THE NUECES SUPPLY CORPORATION THAT:

1. This Tariff, consisting of Sections A through H inclusive, is hereby adopted and enacted as the current regulations which shall supersede all policies passed by the Board of Directors before January 8, 1990 to the extent provided in paragraph 2 hereof.
2. No prior agreement executed by the Board of Directors is repealed by any provision contained herein, save and except as provided in the terms of that agreement.
3. The adoption of the provisions of this Tariff shall not affect any offense or act committed or done, or any penalty of forfeiture incurred, or any contract or vested right established or accruing before the effective date of this Tariff.
4. An official copy of this policy shall be available to the Membership of this Corporation during regular office hours of the Corporation. Requests for copies of this Tariff shall be subject to reproduction charges. The Secretary of the Corporation shall maintain the original copy as approved, and clearly exhibit all additions, deletions, and amendments separately.
5. This Tariff shall take effect immediately upon its approval as provided by law, and according to its terms. Rules and regulations of state and federal agencies having applicable jurisdiction, promulgated under any applicable State or Federal Law, shall supersede all terms of this policy. If any section, paragraph, sentence, clause, phrase, word or words of this policy are declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected thereby.

PASSED and APPROVED this 29st day of October, 2012.

President, Nueces Water Supply Corporation

SEAL

ATTEST:

Secretary, NUECES Water Supply Corporation

SECTION B: STATEMENTS

1. Statement of Organization. The Nueces Water Supply Corporation is a member owned non-profit corporation incorporated pursuant to the provisions of Tex. Rev. Civ. Stat. Ann., art. 1434a as supplemented by the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann., art. 1396, for the purpose of furnishing a potable water utility service. Corporation operating policies, rates, tariffs, and regulations are formulated and effected by a Board of Directors elected by the Members of the Corporation.
2. Statement of Non-Discrimination Policy. Membership in the Corporation and service of water is provided to all Applicants who comply with the provisions of this Tariff regardless of race, creed, color, national origin, sex, or marital status.
3. Statement of Rules Application. The rules and regulations specified herein apply to the water services furnished by Nueces Water Supply Corporation, also referred to as Corporation, NWSC, or Nueces WSC. Failure on the part of the Member to observe these rules and regulations of the Corporation, after due notice of such failure, automatically gives the Corporation the authority to discontinue the furnishing of service as provided herein.
4. Corporation Bylaws. The Corporation has adopted by-laws which establishes the make-up of the Board of Directors, establishes the membership voting rights, provides for annual and regular meetings, provides for reserve accounts, and establishes the rights of the members and other important regulations of the water system. These bylaws are included by reference herein, as amended from time to time, and are on file for inspection in the Corporation's office.
5. Statement of Fire Protection Responsibility. Fire hydrants or fire hydrant risers installed within the Corporation's distribution system are provided at the convenience of the Corporation and do not imply any responsibility on the part of the Corporation to meet fire flow requirements of local, county, state, or federal governmental agencies. Fire hydrants or fire hydrant risers paid for by individuals or groups of individuals and donated to the Corporation for county volunteer fire department use shall remain in place for such as "refill only" of fire trucks. The Corporation reserves the right to remove any fire hydrant or fire hydrant risers, due to improper use or detriment to the system as determined by the Corporation, at any time without notice, refund, or compensation to the contributors.

SECTION C: DEFINITIONS

APPLICANT - Person, partnership, cooperative corporation, corporation, agency, public or private organization of any character applying for service with the Nueces Water Supply Corporation.

BOARD OF DIRECTORS - The Board of Directors elected by the Members of the Nueces Water Supply Corporation.

BYLAWS - The rules pertaining to the governing of the Nueces Water Supply Corporation adopted by the Corporation Members.

CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) - The authorization granted under Chapter 13 of the Texas Water Code for Nueces Water Supply Corporation to provide water utility service within a defined territory. Nueces Water Supply Corporation has Certificate Number 11948. Territory defined in the CCN shall be the Certificated Service Area.

CORPORATION - The Nueces Water Supply Corporation.

DISCONNECTION OF SERVICE - The locking or removal of a water meter to prevent the use of water by a Member/User.

EASEMENT - A private perpetual dedicated right-of-way for the installation of water pipelines and necessary facilities which allows access to property for future maintenance, facility replacement, and/or installation of additional pipelines (if applicable).

FINAL PLAT - A complete and exact plan for the subdivision of a tract of land into lots for marketing which has been approved by all regulatory agencies having jurisdiction over approval of the design, planning, and specifications of the facilities of such subdivision. The Nueces Water Supply Corporation shall determine if a plat submitted for the purposes of this Tariff shall qualify as a final plat, based upon contractual agreements between the Corporation and South Texas Water Authority and the City of Corpus Christi.

LIQUIDATED MEMBERSHIP - A Membership in which the Membership Fee is not complete because delinquent charges have been applied against the Membership Fee. Service shall not be provided to a liquidated Member until the Membership Fee is current and paid in full.

MEMBER - Any person, partnership, cooperative corporation, corporation, agency, or public or private organization that has qualified for service and Membership in accordance with the Corporation's Tariff.

MEMBERSHIP CERTIFICATE - A stock certificate purchased from the Corporation evidencing a Member's interest in the Corporation.

RENTER - A person who rents property from a Member and may otherwise be termed a lessee.

RESERVED SERVICE CHARGE - A monthly charge assessed for each property where service is being reserved on behalf of a Member or future Member. The purpose of this fee is to reserve service capacity at a specified location pending installation of a water meter by the Corporation. This fee is paid monthly in lieu of the Minimum Monthly Charge until such time as the property is sold and a metered connection provided as requested. The Reserved Service Charge shall be cost-based to defray actual costs of reserving capacity for the property.

RE-SERVICE - Providing service to an Applicant at a location for which service previously existed, but where the Membership Fee has been liquidated and now requires the fitting of a metering device into an existing setting and possibly requiring modifications to the setting in order to restore service. Costs of such re-servicing shall be based on justifiable and reasonable costs to the Corporation for restoration of service.

SERVICE APPLICATION AND AGREEMENT – A written agreement between the Member and the Corporation outlining the responsibilities of each party regarding the service of water.

SURRENDERED MEMBERSHIP - A Membership in which service has been discontinued upon request of the Member and all indebtedness due the Corporation has been paid in full.

TRANSFeree - An Applicant receiving a Nueces Water Supply Corporation Membership Certificate and the right to water utility service at the location previously held by another Member. Transferee shall qualify under the terms of this Tariff before the Corporation shall qualify the Transferee as a Member. A transferee shall be a renter until the application process is completed including but not limited to receipt of a recorded deed.

TRANSFEROR - A Member who transfers Corporation stock and rights to water utility service back to Nueces Water Supply Corporation to be ultimately received by a Transferee.

SECTION D: GEOGRAPHIC AREA OF SERVICE

Service Area. The service area for NWSC is roughly the area bounded by the _____ (See Map next Page)

SECTION E: SERVICE RULES AND REGULATIONS

1. Application Procedures and Requirements. For the purposes of this Tariff, service requested by an Applicant and provided by the Corporation shall be divided into the following two (2) classes with requirements for application as listed:
 - A. Standard Service is defined as a single residential tap on an existing pipeline where pipeline or service facility extensions are not required. Standard Service may also be defined as a tap where a pipeline extension or road boring is required, but the Corporation determines that the extension does not warrant full or partial compliance with the Service Extension Section of this Tariff. Requirements for Standard Service shall be as follows:
 - (i) The Corporation's Standard Service Application and Agreement Form shall be completed in full and signed by the Applicant. (See Sample Application Packet)
 - (ii) A Right-of-Way Easement Form, sanitary easement, or other such easement forms, approved by the Corporation, must be completed by the Applicant for the purpose of allowing future extensions or facility additions or alterations to improve or provide service to future or existing applicants. (See Sample Application Packet)
 - (iii) The Applicant shall provide proof of ownership or title to property for which service has been requested in a manner acceptable to the Corporation.
 - (iv) The Corporation shall consider master metering multiple units for an applicant's request provided the total number of units to be served are all;
 - (a) owned by the same person, partnership, cooperative, corporation, agency, public or private organization of any character but not including a family unit.
 - (b) inaccessible to public right-of-way, and
 - (c) considered a commercial enterprise, i.e., for business, rental, or lease purposes.
 - B. Non-Standard Service is defined as any service applied for or provided which is not Standard Service. Service requirements as prescribed by Section F of this Tariff shall be met by the Applicant prior to extension of such pipelines, and/or service facilities.
 - C. Requirements for Standard and Non-Standard Service.
 - (i) All Service Applications approved and cost of service fees quoted by the Corporation shall stand approved at quoted costs for a period not to exceed thirty (30) days. After thirty (30) days, each Applicant shall re-apply for service under the terms of this Tariff.
 - (ii) If the water main has been located in the public right-of-way and is adjacent to Applicant's property due to the Applicant's previous refusal to grant easement to the Corporation for the purposes of installing the water main and appurtenances, the Applicant, prior to receiving the requested service, shall grant easement to the Corporation. In addition to the normally required fees for service, the Applicant shall pay such sums as are necessary for the removal of the water main from the public right-of-way and for re-installation

onto the Applicant's property. The Corporation shall retain the right to delay relocation of existing facilities onto private easement.

2. Activation of Standard Service.

- A. New Tap -- The Corporation shall charge a non-refundable installation fee as stated in Section G of this Tariff. The installation fee shall be quoted to the Applicant after a service investigation has been conducted by the Corporation. The meter installation fee shall be paid in advance of installation.
- B. Re-Service -- An application for service for which a tap already exists but for which the meter has been removed for any reason may be approved by the Corporation provided that the returning Applicant pays any back-charges, penalties (including the equivalency of monthly minimums due not to exceed the cost of the capital contribution and membership), and service charges of the previous account necessary to restore service. New Applicants will pay the equivalency of the total of monthly minimums due or the cost of new membership and capital contribution whichever is less. Any Applicant unwilling to pay such fees and charges shall apply for service under the terms of this Tariff for Standard Service.
- C. Performance of Work -- All tap and equipment installations shall be specified by the Corporation staff or the Corporation's designated representative. The tap shall be completed within twenty (20) working days after receipt of payment of quoted installation fees. Weather conditions, location of other services and emergency work orders (leaks, pump station, and disinfection problems) are conditions beyond our control that may affect the 20-day timeframe.

3. Activation of Non-Standard Service. Activation of Non-Standard Service shall be conducted as prescribed by terms of Section F of this Tariff.

4. Memberships.

- A. Eligibility -- The Corporation shall grant Membership only to owners of real property on which the requested Standard or Non-Standard Service is to be provided. Eligibility for Membership shall not guarantee service to the Applicant.
- B. Membership Certificates -- Upon qualification for Membership and acceptance of the Membership Fee, the Corporation shall issue a Membership Certificate to the Applicant. The Membership Certificate provides proof of Membership in the Corporation and shall entitle the Applicant to one connection to the Corporation's water main and one (1) share of Corporation stock. The Membership Certificate also entitles the Member to one (1) vote in the conducting of the affairs of any Annual or Special Membership Meeting of the Corporation as prescribed by the Corporation Bylaws. A person may own more than one membership but each member shall be entitled to only one vote regardless of the number of memberships owned. Original Membership Certificates shall be held on file in the Corporation Office.
- C. Transfers of Membership.
 - (i) A Member is entitled to transfer Membership in the Corporation only under the following circumstances:

- (a) The Membership is transferred by will to a person related to the Transferor within the second degree by consanguinity; or
- (b) The Membership is transferred without compensation to a person related to the Transferor within the second degree by consanguinity; or
- (c) The Membership is transferred without compensation or by sales to the Corporation; or
- (d) The Membership is transferred as a part of the conveyance of real estate from which the Membership arose.
- (ii) In the event that Membership is transferred pursuant to the provisions of Sub-Section 4.C. (i) such transfer shall not be completed or recorded on the books and records of the Corporation until such time as the transferor has provided satisfactory evidence to the Corporation of such transfer.
- (iii) Any transfer of Membership set forth in Sub-Section 4.C.(i) and 4.C.(ii) shall be subject to approval of the Corporation and shall be recorded on the books and records of the Corporation only upon the following terms and condition:
 - (a) A Transfer Authorization Form has been completed by the Transferor and Transferee,
 - (b) The Transferee has completed the required Application Packet, and
 - (c) All indebtedness due the Corporation has been paid,
 - (d) The Membership Certificate has been surrendered, properly endorsed, by the record Transferor.
 - (e) The party purchasing the property will pay a transfer fee in the amount of \$25.00.
 - (f) In the event the existing Member requests a membership refund, the Corporation shall require the new Member to deposit with the Corporation another Membership Fee equal to the Membership Fee as quoted in the Corporation's current bylaws.

D. Cancellation of Membership

To keep a Membership in good standing, a Minimum Monthly Charge or a monthly Reserved Service Charge must be paid to the Corporation, whether or not water is used. Failure to pay this monthly charge to the Corporation shall jeopardize the Member's Membership standing and give rise to liquidation of the Membership Fee. A Member may be relieved of this obligation to pay by surrendering the Membership Certificate, properly endorsed, to the Corporation. The Member shall also complete a Service Discontinuance Request Form prior to termination of service. (See Misc. Transaction Forms.) However, a Member is not relieved of any obligations incurred prior to the date of surrender of a properly endorsed Membership Certificate prior to termination of service. Rights to future service at this tap shall be extended on an as-available basis and be subject to the terms of the Activation of Service section of this Tariff.

E. Liquidation Due To Delinquency

When the amount of the delinquent minimum monthly charges, gallonage charges, penalties, and service fees owed by the Member equals the Membership Fee, the Membership Fee shall be liquidated and the Membership canceled and transferred back to the Corporation. In the event the Member leaves a balance due on an account guaranteed under the terms of a Service Application and Agreement, and the delinquent Member owns more than one Membership Certificate, the Corporation may liquidate as many of the Member Guarantor's Membership Fees as necessary to satisfy the balance

due to the Corporation, provided proper notice has been given. The Corporation shall collect any remaining account balances through appropriate means. Reinstatement of service shall be subject to the terms of the Activation of Service section of this Tariff.

5. Owners and Renters. Any Nueces Water Supply Corporation Member renting or leasing property to other parties are responsible for all charges due the Corporation in the event a renter or lessee leaves the Corporation with any unpaid bills. The Corporation will bill the renter or lessee for water service as a third party, but the Member is fully responsible for any and all unpaid bills left by the renter/lessee. The Member shall take full responsibility for any necessary deposits from the renter/lessee to ensure payment of a past due bill. The Corporation may notify the Member of the renter's past due payment status subject to service charges.
6. Denial of Service. The Corporation may deny service for the following reasons:
 - A. Failure of the Applicant or Transferee to complete all required forms;
 - B. Failure of the Applicant or Transferee to comply with rules, regulations, policies, and by-laws of the Corporation;
 - C. Existence of a hazardous condition at the Applicant's property which would jeopardize the welfare of the Members/Users of the Corporation upon connection;
 - D. Failure of Applicant or Transferee to comply with all governmental rules and regulations of the Corporation on file with the state regulatory agency governing the service applied for by the Applicant.
 - E. Failure of Applicant or Transferee to provide proof of ownership, to the satisfaction of the Corporation, of property for which the tap has been requested, and/or;
 - F. Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided.
 - G. The Corporation encourages that all plumbing installations, supplies, and workmanship meet or exceed the Southern Building Code requirements.
 - H. If the Applicant or Transferee refuses to make a deposit under these rules.
7. Applicant's or Transferee's Recourse. In the event the Corporation refuses to serve an Applicant under the provisions of these rules, the Corporation must notify the Applicant of the basis of its refusal and the Applicant may file for an appeal, in writing, with the Board of Directors of the Corporation.
8. Insufficient Grounds for Refusal of Service. The following shall not constitute sufficient cause for the refusal of service to an Applicant:
 - A. Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;
 - B. Violation of Corporation's rules pertaining to operation of non-standard equipment or unauthorized attachments which interferes with the service of others, or other services such as communication services, unless the Member has first been notified and been afforded reasonable opportunity to comply with said rules; or
 - C. Failure to pay a bill of another Member as guarantor thereof unless the guaranty was made in writing to the Corporation as a condition precedent to service;
 - D. Delinquency in payment for service by a previous occupant of the premises to be served;
 - E. Failure to pay the bill of another customer at the same address, except where the change of customer identity is made to avoid or evade payment of a utility bill;

- F. Failure to pay for the restoration of a tap removed by the utility at its option or removal as the result of tampering or delinquency in payment by a previous customer;
 - G. Failure to comply with regulations or rules for anything other than the type of utility service specifically requested including failure to comply with the septic tank regulations.
9. Deferred Payment Agreement. The Corporation may offer a deferred payment plan to a Member who cannot pay an outstanding balance in full and is willing to pay the balance in reasonable installments as determined by the Corporation, including any Late Penalty Fees or interest on the monthly balance to be determined as per agreement. (See Misc. Transaction Forms)
10. Indigent Care Policy. Members demonstrating an inability to pay for monthly water service shall be extended an opportunity to apply for waiver of part or all of water charges under the conditions of the Corporation's Indigent Care Policy. (See Indigent Care Policy)
11. Charge Distribution and Payment Application.
- A. Service Availability Charge is defined as a minimum monthly charge which is applied from the first week of the month to the first week of the following month. Charges shall be prorated for meter installations and service terminations falling during the calendar month. Billings for this amount shall be mailed on or about the 10th of the month preceding the month for which this charge is due. All Standard and Non-Standard Services shall be subject to this charge whether or not the service is in use by the Member.
 - B. Gallonage Charge is defined as water usage in excess of the water allotment included in the Service Availability Charge and shall be billed at the rate specified in Section G, and shall be billed in 100 gallon increments. Water charges for usage exceeding the monthly allotment are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the Corporation's employees or designated representative. Billing for this additional usage is approximately one month behind the monthly Service Availability Charge.
 - C. Posting of Payments -- All payments shall be posted against previous balances prior to posting against current billings.
12. Due Dates, Delinquent Bills, and Service Disconnection Date. The Corporation shall mail all bills on or about the 13th of the month. All bills shall be due by the date indicated on the bill (allowing approximately twenty five (25) days to pay), after which time a penalty shall be applied as described in Section G. A bill is delinquent if not paid by the due date. Payments made by mail will be considered late if not received in the Corporation's mail receptacle on or before due date. Payments made by the drop box will be considered late if not received in the Corporation's office before the due date or by 4:59 pm on the due date. Payments made using the computer online service will be considered late if not made by the customer by 4:59 pm on the due date. Lockout notices will be sent immediately or as soon thereafter as possible following the due date. Lockout notices shall be mailed allowing seven (7) additional days for payment prior to disconnection. The seven (7) additional days shall begin on the day the lockout

notice is deposited with the U.S. Postal Service with sufficient postage. If the due date for the regular billing is on a weekend or holiday, the due date for payment purposes shall be the next day the Corporation is open for business the day after said weekend or holiday. Payment must be received whether made in person, drop box, U.S. Postal Service or using the online computer service by 4:59 pm on the business day before the actual disconnection date in order to avoid incurring a service charge/cutoff fee.

13. Rules for Disconnection of Service. The following describes the rules and conditions for disconnection of service:

A. Disconnection With Notice -- Water utility service may be disconnected for any of the following reasons after proper notification has been given:

- (i) Returned Checks -- In the event a check, draft, or any other similar instrument is given by a person, firm, corporation, or partnership to the Corporation for payment of services provided for in this Tariff, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the Corporation shall mail, via the U.S. Postal Service, a notice requiring redemption of the returned instrument within ten (10) days of the date of the notice to be made in the Corporation office. Redemption of the returned instrument shall be made by cash, money order, or certified check. Failure to meet these terms shall initiate disconnection of service
- (ii) Failure to pay a delinquent account for utility service or failure to comply with the terms of a deferred payment agreement;
- (iii) Violation of the Corporation's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Member and the Member is provided with a reasonable opportunity to remedy the situation;
- (iv) Failure of the Member to comply with the terms of the Corporation's Service Agreement, Tariff, Bylaws, or Special Contract provided that the Corporation has given notice of said failure to comply and Member has failed to comply within a specified amount of time after notification.
- (v) Failure to provide access to the meter under the terms of this Tariff.
- (vi) Misrepresentation by any Applicant or Transferee of any fact on any form, document, or other agreement required to be executed by the Corporation.

B. Disconnection Without Notice -- Water utility service may be disconnected without notice for any of the following conditions:

- (i) A known dangerous condition exists for which it may remain disconnected for as long as the condition exists;
- (ii) Service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for nonpayment; and
- (iii) In instances of tampering with the Corporation's meter or equipment, bypassing the meter or equipment, or other diversion of service. Where reasonable, given the nature of the hazardous condition, a written statement providing notice of disconnection and the reason therefor shall be posted at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.
- (iv) In instances where a returned check is provided for payment to avoid disconnection of service.

- C. Disconnection Prohibited -- Utility service may not be disconnected for any of the following reasons:
- (i) Failure of the Member to pay for merchandise or charges for non-utility service provided by the Corporation;
 - (ii) Failure of the Member to pay for a different type or class of utility service unless a fee for such service is included in the same bill;
 - (iii) Failure of the Member to pay charges arising from an underbilling occurring due to any mis-application of rates more than six (6) months prior to the current billing;
 - (iv) Failure of the Member to pay the account of another member as guarantor thereof, unless the Corporation has in writing the guarantee as a condition precedent to service;
 - (v) Failure of the Member to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due to meter error.
 - (vi) Failure of the Member to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Corporation is unable to read the meter due to circumstances beyond its control.
- D. Disconnection on Holidays and Weekends -- Unless a dangerous condition exists or the member requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the Corporation are not available to the public for the purpose of making collections and reconnecting service.
- E. Disconnection Due to Utility Abandonment -- The Corporation may not abandon a Member or a Certificated Service Area without written notice to its Members and all similar neighboring utilities and approval from the Texas Commission on Environmental Quality.
- F. Disconnection for Ill and Disabled -- The Corporation may not discontinue service to a delinquent residential Member permanently residing in an individually metered dwelling unit when that Member establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. Each time a Member seeks to avoid termination of service under this Subsection, the Member must have the attending physician call or contact the Corporation within sixteen (16) days of issuance of the bill. A written statement must be received by the Corporation from the physician within twenty-six (26) days of the issuance of the utility bill. The prohibition against service termination shall last sixty-three (63) days from the issuance of the utility bill or such lesser period as may be agreed upon by the Corporation and Member's physician. The Member shall enter into a Deferred Payment Agreement.
- G. Disconnection of Master-Metered Apartments -- When a bill for water utility services is delinquent for a master-metered apartment service complex (defined as a building in which a single meter serves five (5) or more residential dwelling units), the following shall apply:
- (i) The Corporation shall send a notice to the Member as required. This notice

shall also inform the Member that notice of possible disconnection will be provided to the tenants of the apartment complex in six (6) days if payment is not rendered before that time.

- (ii) At least six (6) days after providing notice to the Member and at least four (4) days prior to disconnection, the Corporation shall post at least five (5) notices in public areas of the apartment complex notifying the residents of the scheduled date for disconnection of service.

14. Billing Cycle Changes. The Corporation reserves the right to change its billing cycles if the work load requires such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the Corporation.
15. Backbilling. The Corporation may back-bill a Member for up to 6 months for meter error, misapplied meter multiplier, incorrect meter readings, or error in computing a Member's bill. Failure to pay the most recent six (6) months billing will result in disconnection of service and the re-establishment of credit. Back-billing shall not extend beyond current Membership.
16. Disputed Bills. In the event of a dispute between the Member and the Corporation regarding any bill, the Corporation shall forthwith make and conduct an investigation as shall be required by the particular case, and report the results in writing thereof to the Member. All disputes under this Sub-Section must be reported to the Corporation, in writing, prior to the due date posted on said bill.
17. Inoperative Meters. Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the Corporation shall make a charge for units used, but not metered, for a period not to exceed three (3) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.
18. Bill Adjustment Due To Meter Error. The Corporation shall test any Member's meter upon written request of the Member. In the event the meter tests within the accuracy standards of The American Water Works Association, a test fee as prescribed in Section G of this Tariff shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment shall be made as far back as six (6) months but not extended beyond current membership. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The Member shall complete a Meter Test Request Form prior to the test. (See Misc. Transaction Forms)
19. Meter Tampering and Diversion. For purposes of these Sections, meter-tampering, by-passing, or diversion shall all be defined as tampering with the Corporation's meter or equipment, by-passing the same, or other instances of diversion, such as physically disorienting the meter, objects attached to the meter to divert service or to bypass, insertion of objects into the meter, and other electrical and mechanical means of tampering with, by-passing, or diverting service. The burden of proof of

meter-tampering, by-passing, or diversion is on the Corporation. Photographic evidence or any other reliable and credible evidence may be used; however, any evidence shall be accompanied by a sworn affidavit by the Corporation's staff when any action regarding meter-tampering as provided for in these Sections is initiated. A court finding of meter-tampering may be used instead of photographic or other evidence, if applicable. Unauthorized users of services of the Corporation shall be prosecuted to the extent allowed by law.

20. Meter Relocation. Relocation of meters/taps shall be allowed by the Corporation provided that:

- A. No transfer of Membership is involved;
- B. An easement for the proposed location has been granted to the Corporation;
- C. The property of the new location requested is owned by the current member of the meter to be moved;
- D. That the existing tap location is contiguous to the proposed tap location; and
- E. The Member pays the actual cost of relocation plus administrative fees.

21. One Residential or Commercial Unit Per Meter.

A. In order that the Corporation may maintain adequate records of the actual number of users on its system to assure compliance with Texas Department of Health and Texas Commission on Environmental Quality Rules and Regulations on minimum service standards, to ensure that charges are received for each user on the system, and to ensure that the Corporation's metering device is adequately sized for proper flow and accurate measurement of water used, all connections of any dwelling, household, business, and/or water-consuming establishment currently receiving or planning to receive water service, either directly or indirectly from the Corporation's water system, shall individually apply for service under the rules of this Tariff. Any unauthorized submetering or diversion of service shall be considered a Multiple Connection and subject to disconnection of service. If the Corporation has sufficient reason to believe that more than one household/business/farm is connected to a single meter, the Member shall be notified by mail, to the last known address, and given 30 days from issuance of the notice to reply to the notice and make proper application for a new membership to accommodate all additional residential or commercial units.

B. Under the rules of the Corporation, each tap to the main pipeline is a unit and the monthly Service Availability Charge shall be paid, whether or not water is used.

22. Member's Responsibility.

- A. The Member shall provide access to the tap at all reasonable times for the purpose of reading, installing, checking, repairing, or replacing the meter. Member shall provide a key to locked gates. If the gate to the Member's premises is locked preventing the reading of the meter, an estimated bill shall be sent to the effect that entrance could not be gained and that a key should be furnished or the gate unlocked for each reading period. Should the gate remain locked for three (3) consecutive months after proper notification to the Member, then service shall be discontinued and the meter removed with no further notice.

- B. The Member shall see that all plumbing connections shall be made to comply with the Texas Department of Health Rules and Regulations. The Corporation recommends that any significant modifications and/or improvements to the plumbing are done in accordance with the Southern Building Code. All connections shall be designed to insure against back-flow or siphonage into the Corporation's water supply. In particular, livestock water troughs shall be plumbed into the top of the trough with airspace between the discharge and the water level in the trough. Service shall be discontinued without further notice when installations are found to be in violation of this regulation until such time as the violation is corrected. All service connections provided after January 1, 1996 will include, at the member's cost, the installation of necessary back-flow prevention devices. All service connection provided after January 1, 1996 will be inspected by a licensed inspector for the presence of cross-connections. Provisions of service will be contingent upon the results of said inspection.
 - C. A Member owning more than one (1) Membership Certificate shall keep all payments current on all accounts. Failure to maintain current status on all accounts shall be enforceable as per Standard Service Applications and Agreement executed by the Member.
 - D. The Corporation's ownership and maintenance responsibility of water supply and metering equipment shall end at the point where the Member connects to the equipment provided by the Corporation during the installation of the metering equipment. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and provided by the Corporation shall be subject to charges as determined by the Corporation's Tariff as amended from time to time by the Board of Directors.
 - E. The Corporation shall require each Member to provide a cut-off valve on the Member's side of the meter for purposes of isolating the Member's service pipeline and plumbing facilities from the Corporation's water pressure. The Member's use of the Corporation's curb stop or other similar valve for such purposes is prohibited. Any damage to the Corporation's equipment shall be subject to service charges.
23. Records Location and Availability. The records of the Corporation shall be kept in the South Texas Water Authority Office located at 111 East Sage Road in Kingsville, Texas. These records may, upon request, be examined by any member of the Corporation. The records may not be removed from the South Texas Water Authority's office.

SECTION F: SERVICE EXTENSION

1. Corporation's Limitations. All Applicants shall recognize that the Corporation must comply with local, state, and federal rules and regulations as promulgated from time to time, and by covenants of current indebtedness. In addition, the Corporation is limited in its service area by the Extra-territorial Jurisdictions (ETJ) of incorporated cities; the city has the right of first refusal before the Corporation can provide service.

2. Purpose. The purpose of this Section is to govern agreements and service procedures for subdivisions, additions to subdivisions, or developments where service to more than one tract is necessary; and/or additional piping, service facilities, etc., are required to accommodate individual, multiple, commercial, or industrial Applicants. For the purposes of this Tariff, Applications subject to this Section shall be defined as Non-Standard.

3. Application of Rules. This Section may be altered or suspended when applied to planned facility expansions for which the Corporation extends its indebtedness. The Board of Directors of the Corporation shall interpret on an individual basis whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section.

4. Non-Standard Service Application. The Applicant shall meet the following requirements prior to the initiation of a Service Agreement by the Corporation:

- A. The Applicant shall provide the Corporation an original, signed letter containing information pertinent to the service request. The letter shall state that the Applicant has been provided a copy of the Corporation's Tariffs.
- B. A final plat approved by the Corporation must accompany the letter showing the Applicant's requested service area. The plat must be approved by all regulatory authorities having jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such regulatory authorities shall be submitted with the plat. Applicant's for single taps involving extension or upsizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements. Applicants must meet any requirements as necessary due to contractual agreements between the Corporation and South Texas Water Authority and the City of Corpus Christi.
- C. At the time the Applicant tenders the Application, a Non-standard Service Investigation Fee (See Section G) to cover initial administrative, legal, and engineering fees shall be paid to the Corporation. The balance of actual expenses shall be refundable to the Applicant and any additional expenses incurred as a result of efforts by the Corporation to study service requirements of the Applicant shall be paid by the Applicant.
- D. If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property outside the Corporation's Certificated Service Area of Public Convenience and Necessity, service may be extended provided that:
 - (i) The service location is contiguous to the Corporation's Certificated Service Area of Public Convenience and Necessity,
 - (ii) The service location is not in an area receiving similar service from another utility, and

- (iii) The service location is not within the Area of Public Convenience and Necessity of another similar utility.

5. Design. The Corporation shall study the design requirements of the Applicant's required facilities prior to initiation of a Service Agreement by adopting the following schedule:

- A. The Corporation's Engineer shall design all service facilities for the Applicant's requested service if the applicant has not requested and received permission to use their own consulting engineer.
- B. If the Corporation's Consulting Engineer is used for the design phase, the engineer's fees shall be paid out of the Non-Standard Service Investigation Fee, provided however, that the actual costs of the Engineer's services do not exceed the amount of the Non-Standard Service Investigation Fee allotted for engineering services. If the Applicant's services exceed the allotted fee, the Applicant shall pay the balance of engineering fees prior to commencing with the service investigation.
- C. The Consulting Engineer or the applicant's approved engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.
- D. The Corporation's Engineer shall design all facilities for any Applicant to meet the demand for service as platted and/or requested in the plans or plat submitted in application for service. The Corporation reserves the right to upgrade design of service facilities to meet future demands, provided however, that the Corporation pays the expense of such upgrading above the Applicant's facility requirements.

6. Non-Standard Service Contract. All applications subject to this Section shall enter into a written agreement which defines the terms of service prior to construction of required service facilities. Guidelines for the service agreement may include, but are not limited to:

- A. Definition of all costs associated with required administration, design, construction, and inspection of facilities for water service to the Applicant's service area and terms by which these costs are to be paid.
- B. Definition of procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
- C. Definition of costs associated with achieving parity with existing members of the Corporation as demonstrated in the Average Net Equity Purchase Fee Formula (Section G).
- D. Definition of monthly Service Availability Charges as applicable to the service request.
- E. Definition of terms by which reserved service shall be provided to the Applicant and duration of reserved service with respect to the impact the Applicant's service request will have upon the Corporation's system capability to meet other service requests.
- F. Definition of terms by which the Applicant shall be reimbursed for Average Net Equity Purchase Fees on a per tap basis.
- G. Definition of terms by which the Corporation shall administer the Applicant's project with respect to:
 - (i) Design of the Applicant's service facilities,
 - (ii) Securing and qualifying bids,
 - (iii) Execution of the Service Agreement,
 - (iv) Selection of a qualified bidder for construction,
 - (v) Dispensing advanced funds for construction of facilities required for the Applicant's service,

- (vi) Inspecting construction of facilities, and
- (vii) Testing facilities and closing the project.

- H. Definition of terms by which the Applicant shall indemnify the Corporation from all third party claims or law suit in connection with the project contemplated.
- I. Definition of terms by which the Applicant shall deed all constructed facilities to the Corporation and by which the Corporation shall assume operation and maintenance responsibility, including any enforcement of warranties in connection with construction of the Applicant's project.
- J. Definition of terms by which the Applicant shall grant title or easement for right-of-ways, and facility sites and/or terms by which the Applicant shall provide for the securing of required right-of-ways and sites.
- K. Definition of terms by which the Board of Directors shall review and approve the Service Agreement pursuant to current rules, regulations, and bylaws.

7. Property and Right-of-Way Acquisition. With regard to construction of facilities, the Corporation shall require private right-of-way easements on private property as per the following conditions:

- A. If the Corporation determines that right-of-way easements or facility sites outside the Applicant's property are required, the Corporation shall require the Applicant to secure easements or title to facility sites in behalf of the Corporation. All right-of-way easements and property titles shall be researched, validated, and filed by the Corporation at the expense of the Applicant.
- B. All facilities installed in public right-of-ways on behalf of the Applicant, due to inability to secure private right-of-way easements, shall be subject to costs equal to the original cost of facility installation for those facilities in public right-of-ways, plus the estimated cost of future relocation to private right-of-ways, provided however, that funds are not received at a later date from other sources for such relocation.
- C. The Corporation shall require an exclusive dedicated right-of-way on the Applicant's property (as required by the size of the planned facilities and as determined by the Corporation) and title to property required for other on-site facilities.
- D. Easements and facilities sites shall be prepared for the construction of the Corporation's pipeline and facility installations in accordance with the Corporation's requirements and at the expense of the Applicant.

8. Bids For Construction. The Corporation's Consulting Engineer shall advertise for bids for the construction of the Applicant's proposed facilities in accordance with generally accepted practices. Plans and specifications shall be made available, with or without charge, to prospective bidders. Although the Corporation reserves the right to reject any bid or contractor, the Corporation shall generally award the contract to the lowest and best bidder in accordance with the following criteria:

- A. The Applicant shall sign the Service Agreement noting willingness to proceed with the project and shall pay all costs in advance of construction associated with the project.
- B. The Contractor shall provide an adequate bid bond under terms acceptable to the Corporation.
- C. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation, and