

Control Number: 49230



Item Number: 7

Addendum StartPage: 0



COTTW

49230

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

Pursuant to Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.109

2012

Sale, Transfer, or Merger (STM) Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, the Applicant should:
 - i. Provide an answer to every question and submit any required attachment applicable to the STM request (i.e., agreements or contracts).
 - ii. Use attachments or additional pages to answer questions as necessary. If you use attachments or additional pages, reference their inclusion in the form.
 - iii. Provide all mapping information as detailed in Part G: Mapping & Affidavits.
- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
 - i. **SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (NOTE: Electronic documents may be sent in advance of the paper copy, however they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records).
- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
 - i. **DEFICIENT (Administratively Incomplete):** Applicants will be ordered to provide information to cure the deficiencies by a certain date, usually 30 days from ALJ's order. **Application is not accepted for filing.**
 - ii. **SUFFICIENT (Administratively Complete):** Applicants will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. **Application is accepted for filing.**
- IV. Once the Applicants issue notice, a copy of the actual notice sent and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may request a hearing on the merits.

HEARING ON THE MERITS: An affected party may request a hearing within 30 days of notice. In this event, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
- V. **TRANSACTION TO PROCEED:** at any time following the provision of notice, or prior to 120 days from the last date that proper notice was given, Commission Staff will file a recommendation for the transaction to proceed as proposed or recommend that the STM be referred to SOAH for further investigation. The Applicants will be required to file an update in the docket to the ALJ every 30 days following the approval of the transaction. The transaction must be completed within six (6) months from the ALJ's order (Note: The Applicants may request an extension to the 6 month provision for good cause).
- VI. **FILE:** Seven (7) copies of completed transaction documents and documentation addressing the transfer or disposition of any outstanding deposits. After receiving all required documents from the Applicants, the application will be granted a procedural schedule for final processing. The Applicants are requested to consent in writing to the proposed maps and certificates, or tariff if applicable.
- VII. **FINAL ORDER:** The ALJ will issue a final order issuing or amending the applicable CCNs.

FAQ:

Who can use this form?

Any retail public utility that provides water or wastewater service in Texas.

Who is required to use this form?

A retail public utility that is an investor owned utility (IOU) or a water supply corporation (WSC) prior to any STM of a water or sewer system, or utility, or prior to the transfer of a portion of a certificated service area.

Terms

Transferor: Seller

Transferee: Purchaser

CCN: Certificate of Convenience and Necessity

STM: Sale, Transfer, or Merger

IOU: Investor Owned Utility

WE HAVE ATTACHED DOCUMENTATION & MAPS SEPERATED IN APPLICATION. WE HOPE FOR THE BEST. THANK YOU.

Application Summary

Transferor: BEVERLY MINALDI
(selling entity)

CCN No.s: 12336

- Sale
 Transfer
 Merger
 Consolidation
 Lease/Rental

Transferee: KEVIN HESTER/SIMPLY AQUATICS INC
(acquiring entity)

CCN No.s: 12336

- Water
 Sewer
 All CCN
 Portion CCN
 Facilities transfer

County(ies): SABINE

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Please mark the items included in this filing

<input type="checkbox"/> Contract, Lease, Purchase, or Sale Agreement	Part A: Question 1
<input type="checkbox"/> Tariff including Rate Schedule	Part B: Question 4
<input type="checkbox"/> List of Customer Deposits	Part B: Question 5
<input type="checkbox"/> Partnership Agreement	Part C: Question 7
<input type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part C: Question 7
<input type="checkbox"/> Certificate of Account Status	Part C: Question 7
<input type="checkbox"/> Financial Audit	Part C: Question 10
<input type="checkbox"/> Application Attachment A & B	Part C: Question 10
<input type="checkbox"/> Disclosure of Affiliated Interests	Part C: Question 10
<input type="checkbox"/> Capital Improvement Plan	Part C: Question 10
<input type="checkbox"/> List of Assets to be Transferred	Part D: 11.B
<input type="checkbox"/> Developer Contribution Contracts or Agreements	Part D: 11.D
<input type="checkbox"/> Enforcement Action Correspondence	Part E: Question 18 (Part D: Q12)
<input type="checkbox"/> TCEQ Compliance Correspondence	Part F: Question 22
<input type="checkbox"/> TCEQ Engineering Approvals	Part F: Question 24
<input type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part F: Question 26
<input type="checkbox"/> Detailed (large scale) Map	Part G: Question 29
<input type="checkbox"/> General Location (small scale) Map	Part G: Question 29
<input type="checkbox"/> Digital Mapping Data	Part G: Question 29
<input type="checkbox"/> Signed & Notarized Oath	Page 13-14

Part A: General Information

1. Describe the proposed transaction, including the effect on all CCNs involved, and provide details on the existing or expected land use in the area affected by the proposed transaction. Attach all supporting documentation, such as a contract, a lease, or proposed purchase agreements:

KEVIN HAS PURCHASED THE SYSTEM WITH THE INTENTION OF PROVIDING TO OUR EXISTING CUSTOMERS WITHIN THE CCN. THE LAND IS ONLY CONCERNED FOR PROVIDING WATER FROM GROUND SOURCE AND DISTRIBUTED TO EXISTING OR ANY FUTURE METER TAPS WITHIN THE CCN.

2. The proposed transaction will require (check all applicable):

For Transferee (Purchaser) CCN:

- Obtaining a NEW CCN for Purchaser
- Transfer all CCN into Purchaser's CCN (Merger)
- Transfer Portion of CCN into Purchaser's CCN
- Transfer all CCN to Purchaser and retain Seller CCN
- Uncertificated area added to Purchaser's CCN

For Transferor (Seller) CCN:

- Cancellation of Seller's CCN
- Transfer of a Portion of Seller's CCN to Purchaser
- Only Transfer of Facilities, No CCN or Customers
- Only Transfer of Customers, No CCN or Facilities
- Only Transfer CCN Area, No Customers or Facilities

Part B: Transferor Information

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

3. A. Name: BEVERLY LEE MINALDI
(individual, corporation, or other legal entity)
 Individual Corporation WSC Other: _____

B. Mailing Address: P.O. Box 1611; NEDERLAND, TX 77627

Phone: 409-722-1897 Email: beverlyminaldi@yahoo.com

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, accountant, or other title.
Name: BEVERLY LEE MINALDI Title: owner/operator
Mailing Address: P.O. Box 1611 NEDERLAND, TX 77627
Phone: 409-543-5321(c) Email: beverlyminaldi@yahoo.com

4. If the utility to be transferred is an Investor Owned Utility (IOU), for the most recent rate change, attach a copy of the current tariff and complete A through B:

A. Effective date for most recent rates: JANUARY 1, 2009

B. Was notice of this increase provided to the Public Utility Commission of Texas (Commission) or a predecessor regulatory authority?
 No Yes Application or Docket Number: _____

If the transferor is a Water Supply or Sewer Service Corporation, provide a copy of the current tariff.

5. For the customers that will be transferred following the approval of the proposed transaction, check all that apply:

There are no customers that will be transferred

of customers without deposits held by the transferor 46

of customers with deposits held by the transferor* _____

*Attach a list of all customers affected by the proposed transaction that have deposits held, and include a customer indicator (name or account number), date of each deposit, amount of each deposit, and any unpaid interest on each deposit.

Part C: Transferee Information

Questions 6 through 10 apply only to the transferee (purchaser or proposed service provider)

6. A. Name: KEVIN HESTER / SIMPLY AQUATICS INC
(individual, corporation, or other legal entity)
 Individual Corporation WSC Other:

B. Mailing Address: P.O. BOX 157, KIRBYVILLE TX 75956

Phone: 409-420-0774 Email: SALWATERSYSTEM@YAHOO.COM

C. Contact Person. Provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: CALEB ROSS Title: OPERATOR

Address: P.O. BOX 157 KIRBYVILLE, TX 75956

Phone: 409-423-9386 Email: SALWATER SYSTEM@YAHOO.COM

D. If the transferee is someone other than a municipality, is the transferee current on the Regulatory Assessment Fees (RAF) with the Texas Commission on Environmental Quality (TCEQ)?

No Yes N/A

E. If the transferee is an IOU, is the transferee current on the Annual Report filings with the Commission?

No Yes N/A

7. The legal status of the transferee is:

Individual or sole proprietorship

Partnership or limited partnership (attach Partnership agreement)

Corporation
Charter number (as recorded with the Texas Secretary of State): 800 198 192

Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]
Charter number (as recorded with the Texas Secretary of State): _____
 Articles of Incorporation and By-Laws established (attach)

Municipally-owned utility

District (MUD, SUD, WCID, FWSD, etc.)

County

Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)

Other (please explain): _____

8. If the transferee operates under any d/b/a, provide the name below:

Name: SIMPLY AQUATICS INCORPORATION

9. If the transferee's legal status is anything other than an individual, provide the following information regarding the officers, members, or partners of the legal entity applying for the transfer:

Name: KRUVIN HESTER

Position: PRESIDENT

Ownership % (if applicable): 0.00% 50%

Address: 921 CR 3065 KIRBYVILLE, TX 75954

Phone: 409-381-0271

Email: SAIWATERSYSTEM@YAHOO.COM

Name: STEPHANIE APINA HESTER

Position: SECRETARY/TREASURER

Ownership % (if applicable): 0.00% 50%

Address: 921 CR 3065 KIRBYVILLE, TX 75954

Phone: 409-381-0275

Email: SAIWATER SYSTEM @ YAHOO.COM

Name: _____

Position: _____

Ownership % (if applicable): 0.00%

Address: _____

Phone: _____

Email: _____

Name: _____

Position: _____

Ownership % (if applicable): 0.00%

Address: _____

Phone: _____

Email: _____

10. Financial Information

The transferee Applicant must provide accounting information typically included within a balance sheet, income statement, and statement of cash flows. If the Applicant is an existing retail public utility, this must include historical financial information and projected financial information. However, projected financial information is only required if the Applicant proposes new service connections and new investment in plant, or if requested by Staff. If the Applicant is a new market entrant and does not have its own historical balance sheet, income statement, and statement of cash flows information, then the Applicant should establish a five-year projection taking the historical information of the transferor Applicant into consideration when establishing the projections.

Historical Financial Information may be shown by providing any combination of the following that includes necessary information found in a balance sheet, income statement, and statement of cash flows:

1. Completed Appendix A;
2. Documentation that includes all of the information required in Appendix A in a concise format; or
3. Audited financial statements issued within 18 months of the application filing date. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Vista Verde Water Systems, Inc. dba Simply Aquatics, Inc.

Profit & Loss YTD Comparison

January through December 2016

06/17/19

Accrual Basis

	Jan - Dec 16	Jan - Dec 16
Ordinary Income/Expense		
Income		
Sales	30,894.00	30,894.00
Sales-El Pinion	11,753.78	11,753.78
Sales-La Playa	4,137.40	4,137.40
Sales-VistaVerde	12,679.71	12,679.71
Total Income	59,464.89	59,464.89
Gross Profit	59,464.89	59,464.89
Expense		
Auto and Truck Expenses	1,125.02	1,125.02
Bank Service Charges	494.90	494.90
Barry Duke	1,000.00	1,000.00
Chemicals El Pinion	526.75	526.75
Chemicals La Playa	162.41	162.41
Chemicals Vista Verde	717.41	717.41
Commision/Contract Labor	147,023.72	147,023.72
Computer and Internet Expenses	276.28	276.28
Deep East TX Co Op	323.52	323.52
Equipment	11,919.38	11,919.38
Fees	375.56	375.56
Fees- Vista Verde	687.28	687.28
Fuel Expense	2,130.39	2,130.39
Lab Testing Fees		
Lab Fees-El Pinion	249.85	249.85
Lab Fees-LaPlaya	251.00	251.00
Lab Fees-Vista Verde	822.59	822.59
Lab Testing Fees - Other	4,738.70	4,738.70
Total Lab Testing Fees	6,062.14	6,062.14
Loan from First Bank and Trust	-10,000.00	-10,000.00
Loan From Simply Aquatics	-150.00	-150.00
Meals and Entertainment	1,651.47	1,651.47
Office Supplies	2,180.29	2,180.29
Payroll Expenses	11,184.72	11,184.72
Penalties/Fees	1,565.13	1,565.13
Professional Fees	1.64	1.64
Repairs and Maintenance	668.64	668.64
Shipping and Postage Expenses	837.33	837.33
Supplies		
Supplies & Materials-El Pinion	133.30	133.30
Supplies & Materials-La Playa	16.21	16.21
Supplies & Materials-VistaVerde	888.05	888.05
Supplies - Other	5,817.88	5,817.88
Total Supplies	6,855.44	6,855.44
Tax Fees	50.00	50.00
Taxes - Property	34.28	34.28
Utilities		
Utilities-El Pinion	444.32	444.32
Utilities-LaPlaya	174.04	174.04
Utilities-VistaVerde	784.35	784.35
Utilities - Other	1,218.14	1,218.14
Total Utilities	2,620.85	2,620.85
Total Expense	190,324.55	190,324.55
Net Ordinary Income	-130,859.66	-130,859.66

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Vista Verde Water Systems, Inc. dba Simply Aquatics, Inc.

06/17/19

Profit & Loss YTD Comparison

Accrual Basis

January through December 2016

	Jan - Dec 16	Jan - Dec 16
Other Income/Expense		
Other Income		
Vista Verde Grant	12,538.00	12,538.00
Total Other Income	12,538.00	12,538.00
Other Expense		
Ask My Accountant	2,265.52	2,265.52
Total Other Expense	2,265.52	2,265.52
Net Other Income	10,272.48	10,272.48
Net Income	<u>-120,587.18</u>	<u>-120,587.18</u>

Vista Verde Water Systems, Inc. dba Simply Aquatics, Inc.

Profit & Loss YTD Comparison

06/17/19

January through December 2017

Accrual Basis

	Jan - Dec 17	Jan - Dec 17
Ordinary Income/Expense		
Income		
Sales-El Pinion	25,113.80	25,113.80
Sales-La Playa	11,196.68	11,196.68
Sales-VistaVerde	31,515.70	31,515.70
Total Income	67,826.18	67,826.18
Gross Profit	67,826.18	67,826.18
Expense		
Auto and Truck Expenses	5,230.94	5,230.94
Bank Service Charges	211.87	211.87
Chemicals El Pinion	506.25	506.25
Chemicals La Playa	516.00	516.00
Chemicals Vista Verde	1,370.00	1,370.00
Commision/Contract Labor	51,539.99	51,539.99
Computer and Internet Expenses	427.90	427.90
Equipment	4,457.66	4,457.66
Fees	902.94	902.94
Fees- La Playa	125.00	125.00
Fees- Vista Verde	333.14	333.14
Fuel Expense	4,440.67	4,440.67
Gift	1,200.00	1,200.00
Lab Testing Fees		
Lab Fees-El Pinion	2,442.64	2,442.64
Lab Fees-LaPlaya	2,814.49	2,814.49
Lab Fees-Vista Verde	2,206.57	2,206.57
Total Lab Testing Fees	7,463.70	7,463.70
Meals and Entertainment	117.69	117.69
Office Admin Expense	174.12	174.12
Office Supplies	496.48	496.48
Payroll Expenses	15,074.63	15,074.63
Reconciliation Discrepancies	-1,114.66	-1,114.66
Repairs and Maintenance	13.91	13.91
Shipping and Postage Expenses	1,457.67	1,457.67
Supplies		
Supplies & Materials-El Pinion	471.73	471.73
Supplies & Materials-La Playa	943.47	943.47
Supplies & Materials-VistaVerde	1,139.27	1,139.27
Supplies - Other	561.92	561.92
Total Supplies	3,116.39	3,116.39
Tax Fees	15.24	15.24
Taxes - Property	753.95	753.95
Travel Expense	618.26	618.26
Utilities		
Utilities-El Pinion	1,331.92	1,331.92
Utilities-LaPlaya	648.25	648.25
Utilities-VistaVerde	1,370.80	1,370.80
Utilities - Other	1,312.21	1,312.21
Total Utilities	4,663.18	4,663.18
Total Expense	104,112.92	104,112.92
Net Ordinary Income	-36,286.74	-36,286.74

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Vista Verde Water Systems, Inc. dba Simply Aquatics, Inc.

06/17/19

Profit & Loss YTD Comparison

Accrual Basis

January through December 2017

	Jan - Dec 17	Jan - Dec 17
Other Income/Expense		
Other Income		
Vista Verde Grant	-12,538.00	-12,538.00
Total Other Income	-12,538.00	-12,538.00
Net Other Income	-12,538.00	-12,538.00
Net Income	<u>-48,824.74</u>	<u>-48,824.74</u>

Vista Verde Water Systems, Inc. dba Simply Aquatics, Inc.

06/17/19

Profit & Loss YTD Comparison

Accrual Basis

January through December 2018

	Jan - Dec 18	Jan - Dec 18
Ordinary Income/Expense		
Income		
Sales	983.10	983.10
Sales-El Pinion	22,861.06	22,861.06
Sales-La Playa	10,555.02	10,555.02
Sales-Timberlane	1,116.36	1,116.36
Sales-VistaVerde	33,034.70	33,034.70
Total Income	68,550.24	68,550.24
Gross Profit	68,550.24	68,550.24
Expense		
Auto and Truck Expenses	1,528.13	1,528.13
Bank Service Charges	816.91	816.91
Chemicals El Pinion	1,235.25	1,235.25
Chemicals La Playa	510.00	510.00
Chemicals Vista Verde	1,957.98	1,957.98
Commision/Contract Labor	16,310.03	16,310.03
Computer and Internet Expenses	1,892.36	1,892.36
Fees- El Pinion	1,363.16	1,363.16
Fees- La Playa	732.00	732.00
Fees- Vista Verde	315.16	315.16
Fuel Expense	5,048.71	5,048.71
Insurance Expense	656.25	656.25
Interest Expense	258.72	258.72
Lab Testing Fees		
Lab Fees-El Pinion	1,309.16	1,309.16
Lab Fees-LaPlaya	725.12	725.12
Lab Fees-Vista Verde	3,721.40	3,721.40
Lab Testing Fees - Other	122.00	122.00
Total Lab Testing Fees	5,877.68	5,877.68
Licenses and Permits	707.37	707.37
Loan From Simply Aquatics	0.00	0.00
Meals and Entertainment	39.57	39.57
Miscellaneous Expenses	15.93	15.93
Office Supplies	688.66	688.66
Payroll Expenses	10,218.17	10,218.17
Shipping and Postage Expenses	731.50	731.50
Supplies		
Supplies & Materials-El Pinion	391.77	391.77
Supplies & Materials-La Playa	222.78	222.78
Supplies & Materials-Timberlane	59.81	59.81
Supplies & Materials-VistaVerde	334.40	334.40
Supplies - Other	1,752.31	1,752.31
Total Supplies	2,761.07	2,761.07
Taxes - Property	1,689.44	1,689.44
Travel Expense	145.12	145.12
Utilities		
Utilities-El Pinion	1,402.96	1,402.96
Utilities-LaPlaya	489.02	489.02
Utilities-VistaVerde	1,632.00	1,632.00
Utilities - Other	623.99	623.99
Total Utilities	4,147.97	4,147.97
Total Expense	59,647.14	59,647.14
Net Ordinary Income	8,903.10	8,903.10

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Vista Verde Water Systems, Inc. dba Simply Aquatics, Inc.

06/17/19

Profit & Loss YTD Comparison

Accrual Basis

January through December 2018

	Jan - Dec 18	Jan - Dec 18
Other Income/Expense		
Other Expense		
Theft - Unauthorized Purchases	134.99	134.99
Total Other Expense	134.99	134.99
Net Other Income	-134.99	-134.99
Net Income	<u>8,768.11</u>	<u>8,768.11</u>

Simply Aquatics, Inc.
Profit & Loss
 January through December 2016

	Jan - Dec 16
Ordinary Income/Expense	
Income	
Sales	2,551,497.39
Total Income	2,551,497.39
Cost of Goods Sold	
Cost of Goods Sold	1,071,226.31
Total COGS	1,071,226.31
Gross Profit	1,480,271.08
Expense	
Advertising/Business Promotions	8,873.37
Auto Expense	3,500.20
Bank Charges	4,427.91
Charitable Contributions	106.00
Commission/Contract Labor	94,310.93
Depreciation Expense	41,150.00
Dues & Subscriptions	6,133.79
Fuel	96,436.99
Hotel/Travel	27,918.79
Insurance	
Auto Insurance	48,975.11
Medical/Life/Dental Ins	12,134.26
Property Insurance	1,544.48
Insurance - Other	10,580.41
Total Insurance	73,234.26
Interest Expense	33,406.91
Laundry & Uniforms	1,065.26
Licenses & Permits	6,988.47
Meals	21,590.66
Medical	843.28
Miscellaneous	1,963.02
Office Expenses	16,774.72
Payroll Taxes	39,982.12
Rental/Lease	9,952.07
Repairs and Maintenance	50,726.78
Salaries and Wages	524,633.18
Supplies	
Manufacturing Supplies	1,964.34
Supplies - Other	34,845.97
Total Supplies	36,810.31

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06/12/19

Accrual Basis

Simply Aquatics, Inc.
Profit & Loss
January through December 2016

	<u>Jan - Dec 16</u>
Taxes	
Franchise & Income Tax	5,252.73
FUTA & TWC Payroll Tax	13,412.77
IFTA Fuel Tax	121.24
Property Taxes	1,095.90
Taxes - Other	2,490.83
Total Taxes	<u>22,373.47</u>
Utilities	
Electricity/Garbage	11,940.15
Mobile Phones	46,151.29
Office Phones	6,535.50
Utilities - Other	3,038.74
Total Utilities	<u>67,665.68</u>
Total Expense	<u>1,190,868.17</u>
Net Ordinary Income	289,402.91
Other Income/Expense	
Other Income	
Other Income	
Discounts Taken	59.11
Fuel Surcharge	31,160.75
Miscellaneous	13,541.53
Total Other Income	<u>44,761.39</u>
Total Other Income	44,761.39
Other Expense	
Nondeductible Expenses	1,739.25
Total Other Expense	<u>1,739.25</u>
Net Other Income	43,022.14
Net Income	<u><u>332,425.05</u></u>

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06/12/19

Accrual Basis

Simply Aquatics, Inc.
Profit & Loss
January through December 2017

	<u>Jan - Dec 17</u>
Ordinary Income/Expense	
Income	
Sales	3,232,735.34
Total Income	<u>3,232,735.34</u>
Cost of Goods Sold	
Cost of Goods Sold	1,338,706.90
Total COGS	<u>1,338,706.90</u>
Gross Profit	1,894,028.44
Expense	
Entertainment	236.98
Customer Gifts	3,128.02
Advertising/Business Promotions	22,855.61
Auto Expense	2,444.84
Bank Charges	3,350.87
Bid Bonds	0.01
Charitable Contributions	1,040.88
Commission/Contract Labor	78,462.50
Dues & Subscriptions	8,908.29
Fuel	110,142.11
Hotel/Travel	26,395.47
Insurance	
Auto Insurance	56,611.88
Medical/Life/Dental Ins	23,208.02
Property Insurance	3,208.00
Insurance - Other	14,093.42
Total Insurance	<u>97,121.32</u>
Interest Expense	4,818.48
Laundry & Uniforms	3,351.49
Licenses & Permits	7,353.77
Meals	30,612.76
Medical	9,468.09
Miscellaneous	-19,991.27
Office Expenses	21,494.51
Payroll Taxes	52,721.17
Rental/Lease	33,931.76
Repairs and Maintenance	86,150.80
Salaries and Wages	691,580.37

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06/12/19

Accrual Basis

Simply Aquatics, Inc.
Profit & Loss
January through December 2017

	<u>Jan - Dec 17</u>
Supplies	
Manufacturing Supplies	922.17
Supplies - Other	62,929.50
Total Supplies	<u>63,851.67</u>
Taxes	
Franchise & Income Tax	4,449.51
FUTA & TWC Payroll Tax	15,767.46
IFTA Fuel Tax	47.62
Property Taxes	13,763.17
Taxes - Other	10,850.00
Total Taxes	<u>44,877.76</u>
Utilities	
Electricity/Garbage	10,232.37
Mobile Phones	41,882.69
Office Phones	5,815.81
Utilities - Other	4,034.55
Total Utilities	<u>61,965.42</u>
Total Expense	<u>1,446,273.68</u>
Net Ordinary Income	447,754.76
Other Income/Expense	
Other Income	
Other Income	
Discounts Taken	138.86
Fuel Surcharge	20,495.00
Miscellaneous	5.73
Other Income - Other	472.87
Total Other Income	<u>21,112.46</u>
Total Other Income	21,112.46
Other Expense	
Nondeductible Expenses	2,147.10
Total Other Expense	<u>2,147.10</u>
Net Other Income	<u>18,965.36</u>
Net Income	<u><u>466,720.12</u></u>

2:18 PM

06/12/19

Accrual Basis

Simply Aquatics, Inc.
Profit & Loss
January through December 2018

	<u>Jan - Dec 18</u>
Ordinary Income/Expense	
Income	
Sales	3,335,462.04
Total Income	3,335,462.04
Cost of Goods Sold	
Cost of Goods Sold	1,338,884.53
Total COGS	1,338,884.53
Gross Profit	1,996,577.51
Expense	
Small Tools and Equipment	4,259.35
Entertainment	516.81
Customer Gifts	7,207.88
Advertising/Business Promotions	24,249.15
Auto Expense	6,541.47
Bank Charges	1,086.83
Bid Bonds	5,250.00
Charitable Contributions	5,356.64
Commission/Contract Labor	143,344.74
Dues & Subscriptions	12,498.03
Fuel	146,911.35
Hotel/Travel	43,476.75
Insurance	
Auto Insurance	77,481.26
Medical/Life/Dental Ins	20,991.18
Property Insurance	1,465.00
Insurance - Other	15,889.96
Total Insurance	115,827.40
Interest Expense	38,156.74
Laundry & Uniforms	9,614.47
Licenses & Permits	12,353.11
Meals	33,186.34
Medical	12,778.14
Miscellaneous	-1,659.30
Office Expenses	25,345.06
Payroll Taxes	53,245.46
Rental/Lease	25,332.79
Repairs and Maintenance	92,549.68
Salaries and Wages	696,019.24

Simply Aquatics, Inc.
Profit & Loss
January through December 2018

	Jan - Dec 18
Supplies	
Manufacturing Supplies	5,132.33
Supplies - Other	105,450.32
Total Supplies	110,582.65
Taxes	
Franchise & Income Tax	4,886.78
FUTA & TWC Payroll Tax	15,716.12
IFTA Fuel Tax	593.50
Property Taxes	7,466.54
Taxes - Other	5,502.50
Total Taxes	34,165.44
Utilities	
Electricity/Garbage	19,938.75
Mobile Phones	44,007.87
Office Phones	4,337.29
Utilities - Other	4,814.78
Total Utilities	73,098.69
Total Expense	1,731,294.91
Net Ordinary Income	265,282.60
Other Income/Expense	
Other Income	
Gain or Loss on Sale of Asset	36,477.33
Other Income	
Discounts Taken	144.51
Fuel Surcharge	22,025.00
Total Other Income	22,169.51
Total Other Income	58,646.84
Other Expense	
Nondeductible Expenses	8,281.32
Total Other Expense	8,281.32
Net Other Income	50,365.52
Net Income	315,648.12

Projected Financial Information may be shown by providing any of the following:

1. Completed Appendix B;
2. Documentation that includes all of the information required in Appendix B in a concise format;
3. A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test (16 Tex. Admin. Code § 24.11(e)(3)) for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$ 35,000

If the transferee Applicant is an investor owned utility (IOU) provide answers to B through D.

B. Transferee has a copy of an inventory list of assets to be transferred (*attach*):

No Yes N/A

Total Original Cost of Plant in Service: \$ 35,000

Accumulated Depreciation: \$ _____

Net Book Value: \$ _____

C. **Customer contributions in aid of construction (CIAC):** Have the customers been billed for any surcharges approved by the Commission or TCEQ to fund any assets currently used and useful in providing utility service? Identify which assets were funded, or are being funded, by surcharges on the list of assets.

No Yes

Total Customer CIAC: \$ _____

Accumulated Amortization: \$ _____

D. **Developer CIAC:** Did the transferor receive any developer contributions to pay for the assets proposed to be transferred in this application? If so, identify which assets were funded by developer contributions on the list of assets and provide any applicable developer agreements.

No Yes

Total developer CIAC: \$ _____

Accumulated Amortization: \$ _____

12. A. Are any improvements or construction required to meet the minimum requirements of the TCEQ or Commission and to ensure continuous and adequate service to the requested area to be transferred plus any area currently certificated to the transferee Applicant? Attach supporting documentation and any necessary TCEQ approvals, if applicable.

No Yes

B. If yes, describe the source and availability of funds and provide an estimated timeline for the construction of any planned or required improvements:

N/A

13. Provide any other information concerning the nature of the transaction you believe should be given consideration:

N/A

14. Complete the following proposed entries (listed below) as shown in the books of the Transferee (purchaser) after the acquisition. Debits (positive numbers) should equal credits (negative numbers) so that all line items added together equal zero. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations:

Utility Plant in Service: \$ _____

Accumulated Depreciation of Plant: \$ _____

Cash: \$ _____

Notes Payable: \$ _____

Mortgage Payable: \$ _____

(Proposed) Acquisition Adjustment*: \$ _____

Other (NARUC account name & No.): _____

Other (NARUC account name & No.): _____

*Acquisition Adjustments will be subject to review under 16 TAC § 24 31(d) and (e)

15. A. Explain any proposed billing change (NOTE: If the acquiring entity is an IOU, the IOU may not change the rates charged to the customers through this STM application. Rates can only be changed through the approval of a rate change application.)

NO

B. If transferee is an IOU, state whether or not the transferee intends to file with the Commission, or an applicable municipal regulatory authority, an application to change rates for some or all of its customers as a result of the transaction within the next twelve months. If so, provide details below:

IN THE FUTURE WE WILL PLAN TO DO A RATE INCREASE TO SUPPORT OUR PROFIT & LOSS.

THE STATE OF TEXAS

STOCK PURCHASE AGREEMENT

COUNTY OF NEWTON

THIS STOCK PURCHASE AGREEMENT (the "Agreement") executed effective the 2nd day of November, 2018, by and between TIMBERLANE WATER SYSTEM / BEVERLY MINALDI, hereinafter called "Seller", and SIMPLY AQUATICS, INC. / KEVIN HESTER, hereinafter called "Purchaser".

WITNESSETH:

WHEREAS, the Seller has agreed to sell to Purchaser all of the shares of the outstanding capital stock of TIMBERLANE WATER SYSTEM a Texas corporation (the "Company");

WHEREAS, the Seller has offered to sell to all of the shares of the outstanding capital stock of the Company (the "Purchased Shares"), for the purchase price and upon the terms and conditions hereinafter set forth, and subject to all the terms and conditions hereof:

NOW, THEREFORE, in consideration of the premises and of the mutual covenants of the parties herein made, and upon the terms and conditions herein set out, it is hereby agreed by and between the parties hereto as follows:

I.

CLOSING DATE

The closing date of the sale herein provided for shall be effective as of November 2, 2018, (the "Closing Date"). The closing of such sale shall take place in the offices of Simply Aquatics, Inc., 5875 County Road 3068, Call, TX 75933, or at such other place as the parties may mutually agree upon.

II.

PROPERTY TO BE SOLD

Seller shall sell to Purchaser the Purchased Shares in consideration of the agreement of Purchaser, to pay to Seller THIRY FIVE THOUSAND DOLLARS AND NO/100 DOLLARS (\$35,000.00), to be paid as hereinafter provided.

III.

PAYMENT OF PURCHASE PRICE

At closing, Purchaser shall deliver to Seller a check in the amount of THIRY FIVE THOUSAND DOLLARS AND NO/100 DOLLARS (\$35,000.00).

Seller agrees to pay and discharge all fees and expenses of the corporation due and owing in connection with is operations occurring prior to November 2, 2018, and Purchaser agrees to indemnify and hold harmless Seller for all debts, obligations and liabilities of the Company arising from and after November 2, 2018.

IV.

REPRESENTATIONS AND WARRANTIES

(1) Seller represents and warrants to Purchaser as follows:

- A. That the Company is duly incorporated, validly existing and in good standing under the laws of the State of Texas. The Company has all requisite power and authority to own, lease and operate its properties and carry on its business as now being conducted. The Company does not have any subsidiaries.
- B. That Seller represents and warrants that he has all requisite authority and capacity to enter into and perform this Agreement, and this Agreement constitutes a valid and binding legal obligation of Seller enforceable in accordance with the terms hereof.
- C. That the Purchased Shares are free and clear of any liens or other encumbrances, and there are no commitments of any character relating to the Purchased Shares, and Seller will transfer, assign and deliver good title to the Purchased Shares free and clear of all pledges, security interests, liens, charges, encumbrances, equities, claims, options or limits of whatever nature.
- D. That to Seller's knowledge there are no claims or demands of any kind against the Seller as the representative of Company, for or on account of any personal injuries or property damage or other matters and things whatsoever, which have not been brought to the attention of Purchaser, and there are no facts or circumstances known to Seller which would reasonably constitute the basis of any such claim or demand; that there are no judicial or quasi-judicial actions, suits, or proceedings pending or threatened against the Seller relative to the Purchased Shares, or their ownership thereof.
- E. That there are no presently outstanding options to purchase the Purchased Shares.

F. That as of the date of Closing, the Company will have no outstanding liabilities or obligations.

(2) Purchaser represents and warrants to Seller that the Purchaser has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby.

A. Purchaser (SIMPLY AQUATICS, INC.) agrees to provide BEVERLY MINALDI (seller) with water at her home on Lot #26 in recognition of unpaid services to the water system as long as she owns the home.

V.

BROKERAGE; FINDER FEES

Purchaser and Seller represent and warrant that there are no brokerages or finder's fees due to any person or entity as a result of this sale.

VI.

CLOSING

Simultaneously with execution of this Agreement, Seller shall deliver to Purchaser certificate or certificates duly endorsed for the Purchased Shares, and Seller's resignations as officers and directors of the Purchaser. The Purchaser shall deliver to Seller a note in the amount of the Purchase Price.

VII.

SURVIVAL OF REPRESENTATIONS AND WARRANTIES

All representations, warranties, covenants and agreements of the Seller and Purchaser herein set forth, and all certificates and documents delivered pursuant hereto and in connection with this Agreement shall survive, until the expiration of the applicable statute of limitations, the closing of this transaction and the same shall be deemed to have been material and to have been relied upon by the party to whom directed. In case of any breach of representation, warranty, covenant or agreement, the breaching party agrees to make payment to the aggrieved party in cash of any sums that the aggrieved party may suffer as a result of any such breach, provided that there shall be no liability on the part of the breaching party unless such matter for which payment is sought shall have been brought to the attention of the breaching party by the aggrieved party in writing in time sufficient for the breaching party to file a timely answer and appear and defend against any such alleged breach; in this connection, the

aggrieved party will give every cooperation to the breaching party in making such defense in third party actions.

The representations and warranties herein shall apply only to those facts and circumstance which are to the sole knowledge of the Party making such representation and warranty. To the extent that any other Party is aware of or has knowledge of any fact or circumstance that is the subject of such representation or warranty, no Party shall be bound or held responsible for the breach of any such representation or warranty.

VIII.

MISCELLANEOUS

- (1) Seller agrees that he will file all corporate tax forms required to be filed by the Company, including, but not limited to, the corporate income tax return, for the period ending December 31, 2018.
- (2) Seller will at closing deliver to Buyer copies of the books of account for the company complete through November 2, 2018.
- (3) Buyer agrees that he will be responsible for notifying the Internal Revenue Service and Secretary of State of the State of Texas of the change of address for the Company and the change of officers and directors of the Company. The Buyer agrees that he will upon the Closing file a change of registered office and agent with the Secretary of State of the State of Texas.
- (4) Buyer agrees that he will be responsible for notifying the TECQ of (i) the change of officers and directors of the Company, and (ii) the change of address of the Company for notification purposes.
- (5) Buyer agrees that he will be responsible for notifying the customers of the Company of the change of officers of the Company and the change of address for the Company.
- (6) Buyer will be responsible for notifying the Company's vendors that the ownership of the Company has changed, that the officers and directors of the Company have changed, and that the address of the Company has changed.
- (7) Seller will be responsible for the income tax due on the earnings of the Company from January 1, 2018 through November 16, 2018, and Buyer will be responsible of the tax due on the earnings of the Company from November 17, 2018 through December 31, 2018.

IX.

GOVERNING LAW

This Agreement is executed, delivered and intended to be performed in Newton County, Texas and shall be construed and enforced in accordance with and shall be governed by the laws of the State of Texas, in all respects, including matters of validity and performance.

X.

PERSONS BOUND

All covenants, conditions, undertakings, agreements, obligations, liabilities, rights and powers entered into, made and granted, assumed and undertaken by each of the respective parties hereto in and by this Agreement shall be binding, be applicable to and shall inure to the heirs, executors, administrators, devisees, legatees, assigns and successors of the parties hereto by respectively, whether so particularly provided herein or not in each particular instance.

XI.

COUNTERPARTS

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

XII.

ENTIRE AGREEMENT

This Agreement and the documents delivered pursuant to this Agreement constitute the sold and only agreement of the parties hereto and supersede any prior understanding or written or oral agreements between the parties. No amendment, modification, or alteration of the terms hereof shall be binding unless the same be in writing, dated subsequent to the date hereof and duly executed by the parties hereto.

XIII.

FURTHER INSTRUMENTS

From time to time, at the request of Purchaser (whether at or after closing), and without further consideration, Seller shall execute and deliver such further instruments of conveyance and transfer and will take such actions as Purchaser may reasonably request in order to more effectively convey and transfer to Purchaser to the Purchased Shares.

XIV.

NOTICE

Any notice required or permitted to be given hereunder shall be in writing and shall be delivered personally or sent by certified mail, postage prepaid, to such parties last known address.

XV.

INVALIDITY

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

XVI.

LITIGATION COSTS

Should any litigation be commenced between the parties to this Agreement concerning this Agreement or the rights and duties of either in relation thereto, the party, prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for attorneys' fees in such litigation.

XVII

EXPENSES

Except as specifically set forth herein, each of the parties shall bear all expenses incurred by them in connection with this Agreement and in the consummation of transaction contemplated hereby and in preparation hereof.

XVIII.

HEADINGS

The captions contained in this Agreement are solely for convenient reference and shall not be deemed to affect the meaning or interpretation of any article, section or paragraph thereof.

XIX.

PERSONAL PRONOUNS

All personal pronouns used in this Agreement shall include the other gender whether used in the masculine or feminine or neuter gender, and the singular shall include the plural whenever and as often as may be appropriate.

IN WITNESS WHERE OF, this instrument is executed effective the date and year first above written.

Stock Purchase Agreement For Timberlane Water System and Simply Aquatics, Inc.

State of Texas
County of Newton

Beverly Minaldi, personally appeared before me on November 2, 2018 and being first duly sworn declared that he/she signed this agreement in the capacity designated, if any, and further states that he/she has read the above agreement and the statements therein contained are true.

(Personalized Seal)

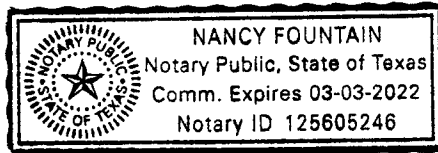
Notary Public's Signature

Nancy Fountain

Seller's Signature

Beverly Minaldi

State of Texas
County of Newton



Kevin Hester, personally appeared before me on November 2, 2018, and being first duly sworn declared that he/she signed this agreement in the capacity designated, if any, and further states that he/she has read the above agreement and the statements therein contained are true.

(Personalized Seal)

Notary Public's Signature

Beverly Minaldi

Purchaser's Signature

Kevin Hester

Nancy Fountain

Part E: CCN Obtain or Amend Criteria Considerations

16. Describe, in detail, the anticipated impact or changes in the quality of retail public utility service in the requested area as a result of the proposed transaction:

NONE

17. Describe the transferee's experience and qualifications in providing continuous and adequate service. This should include, but is not limited to: other CCN numbers, water and wastewater systems details, and any corresponding compliance history for all operations.

SIMPLY AQUATICS HAS BEEN IN BUSINESS SINCE 2001. WE PROVIDE CHEMICAL TO WATER AND WASTE WATER TREATMENT PLANTS. OUR COMPANY KNOWS THE OPERATIONS OF WATER SYSTEMS. WE HAVE A FULL TIME OPERATOR ON STAFF.

18. Has the transferee been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes? Attach copies of any correspondence with the applicable regulatory agency(ies)

No Yes

19. Explain how the environmental integrity or the land will be impacted or disrupted as a result of the proposed transaction:

N/A

20. How will the proposed transaction serve the public interest?

CHANGE OF OWNERSHIP AND OPERATION.
PUBLIC CUSTOMER RELATIONSHIPS.

21. List all neighboring water or sewer utilities, cities, districts (including ground water conservation districts), counties, or other political subdivisions (including river authorities) providing the same service within two (2) miles from the outer boundary of the requested area affected by the proposed transaction:

CARY HORTON PROVIDED TWO MAPS *SEE MAPS B
TWO COPIES OF TIM BERLANE MAPS AS WELL.

Part F: TCEQ Public Water System or Sewer (Wastewater) Information

Complete Part F for EACH Public Water or Sewer system to be transferred subject to approval of the transaction. Attach a separate sheet with this information if you need more space for additional systems being transferred.

22. A. For Public Water System (PWS):

TCEQ PWS Identification Number: 2020054 (7 digit ID)

Name of PWS: TIMBERLANE

Date of last TCEQ compliance inspection: _____ (attach TCEQ letter)

Subdivisions served: _____

B. For Sewer service:

TCEQ Water Quality (WQ) Discharge Permit Number: WQ - (8 digit ID)

Name of Wastewater Facility: _____

Name of Permittee: _____

Date of last TCEQ compliance inspection: _____ (attach TCEQ letter)

Subdivisions served: _____

Date of application to transfer permit submitted to TCEQ: _____

23. List the number of existing connections, by meter/connection type, to be affected by the proposed transaction:

Water			Sewer	
	Non-metered	<input checked="" type="checkbox"/>	2" <u>2 1/2</u>	Residential
<input checked="" type="checkbox"/>	5/8" or 3/4"	<input checked="" type="checkbox"/>	3"	Commercial
	1"		4"	Industrial
	1 1/2"		Other	Other
Total Water Connections:			<u>46</u>	Total Sewer Connections:

24. A. Are any improvements required to meet TCEQ or Commission standards?

No Yes

B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

C. Is there a moratorium on new connections?

No Yes:

25. Does the system being transferred operate within the corporate boundaries of a municipality?

No Yes: _____ (name of municipality)

If yes, indicate the number of customers within the municipal boundary.

Water: _____ Sewer: _____

26. A. Does the system being transferred purchase water or sewer treatment capacity from another source?

No Yes: If yes, attach a copy of purchase agreement or contract.

Capacity is purchased from: _____

Water: _____

Sewer: _____

B. Is the PWS required to purchase water to meet capacity requirements or drinking water standards?

No Yes

C. What is the amount of water supply or sewer treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:		0.00%
Sewer:		0.00%

D. Will the purchase agreement or contract be transferred to the Transferee?

No Yes:

27. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

No Yes:

28. List the name, class, and TCEQ license number of the operator that will be responsible for the operations of the water or sewer utility service:

Name (as it appears on license)	Class	License No.	Water or Sewer

Part G: Mapping & Affidavits

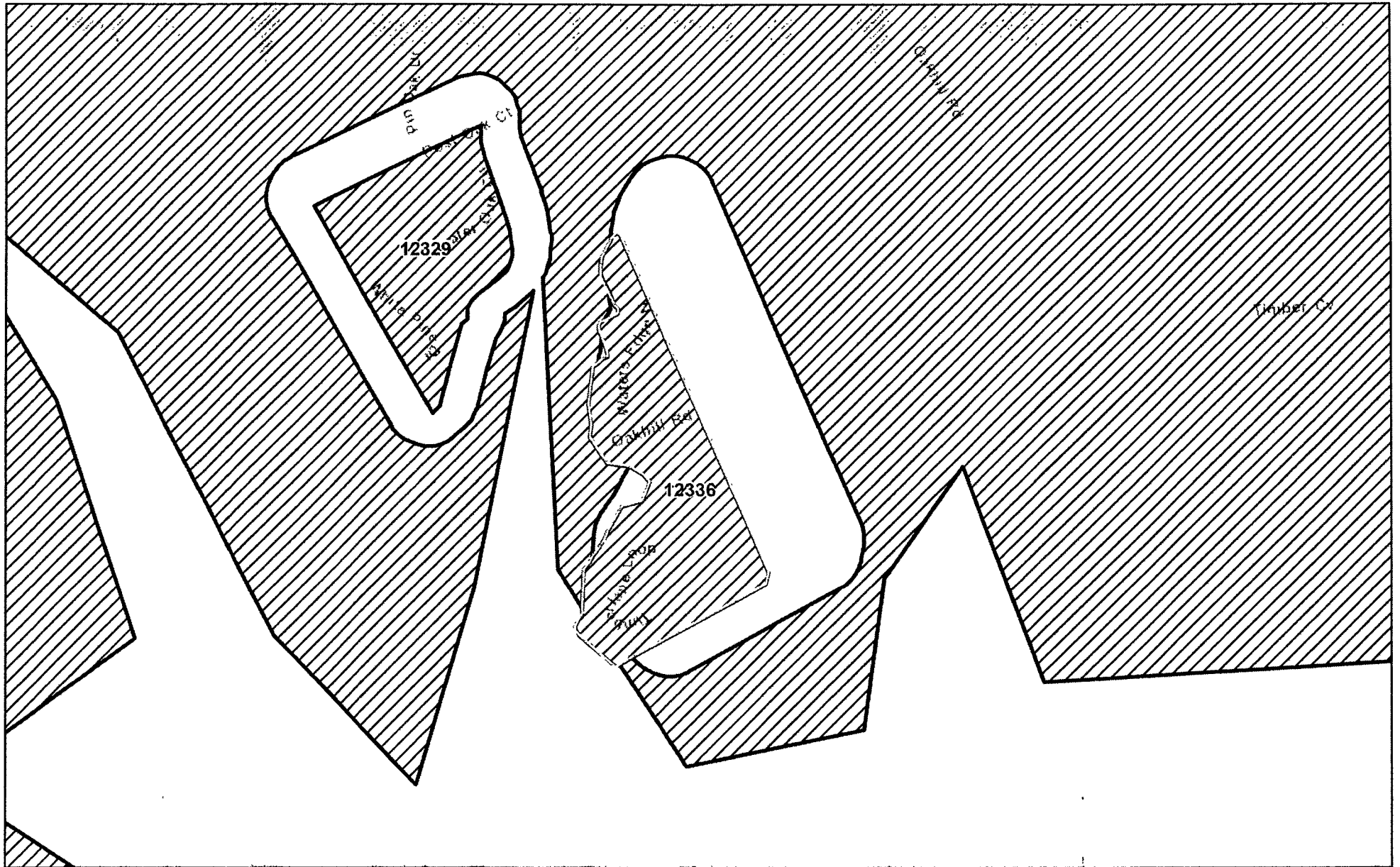
ALL applications require mapping information to be filed in conjunction with the STM application.

Read question 29 A and B to determine what information is required for your application.

29. A. For applications requesting to transfer an entire CCN, without a CCN boundary adjustment, provide the following mapping information with each of the seven (7) copies of the application:

- i. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The following guidance should be adhered to:
 - i. If the application requests to transfer certificated service areas for both water and sewer, separate maps must be provided for each.
 - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.

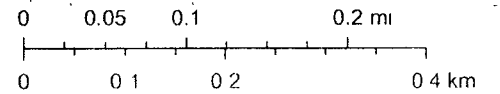
Simply Aquatics, Inc (CCN No. 12359) STM Timberlane Water System, Inc (CCN No. 12336)



February 27, 2019

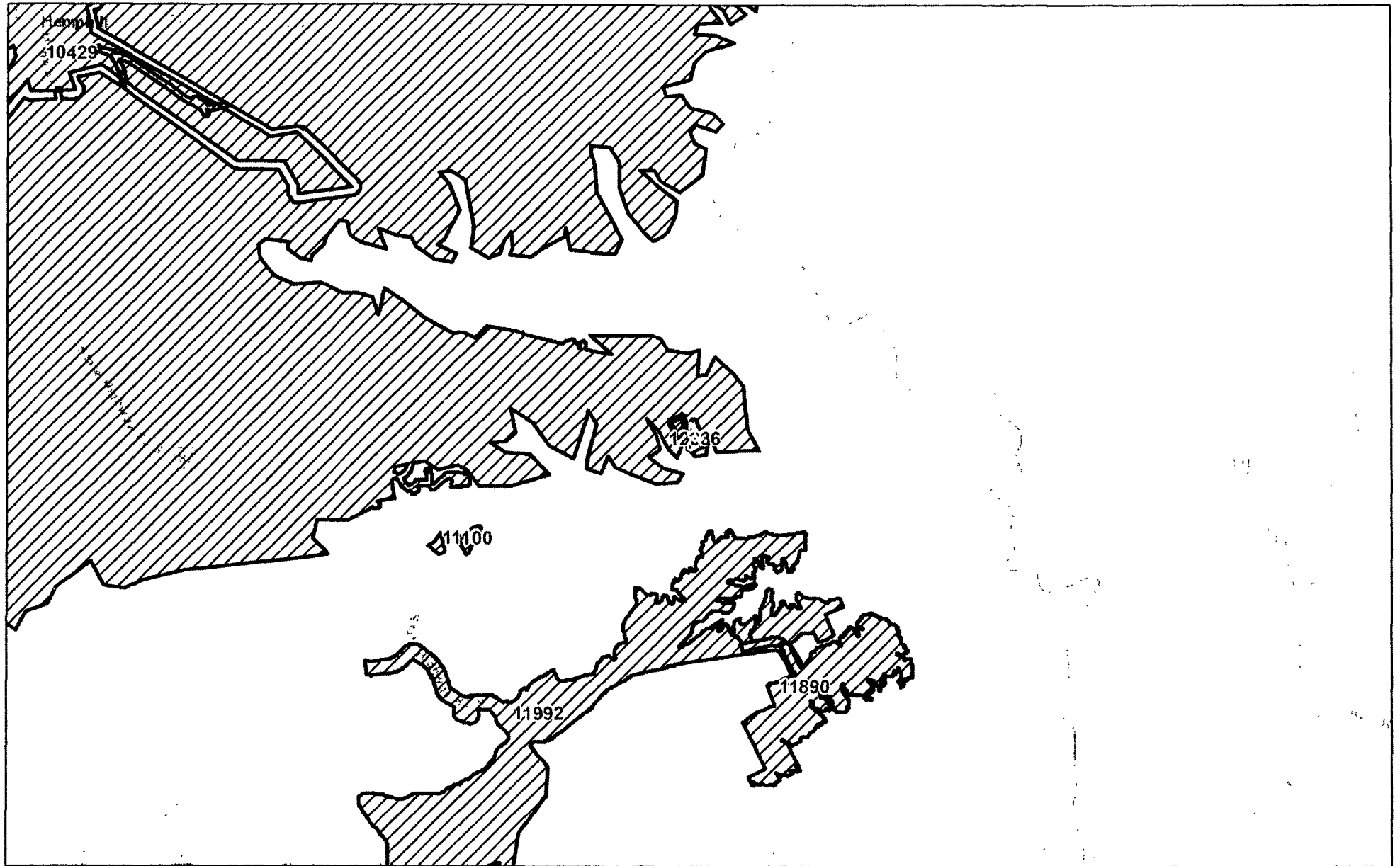
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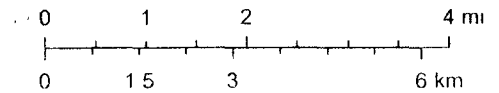
Esti HERE Garmin INCREMENT P NGA USGS

Simply Aquatics, Inc (CCN No. 12359) STM Timberlane Water System, Inc (CCN No. 12336)



February 27, 2019

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Use HERE, Garmin, NGA, USGS, NPS

TIMBERLANE SUB-DIVISION

W.G. EDGAR SURVEY
A-283

SABINE COUNTY
TEXAS

W.G. EDGAR

...

BEFORE ME, the undersigned authority, on this _____ day of _____, 1969, personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

NOTARY PUBLIC IN AND FOR SABINE COUNTY, TEXAS

FILED FOR RECORD THIS _____ DAY OF _____, 1969
IN PLAT FILE NO. _____, SABINE COUNTY, TEXAS

COUNTY CLERK, SABINE COUNTY, TEXAS

COURT CLERK SABINE COUNTY, TEXAS

APPROVED _____ DAY OF _____, 1969

COURT JUDGE

COMMISSIONER, DISTRICT NO. 1

COMMISSIONER, DISTRICT NO. 2

COMMISSIONER, DISTRICT NO. 3

COMMISSIONER, DISTRICT NO. 4

STATE OF TEXAS

COUNTY OF SABINE

KNOW ALL MEN BY THESE PRESENTS:

THAT W. G. EDGAR, JR., ALBERTO, TEXAS, HENRIE JR. AND L. D. MCKENZIE OF DISTRICT COUNTY, TEXAS SOLE OWNERS OF A CERTAIN 50.300 ACRE TRACT IN THE W. G. EDGAR SURVEY, A-283, SABINE COUNTY, TEXAS BEING REFERRED BY VOL. NO. 131, PAGE NO. 574, BOOK RECORDS OF SABINE COUNTY, TEXAS DO HEREBY AGREE TO ABOLISH THE SUB-DIVISION OF SAID TRACT, TO BE KNOWN AS TIMBERLANE SUB-DIVISION, A B DO HEREBY CERTIFY TO THE PUBLIC ALL RIGHTS AND AGREEMENTS AS SHOWN ON THIS PLAT.

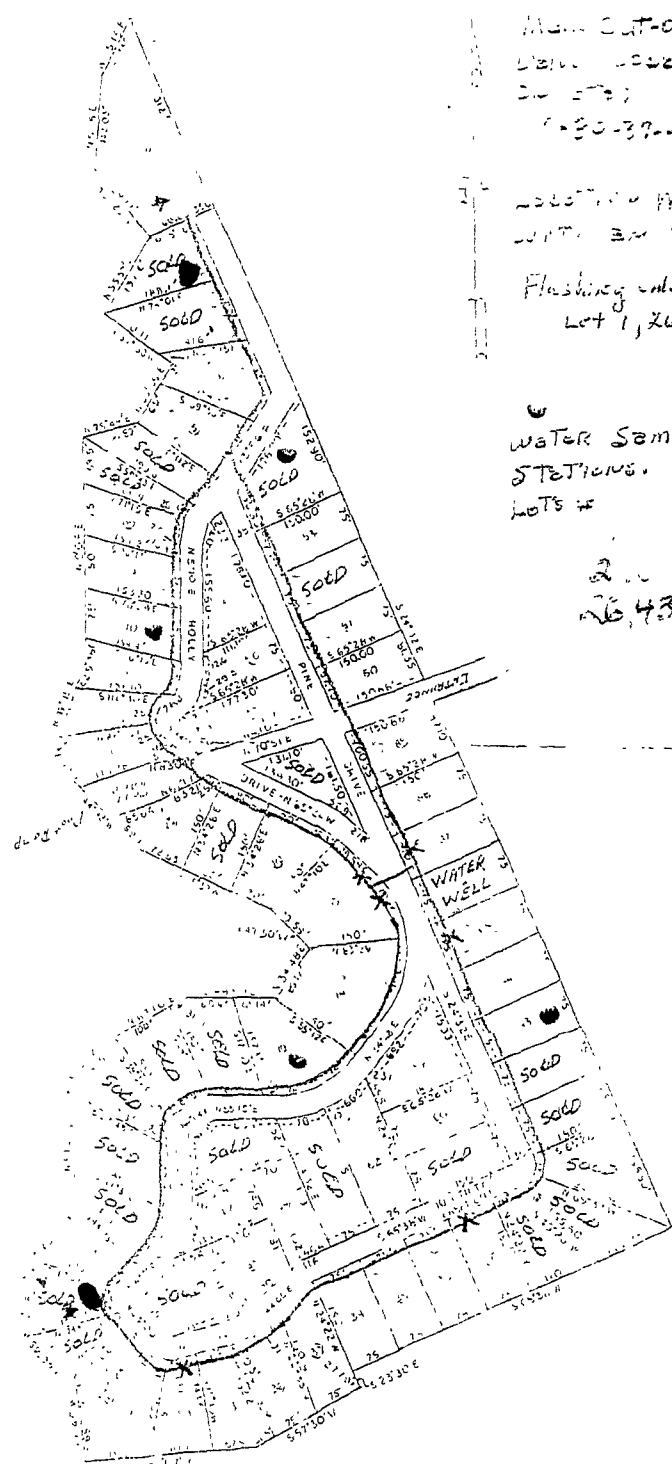
WITNESSED MY HAND AND SEAL OF OFFICE THIS _____ DAY OF _____, 1969.

THOMAS HENRIE JR.

...

I, A. E. MITCHELL, A REGISTERED PUBLIC SURVEYOR, DO HEREBY CERTIFY THAT THE ABOVE PLAT IS A TRUE AND CORRECT REPRESENTATION OF THE SURVEY AS SHOWN ON THE ORIGINAL PLAT AND AS SHOWN ON THE CHANGES IN DISTRICTS AND VOLUMES OF 1969, SAID LOT UNDER MEASUREMENT BY A. D. DICKSON.

A. E. MITCHELL
REGISTERED PUBLIC SURVEYOR
NO. 1577



MAIN CUT-OFF
DRAIN LOCATED
IN 1969;
1-30-39-45-4;

SECTION 10 Marker
WITH AN "X"

Flashing valves
Lot 1, 26 *

Water Sampling
STATIONS.
LOTS #

200 ft.
26, 43, 54

1-1-1969
SCALE 1" = 100 FT.
C.R. 8-30-69

iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.

2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made and natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
- i. The map must be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made or natural landmarks must be labeled and marked on the map as well.
 - ii. If the application requests an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
 - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
 - iv. The outer boundary of the requested area should not be covered by any labels, roads, city limits or extraterritorial jurisdiction (ETJ) boundaries.

- B.** For applications that are requesting to include area not currently within a CCN, or for applications that require a CCN amendment (any change in a CCN boundary), such as the transfer of only a portion of a certificated service area, provide the following mapping information with each of the seven (7) copies of the application:
1. A general location (small scale) map identifying the requested area with enough detail to locate the requested area in reference to the nearest county boundary, city, or town. Please refer to the mapping guidance in part A 1 (above).
 2. A detailed (large scale) map identifying the requested area with enough detail to accurately locate the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, or railroads. Please refer to the mapping guidance in part A 2 (above).
 3. One of the following identifying the requested area:
 - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part A 2 (above);
 - ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part A 2 (above); or
 - iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
 - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
 - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
 - c. The digital mapping data shall be filed on a data disk (CD or USB drive), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

WATER UTILITY TARIFF FOR

Timberlane Water System, Inc.
(Utility Name)

Nederland, Texas 77627
(City, State, Zip Code)

P.O. Box 1611
(Business Address)
722-1897
(409) 727-8180
(Area Code/Telephone)

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

12336

This tariff is effective in the following county:

Sabine

This tariff is effective in the following cities or unincorporated towns:

None

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

Timberlane Subdivision (PWS #2020054)

TABLE OF CONTENTS

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

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TEXAS COMM. ON ENVIRONMENTAL QUALITY
CCN 12336, APRIL 25, 2012
APPROVED TARIFF BY SP/SP

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	Phase 1 <u>\$25.00</u> (Includes 1,000 gallons) 2/01/02	<u>\$3.00</u> per 1000 gallons thereafter
	Phase 2 <u>\$30.00</u> (Includes 1,000 gallons) 2/01/03	
	Phase 3 <u>\$35.00</u> (Includes 1,000 gallons) 2/01/04	
1"	<u>\$95.00</u>	
2"	<u>\$300.00</u>	

FORM OF PAYMENT: The utility will accept the following form(s) of payment:

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

REGULATORY ASSESSMENT 1.0%
TNRCC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE \$500.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

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

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

RATES LISTED ARE EFFECTIVE ONLY
IF THIS PAGE HAS TNRCC APPROVAL STAMP

37 22 8 CCN 12336 MAY 24 '02
APPROVED TARIFF [Signature] PB

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER TEST FEE ~~\$25.00~~ ^{\$35}

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

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00) ~~\$25.00~~ ^{50.00}
- b) Customer's request that service be disconnected ~~\$50.00~~ ^{50.00}
- c) Seasonal Reconnect Fee \$ Monthly Base Rate with 0 gallons for each month disconnected not to exceed 6 months

TRANSFER FEE ~~\$25.00~~

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION.

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) ~~\$5.00~~ ^{\$15}

TNRCC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE ~~\$25.00~~

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

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE ~~N/a~~

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

RATES LISTED ARE EFFECTIVE ONLY IF THIS PAGE HAS TNRCC APPROVAL STAMP

33722 G CCW 12556 MAY 24 '02 APPROVED TARIFF BY *LPB*

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Texas Natural Resource Conservation Commission Rules, Chapter 291, Water Utility Regulation, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.01 - Application for Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

Section 2.02 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the TNRCC Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that a complaint may be filed with the Commission.

Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected

(A) Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with TNRCC Rules.

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the deposit at any time prior to termination of utility service but must refund the deposit plus interest for any customer who has paid 18 consecutive billings without being delinquent.

Texas Natural Resource Conservation Commission

53722 G OCN 12336 MAY 24 '02

APPROVED TARIFF *Am* | PB

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the TNRCC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 30 T. A. C. 291.86(a)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the Utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

Section 2.04 - Utility Response to Applications for Service

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and utility cut-off valve and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

Except for good cause where service has previously been provided, service will be reconnected within one working day after the applicant has met the requirements for reconnection.

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

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APPROVED TARIFF BY [Signature] (PB)

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

No direct connection between a public water supply system and any potential source of contamination or between a public water supply system and a private water source (ex. private well) will be allowed. A customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises.

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Natural Resource Conservation Commission Rules and Regulations for Public Water Systems, Section 290.46(j). The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TNRCC Rules and Regulations for Public Water Systems.

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required.

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in Section 290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TNRCC Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

All backflow prevention assemblies or devices shall be tested upon installation by a TNRCC certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

Texas Natural Resource Conservation Commission

37 22 G CCN 12536 MAY 24 '04

APPROVED TARIFF BY Jim /PB

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TNRCC certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

Section 2.08 - Access to Customer's Premises

The utility will have the right of access to the customer's premises at all reasonable times for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours and the utility personnel will attempt to notify the customer that they will be working on the customer's property. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

All customers or service applicants shall provide access to meters and utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

Section 2.09 - Meter Requirements, Readings, and Testing

One meter is required for each residential, commercial, or industrial connection. All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers.

Meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible,

NEW YORK STATE PUBLIC UTILITIES COMMISSION

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APPROVED TARIFF BY IPB

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

Section 2.10 - Billing

(A) Regular Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

Each bill will provide all information required by the TNRCC Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

(D) Prorated Bills - If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

Section 2.11 - Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid

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FOR INFORMATION BY Sm (PB)

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection

(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the TNRCC Rules.

(B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the TNRCC Rules.

Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition.

Service will be reconnected within 36 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

Section 2.14 - Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the Commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

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APPROVED TARIFF BY Sm | PB

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the Texas Natural Resource Conservation Commission Rules and Regulations for Public Water Systems.

Section 2.16 - Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through the Texas Natural Resource Conservation Commission complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the Commission.

Section 2.17 - Customer Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

APPROVED TARIFF BY Sm PB
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SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES: NO CONTRIBUTION IN AID OF CONSTRUCTION MAY BE REQUIRED OF ANY CUSTOMER EXCEPT AS PROVIDED FOR IN THIS APPROVED EXTENSION POLICY.

The Utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with TNRCC rules and policies, and upon extension of the Utility's certified service area boundaries by the TNRCC.

The applicant for service will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

The Utility is not required to extend service to any applicant outside of its certificated service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with TNRCC rules and policies, and upon extension of the Utility's certificated service area boundaries by the TNRCC.

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the additional cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Unless an exception is granted by the TNRCC's Executive Director, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

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TNRCC TARIFF BY *dm* JPB

SECTION 3.0 -- EXTENSION POLICY (Continued)

Exceptions may be granted by the TNRCC Executive Director if

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

The utility will bear the full cost of any over-sizing of water mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional production, storage, or treatment facilities. Contributions in aid of construction may not be required of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

Section 3.03 - Contributions in Aid of Construction

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with Texas Natural Resource Conservation Commission minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or Texas Natural Resource Conservation Commission minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION
3 57 22 6 CON 125 36 MAY 24 '02
APPROVED TARIFF BY *[Signature]* JPB

SECTION 3.0 -- EXTENSION POLICY (Continued)

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction for the actual costs of any additional facilities required to maintain compliance with the Texas Natural Resource Conservation Commission minimum design criteria for water production, treatment, pumping, storage and transmission.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 TAC 291.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the Texas Natural Resource Conservation Commission minimum design criteria. As provided by 30 T.A.C. 291.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

A utility may only charge a developer standby fees for unrecovered costs of facilities committed to a developer's property under the following circumstances:

- Under a contract and only in accordance with the terms of the contract; or
- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utility's approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.
- for purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, TNRCC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the TNRCC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION
5 57 22 G CON 12336 MAY 24 '02
APPROVED TARIFF BY *Sm/PB*

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.05 - Applying for Service

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. Service application forms will be available at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, the applicant may refer the matter to the TNRCC for resolution.

Section 3.06 - Qualified Service Applicant

A "qualified service applicant" is an applicant who has: (1) met all of the Utility's requirements for service contained in this tariff, TNRCC rules and/or TNRCC order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the Utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

23722 G CON 12536 MAY 24 '02
RECEIVED TARIFF *[Signature]* /PB

SECTION 3.0 -- EXTENSION POLICY (Continued)

The Utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by TNRCC rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The TNRCC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by TNRCC rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, the Utility shall require a developer (as defined by TNRCC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.

APPROVED TARIFF BY DM/PB
3 57 22 G CON 123 36 MAY 24 '02

SECTION 4.0 -- DROUGHT CONTINGENCY PLAN
(Utility must attach copy of TCEQ approved Drought Contingency Plan)

Timberlane Water System LLC Customer:

In the Water Plant (pumphouse) there will be a drought contingency plan. On April the 1st and until September 30th, the first phase of this plan will be implemented. Please review the practises in the past, and follow a common sense approach to the restricted use of water during the summer months.

There will be four phases on the use of water in case of a drought. Each phase will have triggers that signal the use of a different phase. You will be informed if a different phase will be instituted.

Non-compliance within three days of notification will be enforced by fines and loss of your water.

In a serious and deliberate ignoring of the water drought plan, additional actions must be taken.

If you would like to view this or desire to have input in this plan, please notify me, and I will arrange a meeting or write to me with your ideas.

My telephone numbers are 409-722-1897 or 409-543-5321. My address is Timberlane Water System; P.O. Box 1611; Nederland, Texas 77627

Sent to all customers in January, 2012



Timberlane Watersystem, Inc.
P.O. Box 1611 • Nederland, Texas 77627 • (409) 727-8180

“Drought Contingency Plan 2011”

Dear Timberlane Watersystem, Inc. Customer:

The TNRCC (Texas Natural Resource Conservation Commission) has mandated that each watersystem facility come up with a drought contingency plan to cope with extreme dry conditions. Although we derive our water supply from two wells, the water table will drop during dry conditions. These two wells produce very good water but the rate of flow is limited. We have sufficient water supply for household use only. Lawn watering could cause problems. Therefore, it is important that everyone cooperates with the reduced water use plan.

1. Lawn watering should be kept to a minimum by everyone.
2. It is estimated that each yard sprinkler will use approximately 400 gallons per hour. Therefore, multiple yard sprinkling must stop.
3. Since this subdivision is basically a week-end get-a-way for most people, yard watering should not be done by full time residents on the weekend or holidays.
4. Only one yard sprinkler per day for a short period of time should be used.
5. The system will not hold daily use of multiple timed sprinklers during weekend and holidays.
6. A good form of watering is with a hand held hose or adjust the flow out of the hose to about the size of a pencil (1/4”) and move it from place to place.
7. Water should be drawn from the lake to water lawn and shrubs. Inside lot owners could work in conjunction with waterfront owners to install this type of system. This type of operation is already being used. In the event this is done, I must be notified so I can make sure there are no cross connections with the main (potable) water supply.

Your cooperation will be greatly appreciated. Call if you have any comments or concerns.

Sincerely,

Beverly Minaldi

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Model Drought Contingency Plan for the Investor Owned Utility

September 2004

**Texas Commission on
Environmental Quality**

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**DROUGHT CONTINGENCY PLAN
FOR**

Timberlane Water System
(Name of Utility)

P.O. Box 1611, Nederland, Texas 77627
(Address, City, Zip Code)

12336
(CCN#)

2020054
(PWS #s)

March, 2012
(Date)

Section 1 Declaration of Policy, Purpose, and Intent

In cases of extreme drought, periods of abnormally high usage, system contamination, or extended reduction in ability to supply water due to equipment failure, temporary restrictions may be instituted to limit non-essential water usage. The purpose of the Drought Contingency Plan is to encourage customer conservation in order to maintain supply, storage, or pressure or to comply with the requirements of a court, government agency or other authority.

Please note: Water restriction is not a legitimate alternative if a water system does not meet the Texas Commission on Environmental Quality's (TCEQ) capacity requirements under normal conditions or if the utility fails to take all immediate and necessary steps to replace or repair malfunctioning equipment.

I Beverly Mivaldi (print name), being the responsible official for Timberlane Water System LLC (Name of utility), request a minor tariff amendment to include the enclosed Drought Contingency Plan.

Beverly Mivaldi
(Signature)

03/07/2012
(Date)

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Section 2 Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by:
(check at least one of the following)

scheduling and providing public notice of a public meeting to accept input on the Plan.

The meeting took place at:

Date: _____ Time: _____ Location: _____

mailed survey with summary of results (attach survey and results)

bill insert inviting comment (attach bill insert)

other method _____

Section 3 Public Education

The Timberlane Water System LLC (name of utility) will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage.

Drought plan information will be provided by:
(check at least one of the following)

public meeting

press releases

utility bill inserts

other _____

Section 4 Coordination with Regional Water Planning Groups

The service area of the Timberlane Water System LLC (name of your utility) is located within Regional Water Planning Group (RWPG) _____.

Timberlane Water System LLC (name of your utility) has mailed a copy of this Plan to the RWPG.

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Section 5 Notice Requirements

Written notice will be provided to each customer **prior to implementation or termination of each stage of the water restriction program**. Mailed notice must be given to each customer 72 hours prior to the start of water restriction. If notice is hand delivered, the utility cannot enforce the provisions of the plan for 24 hours after notice is provided. The written notice to customers will contain the following information:

1. the date restrictions will begin,
2. the circumstances that triggered the restrictions,
3. the stages of response and explanation of the restrictions to be implemented, and,
4. an explanation of the consequences for violations.

The utility must notify the TCEQ by telephone at (512) 239-4691, or electronic mail at watermon@tceq.state.tx.us prior to implementing Stage III and must notify in writing the Public Drinking Water Section at MC - 155, P.O. Box 13087, Austin, Texas 78711-3087 within five (5) working days of implementation including a copy of the utility's restriction notice. The utility must file a status report of its restriction program with the TCEQ at the initiation and termination of mandatory water use restrictions (i.e., Stages III and IV).

Section 6 Violations

1. First violation - The customer will be notified by written notice of their specific violation.
2. Subsequent violations:
 - a. After written notice, the utility may install a flow restricting device in the line to limit the amount of water which will pass through the meter in a 24-hour period. The utility may charge the customer for the actual cost of installing and removing the flow restricting device, not to exceed \$50.00.
 - b. After written notice, the utility may discontinue service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The normal reconnect fee of the utility will apply for restoration of service.

Section 7 Exemptions or Variances

The utility may grant any customer an exemption or variance from the drought contingency plan for good cause **upon written request**. A customer who is refused an exemption or variance may appeal such action of the utility in writing to the Texas Commission on Environmental Quality. The utility will treat all customers equally concerning exemptions and variances, and shall not discriminate in granting exemptions and variances. No exemption or variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

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Section 8 Response Stages

Unless there is an immediate and extreme reduction in water production, or other absolute necessity to declare an emergency or severe condition, the utility will initially declare Stage I restrictions. If, after a reasonable period of time, demand is not reduced enough to alleviate outages, reduce the risk of outages, or comply with restrictions required by a court, government agency or other authority, Stage II may be implemented with Stage III to follow if necessary.

STAGE I - CUSTOMER AWARENESS

Stage I will begin:

**Every April 1st, the utility will mail a public announcement to its customers.
No notice to TCEQ required.**

Stage I will end:

Every September 30th, the utility will mail a public announcement to its customers. No notice to TCEQ required.

Utility Measures:

This announcement will be designed to increase customer awareness of water conservation and encourage the most efficient use of water. A copy of the current public announcement on water conservation awareness shall be kept on file available for inspection by the TCEQ.

Voluntary Water Use Restrictions:

Water customers are requested to voluntarily limit the use of water for non-essential purposes and to practice water conservation.

STAGE II - VOLUNTARY WATER CONSERVATION:

Target: Achieve a 10 percent reduction in Total Water Use (example: total water use, daily water demand, etc.)

The water utility will implement Stage 2 when any one of the selected triggers is reached:

Supply-Based Triggers: (check at least one and fill in the appropriate value)

- Well level reaches _____ ft. mean sea level (m.s.l.)
- Overnight recovery rate reaches _____ ft.
- Reservoir elevation reaches _____ ft. (m.s.l.)
- Stream flow reaches _____ cfs at USGS gage # _____

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- Wholesale supplier's drought Stage 2
- Annual water use equals _____ % of well permit/Water Right/purchased water contract amount
- Other Storage tank Recovery

Demand- or Capacity-Based Triggers: (check at least one and fill in the appropriate value)

- Drinking water treatment as % of capacity _____ %
- Total daily demand as % of pumping capacity _____ %
- Total daily demand as % of storage capacity 20 %
- Pump hours per day _____ hrs.
- Production or distribution limitations.
- Other _____

Upon initiation and termination of Stage II, the utility will mail a public announcement to its customers. No notice to TCEQ required.

Requirements for Termination:

Stage II of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage II, Stage I becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a daily basis. Monthly review of customer use records and follow-up on any that have unusually high usage.

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: reduced or discontinued flushing of water mains, activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes.

The second water source for Timberlane Water System (name of utility) is: (check one)
LLC

- Other well
- Interconnection with other system
- Purchased water
- Other discontinue flushing of lines

Voluntary Water Use Restrictions:

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1. Restricted Hours: Outside watering is allowed daily, but only during periods specifically described in the customer notice; between 10:00 p.m. and 5:00 a.m. for example; or
2. Restricted Days/Hours: Water customers are requested to voluntarily limit the irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems. Customers are requested to limit outdoor water use to **Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0.** Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet-filled bucket or watering can of five (5) gallons or less, or drip irrigation system; or
3. Other uses that waste water such as water running down the gutter.

STAGE III - MANDATORY WATER USE RESTRICTIONS:

Target: Achieve a 25 percent reduction in Total Water Use (example: total water use, daily water demand, etc.)

The water utility will implement Stage III when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- Well level reaches _____ ft. (m.s.l.) ✓
- Overnight recovery rate reaches _____ ft.
- Reservoir elevation reaches _____ ft. (m.s.l.)
- Stream flow reaches _____ cfs at USGS gage # _____
- Wholesale supplier's drought Stage III
- Annual water use equals _____ % of well permit/Water Right/purchased water contract amount.
- Other Recovery Rate of Storage Tank

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- Drinking water treatment as % of capacity _____ %
- Total daily demand as % of pumping capacity _____ %
- Total daily demand as % of storage capacity _____ %
- Pump hours per day _____ hrs.
- Production or distribution limitations.
- Other Demand per day for storage tank

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Upon initiation and termination of Stage III, the utility will mail a public announcement to its customers. Notice to TCEQ required.

Requirements for Termination:

Stage III of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage III, Stage II becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a regular basis. Flushing is prohibited except for dead end mains.

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes; offering low-flow fixtures and water restrictors.

Mandatory Water Use Restrictions:

The following water use restrictions shall apply to all customers.

1. Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0. Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet-filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public are contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.

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3. Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or "jacuzzi" type pool are prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.
4. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
5. Use of water from hydrants or flush valves shall be limited to maintaining public health, safety, and welfare.
6. Use of water for the irrigation of golf courses, parks, and green belt areas are prohibited except by hand-held hose and only on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.
7. The following uses of water are defined as non-essential and are prohibited:
 - a. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
 - b. use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - c. use of water for dust control;
 - d. flushing gutters or permitting water to run or accumulate in any gutter or street;
 - e. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
 - f. any waste of water.

STAGE IV - CRITICAL WATER USE RESTRICTIONS:

Target: Achieve a 50 percent reduction in Total Water Use (example: total water use, daily water demand, etc.)

The water utility will implement Stage IV when any one of the selected triggers is reached:

Supply-Based Triggers: (check at least one and fill in the appropriate value)

- Well level reaches _____ ft. (m.s.l.) ✓
- Overnight recovery rate reaches _____ ft.
- Reservoir elevation reaches _____ ft. (m.s.l.)
- Stream flow reaches _____ cfs at USGS gage # _____
- Wholesale supplier's drought Stage IV

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- Annual water use equals _____ % of well permit/Water Right/purchased water contract amount
- Supply contamination
- Other Storage tank reaches 50% of capacity

Demand- or Capacity-Based Triggers: (check at least one and fill in the appropriate value)

- Drinking water treatment as % of capacity _____ %
- Total daily demand as % of pumping capacity _____ %
- Total daily demand as % of storage capacity _____ %
- Pump hours per day _____ hrs
- Production or distribution limitations
- System outage
- Other Storage tank reaches 50% of capacity

Upon initiation and termination of Stage IV, the utility will mail a public announcement to its customers. Notice to TCEQ required.

Requirements for Termination:

Stage IV of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage IV, Stage III becomes operative.

Operational Measures:

The utility shall visually inspect lines and repair leaks on a daily basis. Flushing is prohibited except for dead end mains and only between the hours of 9:00 p.m. and 3:00 a.m. Emergency interconnects or alternative supply arrangements shall be initiated. All meters shall be read as often as necessary to insure compliance with this program for the benefit of all the customers. *Describe additional measures, if any, to be implemented directly to manage limited water supplies and/or reduce water demand.*

Mandatory Water Use Restrictions: (all outdoor use of water is prohibited)

1. Irrigation of landscaped areas is absolutely prohibited.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.

SYSTEM OUTAGE or SUPPLY CONTAMINATION

Notify TCEQ Regional Office immediately.

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APPENDIX A -- SAMPLE SERVICE AGREEMENT

From 30 TAC Chapter 290.47(b), Appendix B

SERVICE AGREEMENT

- I. **PURPOSE.** The NAME OF WATER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF WATER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the water system will not re-establish service unless it has a signed copy of this agreement.

- II. **RESTRICTIONS.** The following unacceptable practices are prohibited by State regulations.
 - A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.

 - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.

 - C. No connection which allows water to be returned to the public drinking water supply is permitted.

 - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.

 - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

APPENDIX A – SAMPLE SERVICE AGREEMENT (Continued)

- III. SERVICE AGREEMENT. The following are the terms of the service agreement between the NAME OF WATER SYSTEM (the Water System) and NAME OF CUSTOMER (the Customer).
- A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System.
 - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Water System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Water System's normal business hours.
 - C. The Water System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
 - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
 - E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Water System. Copies of all testing and maintenance records shall be provided to the Water System.
- IV. ENFORCEMENT. If the Customer fails to comply with the terms of the Service Agreement, the Water System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

CUSTOMER'S SIGNATURE: _____

DATE: _____

APPENDIX B -- APPLICATION FOR SERVICE
(Utility Must Attach Blank Copy)

TEXAS WATER COMMISSION



CERTIFICATE OF CONVENIENCE AND NECESSITY

To Provide Water Service Under V.T.C.A., Water Code
and Texas Water Commission Substantive Rules

Certificate No. 12336

I. Certificate Holder:

Name: Timberlane Water System, Inc.

Address: P. O. Box 1611
Nederland, Texas, 77627

II. General Description and Location of Service Area:

The area covered by this certificate is located approximately 11 miles southeast of downtown Hemphill, Texas 2 miles east of Farm to Market Road 2928 on a county road. The service area is generally bounded on the east, south and north by the Sabine National Forest and on the west by Toledo Bend Reservoir in Sabine County, Texas.

III. Certificate Maps:

The certificate holder is authorized to provide water service in the area identified on the Commission's official water service area map, WRS-202, maintained in the offices of the Texas Water Commission, 1700 North Congress, Austin, Texas with all attendant privileges and obligations.

This certificate is issued subject to the rules and orders of the Commission, the laws of the State of Texas, conditions contained herein and may be revoked for violations thereof. The certificate is valid until amended or revoked by the Commission.

ISSUED this 4th day of June, 1990.

ATTEST:

Brendan J. Jasta For the Commission