



Control Number: 50989



Item Number: 1

Addendum StartPage: 0



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

Pursuant to Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.239

## 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

## Application Summary

**Transferor:** Ranch Country of Texas Water Systems, Inc.

*(selling entity)*

**CCN No.s:** 12918

- Sale
  Transfer
  Merger
  Consolidation
  Lease/Rental

**Transferee:** CSWR-Texas Utility Operating Company, LLC

*(acquiring entity)*

**CCN No.s:** pending approval (Docket Nos. 50251, 50276, 50311)

- Water
  Sewer
  All CCN
  Portion CCN
  Facilities transfer

**County(ies):** Austin

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**Please mark the items included in this filing**

<input checked="" type="checkbox"/> Contract, Lease, Purchase, or Sale Agreement	Part A: Question 1
<input checked="" type="checkbox"/> Tariff including Rate Schedule	Part B: Question 4
<input checked="" type="checkbox"/> List of Customer Deposits	Part B: Question 5
<input checked="" type="checkbox"/> Partnership Agreement <b>LLC Agreement</b>	Part C: Question 7
<input type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part C: Question 7
<input checked="" type="checkbox"/> Certificate of Account Status	Part C: Question 7
<input checked="" type="checkbox"/> Financial Audit	Part C: Question 10
<input checked="" type="checkbox"/> Application Attachment A & B	Part C: Question 10
<input type="checkbox"/> Disclosure of Affiliated Interests	Part C: Question 10
<input checked="" 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 checked="" 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 checked="" type="checkbox"/> Detailed (large scale) Map	Part G: Question 29
<input checked="" type="checkbox"/> General Location (small scale) Map	Part G: Question 29
<input type="checkbox"/> Digital Mapping Data	Part G: Question 29
<input checked="" 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:

CSWR-Texas Utility Operating Company, LLC ("CSWR Texas") will purchase all utility assets owned by Ranch Country of Texas Water System ("Ranch Country") for purposes of operating its water system under CCN No. 12918 as identified in Attachment A, which is a copy of the purchase agreement between CSWR Texas' affiliate, Central States Water Resources, Inc. ("Central States") and Ranch Country. See Attachment B for a copy of the corporate organizational chart of CSWR Texas.

2. The proposed transaction will require (check all applicable): **CSWR Texas is in the process of acquiring a CCN number in Docket Nos. 50276, 50251 and 50311.**

For **Transferee** (Purchaser) CCN:

For **Transferor** (Seller) CCN:

- |  |   |
|--|---|
| <input type="checkbox"/> Obtaining a NEW CCN for Purchaser                         | <input checked="" type="checkbox"/> Cancellation of Seller's CCN            |
| <input checked="" type="checkbox"/> Transfer all CCN into Purchaser's CCN (Merger) | <input type="checkbox"/> Transfer of a Portion of Seller's CCN to Purchaser |
| <input type="checkbox"/> Transfer Portion of CCN into Purchaser's CCN              | <input type="checkbox"/> Only Transfer of Facilities, No CCN or Customers   |
| <input type="checkbox"/> Transfer all CCN to Purchaser and retain Seller CCN       | <input type="checkbox"/> Only Transfer of Customers, No CCN or Facilities   |
| <input type="checkbox"/> Uncertificated area added to Purchaser's CCN              | <input type="checkbox"/> 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: Ranch Country of Texas Water Systems, Inc.  
(individual, corporation, or other legal entity)  
 Individual  Corporation  WSC  Other: \_\_\_\_\_

B. Mailing Address: P.O. Box 790 Sealy, TX 77474

Phone: (979) 885-6262 Email: scryan@ranchcountry.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: David Cryan Title: President

Mailing Address: P.O. Box 790 Sealy, TX 77474

Phone: (979) 885-6262 Email: scryan@ranchcountry.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: **See Attachment C.**

A. Effective date for most recent rates: June 4, 2004

- 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: 34505-C

**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 12

# of customers with deposits held by the transferor\* 304 **See Attachment D.**

\*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: CSWR-Texas Utility Operating Company, LLC

(individual, corporation, or other legal entity)

Individual  Corporation  WSC  Other: LLC

B. Mailing Address: 1650 Des Peres Rd., Suite 303, St. Louis, Missouri 63131

Phone: (314) 736-4672 Email: regulatory@cswrgroup.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: Evan D. Johnson Title: Local Counsel

Address: Coffin Renner LLP, 1011 West 31st Street, Austin, Texas 78705

Phone: (512) 879-0972 Email: evan.johnson@crtxlaw.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): \_\_\_\_\_

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): Limited Liability Company. A copy of the LLC Operating Agreement is attached as Attachment E.

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

Name: The transferee does not operate under a d/b/a.

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: CSWR-Texas Utility Operating Company, LLC (See Attachment B for a corporate organizational chart)  
 Position: Member Ownership % (if applicable): 100.00%  
 Address: 1650 Des Peres Rd., Suite 303, St. Louis, Missouri 63131  
 Phone: (314) 736-4672 Email: regulatory@cswrgroup.com

Name: Josiah Cox  
 Position: President; CSWR, LLC Ownership % (if applicable): 0.00%  
 Address: 1650 Des Peres Rd., Suite 303, St. Louis, Missouri 63131  
 Phone: (314) 736-4672 Email: jcox@cswrgroup.com

Name: Tom Rooney  
 Position: Chairman; CSWR, LLC Ownership % (if applicable): 0.00%  
 Address: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Name: Dan Standen  
 Position: Board Member; CSWR, LLC 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.

**See Attachments F & G.**

**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.

**See Attachments F, G, H, I & J.**

**Part D: Proposed Transaction Details**

**11. A.** Proposed Purchase Price: \$ \_\_\_\_\_ **See Attachment A.**

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: \$ 130,959.00

Accumulated Depreciation: \$ -25,227.00

Net Book Value: \$ 105,732.00

**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: \$ 0.00

Accumulated Amortization: \$ 0.00

**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: \$ 0.00

Accumulated Amortization: \$ 0.00

**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 **See Attachments H, I, I-1 and J.**

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

To the extent it is determined that improvements need to be made to the system, funds will be provided by a mix of equity and debt financing. Equity financing will be provided through an infusion from CSWR Texas' ultimate parent company CSWR, LLC ("CSWR"), of which Central States is the sole manager. A copy of the corporate organizational chart is provided as Attachment B. The source of debt financing will be determined after acquisition of the system. The exact timeline for construction has not yet been determined as approval from TCEQ will be sought as necessary following the acquisition, but CSWR Texas plans to move as quickly as possible to address any known issues on the system upon closing of the acquisition. See Attachment G.

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

The acquired system is a distressed system and would benefit from the transition to a stable, long-term management team willing to make necessary investments to improve the system. See Responses to Questions Nos. 14, 16, 17 and 20 in Attachment K. For these reasons, the sale of assets promotes the interests of the public generally and benefits the transferring utility's customers.

**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:	\$ _____	<b>See Attachments K &amp; K-1 for the requested financial information.</b>
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 41(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.)

CSWR Texas will adopt existing rates of service, including any temporary rates and surcharges that reflect the system's current cost of service and revenue requirement. CSWR Texas plans to continue the existing rates and surcharges until it files its next base rate proceeding. See Attachment C for a copy of the existing tariff.

**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:

CSWR Texas plans to file an application to change rates after the system is acquired if operating expenses exceed revenue from rates or if current rates fail to provide a reasonable rate of return.



**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:

See Attachment K.

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.

See Attachment K.

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:

CSWR Texas will operate the system to ensure it is in compliance with all environmental regulations. CSWR Texas is not aware of any negative impacts or disruptions to the environment or land that would result from the transaction.

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

See Attachment K.

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:

Austin County (CCN 12044)

**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): **See Attachment P**

TCEQ PWS Identification Number: \_\_\_\_\_ (7 digit ID)

Name of PWS: \_\_\_\_\_

Date of last TCEQ compliance inspection: \_\_\_\_\_ (attach TCEQ letter)

**See Attachment I.**

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		2"		Residential
316	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:			316	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:
See Attachments I and J.		

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: **See Attachment J.**

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
Zachary King	C	WG-0010543	Water
Timothy Young	A	WO-0029245	Water
Professional General Management Services Inc		WC0000203	Water

**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: **See Attachments L & M**

1. 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.

- 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.

**Part H: Notice Information**

The following information will be used to generate the proposed notice for the application.  
**DO NOT provide notice** of the application until it is found sufficient and the Applicants are ordered to provide notice.

30. Complete the following using verifiable man-made or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents). Measurements should be approximated from the outermost boundary of the requested area:

The total acreage of the requested area is approximately: 600.00

Number of customer connections in the requested area: 291

Affected subdivision : Hillside Estates, Settlers Meadows, Settlers Estates, Meadowview Estates, Settlers Crossing

The closest city or town: Sealy

Approximate mileage to closest city or town center: 1

Direction to closest city or town: West

The requested area is generally bounded on the North by: N/A (Multiple sections) Roughly Little Bernard Creek

on the East by: N/A (Multiple sections) Roughly Hillboldt Road

on the South by: N/A (Multiple sections) Roughly NW I 10 Frontage Road

on the West by: N/A (Multiple sections) Roughly NW I 10 Frontage Road

31. A copy of the proposed map will be available at: CSWR Texas' offices and upon request

32. What effect will the proposed transaction have on an average bill to be charged to the affected customers? Take into consideration the average consumption of the requested area, as well as any other factors that would increase or decrease a customer's monthly bill.

- All of the customers will be charged the same rates they were charged before the transaction.
- All of the customers will be charged different rates than they were charged before the transaction.
  - higher monthly bill     lower monthly bill
- Some customers will be charged different rates than they were charged before (i.e. inside city limit customers)
  - higher monthly bill     lower monthly bill

Oath for Transferor (Transferring Entity)

STATE OF Texas

COUNTY OF Austin

I, Stephen Cryan being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as Vice President

(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

Handwritten signature of Stephen Cryan

AFFIANT

(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas this day the 6th of Dec, 2019

SEAL



Handwritten signature of Rosa Theresa Pena

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

Handwritten name of Rosa Theresa Pena

PRINT OR TYPE NAME OF NOTARY

My commission expires:

Handwritten date 07/19/2023

**Oath for Transferee (Acquiring Entity)**

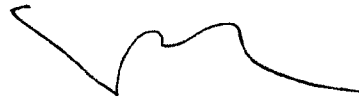
STATE OF MO

COUNTY OF St. Louis

I, Josiah Cox being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as Manager of CSWR-Texas Utility Operating Company, LLC  
(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

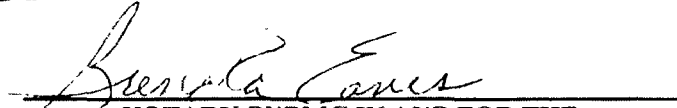
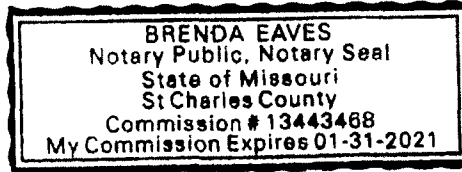


**AFFIANT**  
(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Missouri  
this day the 10th of December, 2019

SEAL



**NOTARY PUBLIC IN AND FOR THE  
STATE OF MISSOURI**

Brenda Eaves  
**PRINT OR TYPE NAME OF NOTARY**

My commission expires: 01/31/2021

**See Attachments F and G for  
information responsive to  
Appendix A and Appendix B**



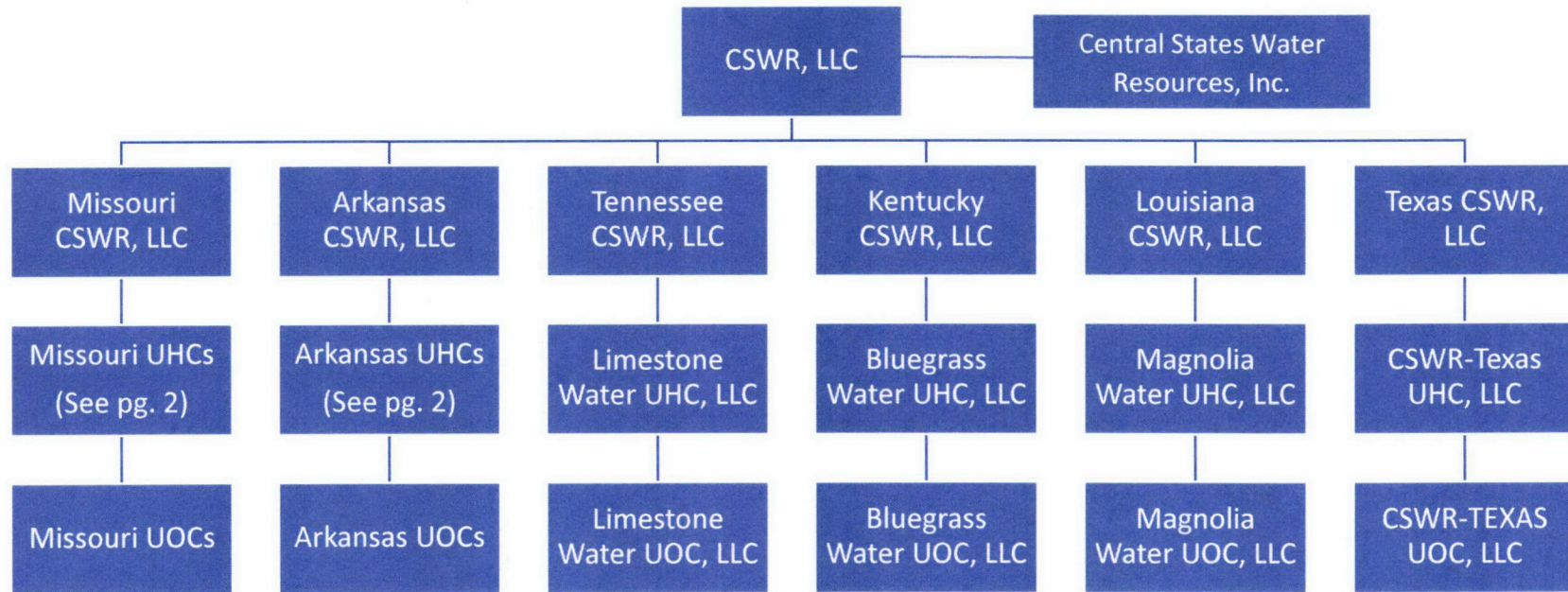
## **ATTACHMENT LIST**

1. Attachment A – Executed Purchase Agreement (Confidential)
2. Attachment B – CSWR, LLC Corporate Organizational Chart
3. Attachment C – Current Tariff
4. Attachment D – List of Customer Deposits (Confidential)
5. Attachment E – CSWR-Texas Utility Operating Company, LLC Operating Agreement and Certificates of Account Status
6. Attachment F – Historical and Projected Financial Information (Confidential)
7. Attachment G – Additional Supporting Financial Information (Highly Sensitive)
8. Attachment H – Capital Estimates and Capital Improvement Plan (Confidential)
9. Attachment I – TCEQ Compliance Investigation Report
10. Attachment I-1 – Correspondence with TCEQ Regarding Compliance (Confidential)
11. Attachment J – Engineering Memo (Confidential)
12. Attachment K – Responses to STM Questions
13. Attachment K-1 – Confidential Responses to STM Questions (Confidential)
14. Attachment L – Small Scale Map
15. Attachment M – Large Scale Map
16. Attachment N – Water Purchase Agreement (if applicable) (Confidential)
17. Attachment O – Statement of Confidentiality
18. Attachment P – Details of Public Water System or Sewer Service

**Attachment A is Confidential and  
will be provided pursuant to the  
Protective Order**

# **Attachment B**

**Central States Water Resources Corporate Entity Organizational Chart**



# **Attachment C**



**WATER UTILITY TARIFF**  
**Docket Number 45001**

Ranch Country of Texas, Inc.  
(Utility Name)

P.O. Box 790  
(Business Address)

Sealy, Texas 77474  
(City, State, Zip Code)

979/885-6262  
(Area Code/Telephone)

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

12918

This tariff is effective in the following county:

Austin

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

None

This tariff is effective in the following subdivisions or systems:

- Hillside Estates Water System (PWS No. 0080049)
- Meadowview Estates (PWS No. 0080051)
- Meadowview Estates II (PWS No. 0080059)
- Settlers Estates Sec II (PWS No. 0080056)
- Settlers Crossing Water System (PWS No. 0080058)
- Settlers Crossing Water System 2 (PWS No. 0080060)
- Settlers Meadows Water System (PWS No. 0080055)

**TABLE OF CONTENTS**

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

SECTION 1.0 -- RATE SCHEDULE .....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES .....	7
SECTION 3.0 -- EXTENSION POLICY .....	15

APPENDIX A -- DROUGHT CONTINGENCY PLAN

Ranch Country of Texas, Inc.

Water Utility Tariff Page No. 2

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"	<u>\$25.00</u> (Includes <u>5,000</u> gallons)	<u>\$2.00</u> per 1,000 gallons thereafter

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

Cash X, Check X, Money Order X, Credit Card \_\_\_\_\_, Other \_\_\_\_\_  
 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%  
 PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL  
 MONTHLY BILL AND TO REMIT FEE TO THE TEXAS COMMISSION ON ENVIRONMENTAL  
 QUALITY (TCEQ).

Section 1.02 - Miscellaneous Fees

TAP FEE ..... \$500.00  
 TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND  
 LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" METER PLUS UNIQUE COSTS AS  
 PERMITTED BY PUC RULE AT COST.

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 BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR  
 METERS LARGER THAN STANDARD 5/8" METERS.

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum \$25.00).....\$25.00
- b) Customer's request .....\$15.00

TRANSFER FEE .....\$20.00  
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

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

RETURNED CHECK CHARGE.....\$25.00

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

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT.....1/6TH EST. ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

INCREASES IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 16 TAC 24.21(k)(2) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE PUC.

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.



## SECTION 2.0 - SERVICE RULES AND REGULATIONS

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Chapter 24 rules 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 PUC 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 PUC 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 residential customer who has paid 18 consecutive billings without being delinquent.

#### (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.

**SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)**

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 PUC 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 P.U.C. SUBST. R. 24.86(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.

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 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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 Commission on Environmental Quality (TCEQ) 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 Title 30 Texas Administrative Code (TAC) §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ 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 30 TAC §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ 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.

Section 2.07 - Back Flow Prevention Devices (continued)

All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ 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.

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 TCEQ 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.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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.

Section 2.09 - Meter Requirements, Readings, and Testing (continued)

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, 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.

Ranch Country of Texas, Inc.

Water Utility Tariff Page No. 8

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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 PUC 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 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 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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 PUC Rules.

B) Without Notice

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

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 TCEQ, the utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Water Systems.

Ranch Country of Texas, Inc.

Water Utility Tariff Page No. 10

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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 either the PUC complaint process, depending on the nature of the complaint. 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.

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

### 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 PUC rules and policies, and upon extension of the utility's certified service area boundaries by the PUC.

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 PUC rules and policies, and upon extension of the utility's certificated service area boundaries by the PUC.

#### 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 PUC, 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.



SECTION 3.0--EXTENSION POLICY (continued)

Exceptions may be granted by the Commission 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 by the Commission, 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 TCEQ minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or TCEQ 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.

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 TCEQ minimum design criteria for water production, treatment, pumping, storage and transmission.

SECTION 3.0--EXTENSION POLICY (continued)

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of P.U.C. SUBST. R. 24.86(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 TCEQ minimum design criteria. As provided by P.U.C. SUBST. R. 24.85(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 utilities 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, PUC 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 PUC 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.

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.

Ranch Country of Texas, Inc.

Water Utility Tariff Page No. 14

SECTION 3.0--EXTENSION POLICY (continued)

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 PUC 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, PUC rules and/or PUC 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.

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 PUC 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 PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUC rules.

Section 3.07 - Developer Requirements

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

**APPENDIX A – DROUGHT CONTINGENCY PLAN**

**(This page incorporates by reference the utility's Drought Contingency Plan, as approved and periodically amended by the Texas Commission on Environmental Quality)**

**Attachment D is Confidential and  
will be provided pursuant to the  
Protective Order**

# **Attachment E**

**RESTATED OPERATING AGREEMENT OF  
CSWR-TEXAS UTILITY OPERATING COMPANY, LLC**

THIS OPERATING AGREEMENT (this "Agreement") is signed as of the 13<sup>th</sup> day of November, 2019 (the "Effective Date"), by **CSWR-TEXAS UTILITY HOLDING COMPANY, LLC**, a Texas limited liability company, as the sole Member of **CSWR-TEXAS UTILITY OPERATING COMPANY, LLC**, a Texas limited liability company (the "Company").

**RECITALS**

WHEREAS, on July 16, 2019, the Company was organized a limited liability company under the laws of Texas pursuant to the Texas Limited Liability Company Act, Texas Business Organization Code Title 3 Chapter 101 (the "Act") for the purpose of, among other things, of investing in and operating water and waste water utilities;

WHEREAS, on September 23, 2019, the Company amended its name to "Yellow Rose Utility Operating Company, LLC", October 18, 2019 the Company amended its name to "Palmwood Water Utility Operating Company, LLC" and on November 13, 2019 the Company amended its name to "CSWR-Texas Utility Operating Company, LLC";

WHEREAS, the aforementioned Member desires to restate and adopt this Operating Agreement setting forth the Member's desire for the management and operation of such limited liability company.

NOW THEREFORE, in consideration of the mutual covenants and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Member hereby states as follows:

**ARTICLE I.  
ORGANIZATION**

1.1. Certain Definitions. As used herein, the following terms have the following meanings:

- (a) "Act" is defined in Section 1.2 hereof.
- (b) "Agreement" means this Operating Agreement, as the same may be amended from time to time.
- (c) "Business Property" means all properties, assets and interests (whether real or personal, tangible or intangible) now or hereafter owned or held by the Company.
- (d) "Capital Account" means the Capital Account maintained by the Company for each Member in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv), as amended from time to time.

(e) "Capital Contributions" means with respect to the Member, the total amount of money and the fair market value of the other property, if any, to be contributed to the Company by the Member in accordance with Article II hereof. The Member's "Paid-In Capital Contribution" means the amount of the Member's Capital Contribution actually paid in cash or other property actually contributed to or on behalf of the Company. With respect to the Company, such terms shall mean the aggregate Capital Contributions and aggregate Paid-In Capital Contributions, respectively, of the Member.

(f) "Capital Transaction" means any of the following items or transactions: a sale, transfer or other disposition of all or substantially all of the assets of the Company, condemnation actions, net insurance recoveries (other than for temporary loss of use), the refinancing of the mortgage or other indebtedness of the Company. The payment of Capital Contributions by the Member shall not be included within the meaning of the term "Capital Transaction."

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute.

(h) "Company" means this limited liability company and any successors hereto.

(i) "Depreciation" means for each fiscal year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such fiscal year. In the event the book value of an asset differs from its adjusted tax basis at the beginning of such year, then the Depreciation shall be an amount which bears the same ratio to the fair market value (as may be adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and (g)) as the Depreciation determined for federal income tax purposes bears to the beginning adjusted tax basis.

(j) "Dissolution Proceeds" is defined in Section 10.2 hereof.

(k) "Net Profits" or "Net Losses" for the applicable period means the gross income of the Company minus (a) all net cash outlays of any kind, whether capital in nature or not, to the extent the same are not depreciable or amortizable for federal income tax purposes (or, as the context may require, to the extent the same are not depreciated or amortized for federal income tax purposes), including, without limiting the generality of the foregoing, all operating expenses payable by the Company, salaries, life insurance premiums on policies owned by the Company, and interest on any Company indebtedness; and (b) all Depreciation allowable for federal income tax purposes. In the event that such sum is a positive number, it shall be considered "Net Profits" and if the sum is a negative number, it shall be considered "Net Losses."

(l) "Person" is defined in Section 1.9 hereof.



(m) "Treasury Regulation(s)" means the Income Tax Regulations promulgated under the Code, as such Treasury Regulations may be amended or supplemented from time to time.

1.2. Formation. The Member has formed the Company under and pursuant to the provisions of the Act, for the limited purposes and scope set forth in this Agreement. The Member has filed in the appropriate governmental office(s) Articles of Organization which conform to the requirements of the Act in order to constitute the Company as a valid limited liability company under the Act. The costs and expenses associated with such filing shall be borne by the Company.

1.3. Name. The business and affairs of the Company shall be conducted solely under the name of "**CSWR-Texas Utility Operating Company, LLC**", and such name shall be used at all times in connection with the business and affairs of the Company; provided that the Member may operate the Company under any other name necessary or convenient to qualify it to do business in any state or jurisdiction.

1.4. Term. The Company shall continue in existence perpetually, or until dissolved by the Member under the terms of this Agreement.

1.5. Business of the Company. The business of the Company is to: (i) invest in and operate water and waste water utilities; (ii) own, finance, hold, manage, manufacture, sell, exchange or otherwise deal with and dispose of all or any part of the Business Property; and (iii) transact any and all lawful business for which a limited liability company may be organized under the Act and exercise all rights and engage in all activities related thereto (the "Business").

1.6. Principal Office. The principal office of the Company shall be at 500 Northwest Plaza Drive, Suite 500, St. Ann, MO 63074, or such other location as may be hereafter determined by the Manager.

1.7. Registered Office and Registered Agent. The name of the Company's registered agent for service of process in Texas and the address of the Company's registered office in Texas shall be as provided in the Articles of Organization. The Manager may in his sole discretion and from time to time change the address of the registered office and the registered agent by filing the documents required by law.

1.8. Articles of Organization and Other Instruments. The Member has executed or has authorized the execution of the Articles of Organization in accordance with the Act, and shall execute such other documents and instruments and take all such other actions as may be deemed by the Manager to be necessary or appropriate to effectuate and permit the continuation of the Company under the laws of the State of Texas or the laws of any other state in any other state which the Member deems necessary or appropriate. The Manager shall, from time to time, take appropriate action, including the preparation and filing of such other amendments to the Articles of Organization and other certificates as may be required under the laws of the State of Texas or any other state, to enable the Company to do business in the State of Texas or any other state.

1.9. Additional Definitions. The definitions in Section 1.1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine and neuter forms. The term "Person" includes individuals, partnerships, corporations, limited liability companies, trusts, and other associations and entities. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." The words "herein," "hereof," "hereunder," and similar terms shall refer to this Agreement, unless the context otherwise requires.

## **ARTICLE II. CAPITAL CONTRIBUTIONS**

2.1. Initial Capital Contributions. The Member shall make the Capital Contribution to the Company as reflected on Exhibit A attached hereto and incorporated herein by reference.

## **ARTICLE III. DISTRIBUTIONS**

3.1. Distributions. Except as otherwise requested by the Member or required by law, cash distributions shall be made to the Member on the following bases at such time (but at least annually) and in such amounts as the Manager in his sole discretion shall determine:

(a) Distributions, other than from a Capital Contribution, shall be made in the following order of priority:

(i) To the payment of liabilities of the Company then due and owing to Persons other than the Member;

(ii) To the Member, in an amount equal to the unpaid balance of principal and accrued interest of any loan by the Member to the Company;

(iii) The balance, if any, shall be distributed to the Member.

(b) The proceeds of any Capital Transaction and the distribution upon liquidation under Section 10.2 shall be made in the following order of priority:

(i) To the payment of liabilities of the Company then due and owing to Persons other than the Member;

(ii) To establish such reserves as the Manager in his discretion determines to be reasonably necessary for any contingent or foreseeable liability or obligation of the Company; provided, however, that the balance of any such reserve remaining at such time as the Manager shall reasonably determine shall be distributed in accordance with subparagraphs (iii) through (v) of this Section 3.1(b);

(iii) To the payment to the Member of an amount equal to the unpaid balance of principal and accrued interest of any Loan by the Member;

(iv) To the Member, an amount equal to its Capital Contributions reduced (but not below zero) by the amount of all prior distributions to it under this Section 3.1;

(v) The balance, if any, shall be distributed to the Member.

3.2. Distributions to Be Made In Cash. Unless otherwise determined by the Member, all distributions to the Member shall be made in cash.

#### **ARTICLE IV. ALLOCATION OF NET PROFITS AND NET LOSSES**

4.1. Profits and Losses. Net Profits and Net Losses incurred and/or accrued shall be allocated to the Member.

#### **ARTICLE V. ACCOUNTING; RECORDS**

5.1. Accounting Methods. The Company books and records shall be prepared in accordance with generally accepted accounting principles, consistently applied. All Federal, state and local tax returns of the Company shall be prepared by the Company's certified public accountants, under the direction of the Manager.

5.2. Fiscal Year. The fiscal year of the Company shall be the twelve calendar month period ending December 31.

5.3. Tax Status. The Member shall elect such tax status that it deems appropriate for each tax year by notifying the Manager of such election.

#### **ARTICLE VI. POWERS, RIGHTS AND DUTIES OF THE MEMBER AND MANAGER**

6.1. Restriction of the Member's Rights to Participate in Management. Except as otherwise expressly provided herein, the Member shall have no voice in, take any part in, nor interfere with, the conduct, control, or management of the business of the Company in its capacity as the Member, nor shall the Member have any authority or power to act for, or on behalf of, the Company, or to bind the Company in any respect whatsoever.

6.2. Member Consent. (a) The affirmative vote, approval or consent of the Member shall be required to: (i) alter the primary purposes of the Company as set forth in Section 1.5; (ii) do any act in contravention of this Agreement or cause the Company to engage in any business not authorized by the Articles of Organization or the terms of this Agreement; (iii) do any act which would make it impossible to carry on the usual course of business of the Company; (iv) change or reorganize the Company into any other legal form; (v) amend this Agreement; (vi) issue an Interest in the Company to any Person and admit such Person as a Member; (vii) approve a merger or consolidation with another Person, (viii) change the status of the Company from one in

which management is vested in the one or more Managers to one in which management is vested in the Member, or vice versa; (ix) possess any Company property or assign the rights of the Company in specific Company property for other than a Company purpose; (x) perform any act (other than an act required by this Agreement or any act taken in good faith reliance upon counsel's opinion) which would, at the time such act occurred, subject the Member to liability as a general partner in any jurisdiction; (xi) operate the Company in such a manner as to have the Company classified as an "investment company" for purposes of the Investment Company Act of 1940; (xii) have an order for relief entered against the Company under applicable federal bankruptcy law; OR (xiii) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against the Company in any bankruptcy, reorganization or insolvency proceeding.

(b) The Member shall have the right to replace a Manager of the Company and name its successor at any time by providing written notice to the Manager being replaced of such decision in which the successor Manager is also set forth.

### 6.3. Manager.

(a) The Manager shall have the power to do all things necessary or convenient to carry out the business affairs of the Company. The initial Manager shall be Central States Water Resources, Inc., a Missouri corporation.

(b) The Manager shall not have any contractual right to such position and shall serve until the earliest of (i) the withdrawal of the Manager, or (ii) the removal of the Manager. The Manager may be removed and replaced in accordance with the provisions of Section 6.2(b).

(c) Except to the extent provided herein, the Member hereby agrees that only the Manager and agents of the Company authorized by the Manager shall have the authority to bind the Company. The Member shall not take any action to bind the Company without notifying the Manager of such action. If the Member takes any action to bind the Company, it shall indemnify and hold harmless the Manager against any claim, loss, expense or liability (including, without limitation, attorneys' fees and expenses, whether or not litigation is commenced) incurred by the Manager as a result of the unauthorized action of such Member.

(d) The Manager's duty of care in the discharge of the duties of the Manager to the Company and the Member is limited to discharging his duties pursuant to this Agreement in good faith, with the care a corporate officer of like position would exercise under similar circumstances, in the manner he reasonably believes to be in the best interests of the Company. In discharging his duties, the Manager shall not be liable to the Company or to the Member for any mistake or error in judgment or for any act or omission believed in good faith to be within the scope of authority conferred by this Agreement or by separate written instrument executed by the Member.

(e) The Manager's compensation shall be established by the Member, and the Manager shall be entitled to reimbursement of any general overhead expenses incurred in the regular course of his duties.

#### 6.4. Indemnification

(a) The Company, except as provided in Section 6.4(b), shall indemnify any Person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether criminal, civil, administrative or investigative, including without limitation any action by or in the right of the Company, by reason of the fact that he/it was or is a Member or Manager of the Company or is or was a Member or Manager of the Company who is or was serving at the request of the Company as a member, manager, director, officer, agent, employee, partner or trustee of another limited liability company, corporation, partnership, joint venture, trust or other enterprise; against expenses, including attorneys' fees, judgments, fines, taxes and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit or proceeding if such Person's conduct is not finally adjudged to be knowingly fraudulent, deliberately dishonest or willful misconduct. The right to indemnification conferred in this paragraph shall be a contract right and shall include the right to be paid by the Company expenses incurred in defending any actual or threatened civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding. Such right will be conditioned upon receipt of an undertaking by or on behalf of the Member or manager to repay such amount if it shall ultimately be determined that he/it is not entitled to be indemnified by the Company as authorized in this Article. Such right shall survive any amendment or repeal of this Article with respect to expenses incurred in connection with claims, regardless of when such claims are brought, arising out of acts or omissions occurring prior to such amendment or repeal. The Company may, by action of the Member, provide indemnification to employees and agents of the Company with the same scope and effect as the foregoing indemnification of Member and Manager.

(b) If a claim under Section 6.4(a) is not paid in full by the Company within thirty (30) days after a written claim has been received by the Company, the claimant may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense, including reasonable attorneys' fees and costs, of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Company) that the claimant has not met the standards of conduct which make it permissible under the limited liability company law of Texas for the Company to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Company. Neither the failure of the Company (including the Member or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he/it has met the applicable standard of conduct set forth in the limited liability company law of Texas, nor an actual determination by the Company (including its Member or independent legal counsel) that the claimant has not met such

applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(c) The indemnification provided by this Section 6.4 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, consent of the Member or otherwise, both as to action in his/its official capacity and as to action in another capacity while holding such office, and shall continue as to a Person who has ceased to be a Member, Manager, employee, partner, trustee or agent and shall inure to the benefit of the heirs, executors and administrators of such a Person.

(d) The Company may purchase and maintain insurance on behalf of any Person who is or was a Member, Manager, employee or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, employee, partner, trustee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his/its status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of this Section 6.4.

(e) For the purposes of this Section 6.4, references to the Company includes the resulting or surviving entity in any merger or consolidation so that any Person who is or was a Member, Manager, employee or agent of such a constituent entity or is or was serving at the request of such constituent entity as a member, manager, director, officer, employee, partner, trustee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Section 6.4 with respect to the resulting or surviving entity as he/it would if he/it had served the resulting or surviving entity in the same capacity.

(f) For purposes of this Section 6.4, the term "other enterprise" shall include employee benefit plans; the term "fines" shall include any excise taxes assessed on a Person with respect to any employee benefit plan; and the term "serving at the request of the Company" shall include any service as a member, manager, director, officer, employee, partner, trustee or agent of, or at the request of, the Company which imposes duties on, or involves services by, such member, manager, director, officer, employee, partner, trustee or agent with respect to an employee benefit plan, its participants, or beneficiaries.

(g) In the event any provision of this Section 6.4 shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision of this Section 6.4 and any other provisions of this Section 6.4 shall be construed as if such invalid provision had not been contained in this Section 6.4. In any event, the Company shall indemnify any Person who is or was a Member or Manager of the Company, or is or was a Member or Manager of the Company who is or was serving at the request of the Company as a member, manager, director, officer, agent, employee, partner or trustee of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, to the full extent permitted under Texas law, as from time to time in effect.

6.5. Liability of the Member. The Member shall not be liable as such for the liabilities of the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Member or a Manager for liabilities of the Company.

**ARTICLE VII.  
DETERMINATIONS BY THE MEMBER**

7.1. Actions by the Member. The Member shall have the right to take any action set forth herein in accordance with the terms of the Agreement. In addition, if the Member determines that it wants to take an action that is not expressly granted to it within this Agreement, it shall take such action only after notifying the Manager in writing of the intended action.

**ARTICLE VIII.  
ACTIONS OF THE MANAGER**

8.1. Actions by the Manager. The Manager shall decide any question related to the operations of the Company, unless the question is one upon which, by express provision of the Act, the Articles of Organization or this Agreement, the Member is required to consent, in which case such express provision shall govern and control the decision on such question.

**ARTICLE IX.  
TRANSFER OF MEMBER'S INTEREST**

9.1. Transfer of Member's Interest. The Member shall have the right to transfer all or part of its Interest to another Person upon such terms that the Member deems acceptable. Prior to the effective date of the transfer of all or part of the Interest, the Member must notify the Manager of the transfer in writing.

9.2. Effect of Assignment; Documents. All Interests in the Company transferred pursuant to the provisions of this Article shall be subject to the restrictions and obligations set forth in this Agreement. As a condition to any Person being admitted as an additional Member or a substituted Member, such Person must execute this Agreement and agree to be bound by all of its terms and provisions as a substituted Member or additional Member.

**ARTICLE X.  
DISSOLUTION OF THE COMPANY**

10.1. Dissolution Acts.

(a) No act, thing, occurrence, event or circumstance shall cause or result in the dissolution of the Company except that the happening of any one of the following events shall work as an immediate dissolution and termination of the Company:

- Company; and
- (i) A determination by Member to dissolve and terminate the
  - (ii) The event of the death of the Member.

(b) Without limiting the other provisions hereof, the transfer of all or any part of a Member's Interest, in accordance with the provisions of this Agreement or the admission of a new Member, shall not work the dissolution of the Company.

10.2. Distribution of Proceeds on Dissolution; Reserves. Upon the dissolution and termination of the Company, a the Member or such other Person designated by the Member (the "Winding-Up Member") shall file a Notice of Winding Up pursuant to the Act and shall proceed with the liquidation and termination of the Company as promptly as possible, but in an orderly and businesslike manner so as not to involve undue sacrifice, and the proceeds therefrom and any other funds and assets of the Company (the "Dissolution Proceeds"), shall be applied and distributed pursuant to the provisions of Section 3.1.b.

## **ARTICLE XI. GENERAL**

11.1. Notices. Any notice, request, approval, consent, demand or other communication required or permitted hereunder shall be given in writing by (1) personal delivery, (2) expedited delivery service with proof of delivery, (3) United States Mail, postage prepaid, registered or certified mail, return receipt requested, or (4) email or facsimile (provided that such email or facsimile is confirmed as received), and shall be deemed to have been given and received either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the last known address, or in the case of email or facsimile, upon receipt.

11.2. Amendments. This Agreement may be amended by a written agreement of amendment executed by the Member.

11.3. Miscellaneous. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns. Captions contained in this Agreement in no way define, limit, or extend the scope or intent of this Agreement. If any provision of this Agreement or the application of such provision to any Person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision to any other Persons or circumstances, shall not be affected thereby.

11.4. Remedies. If the Company or any party to this Agreement obtains a judgment against any other party by reason of breach of this Agreement or failure to comply with the provisions hereof, reasonable attorneys' fees as fixed by the court shall be included in such judgment. No remedy conferred upon the Company or the Member in this Agreement is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or



by statute. No waiver by the Member or the Company of any breach of this Agreement shall be deemed to be a waiver of any other breach of any kind or nature and no acceptance of payment or performance by a Member or the Company after any such breach shall be deemed to be a waiver of any breach of this Agreement, whether or not such Member or the Company knows of such breach at the time it accepts such payment or performance. If the Member has the right herein to approve or consent to any matter or transaction, such approval or consent may be withheld in the sole discretion of the Member for any reason or no reason. No failure or delay on the part of the Member or the Company to exercise any right it may have shall prevent the exercise thereof by the Member or the Company at any time such other may continue to be so in default, and no such failure or delay shall operate as a waiver of any default.


11.5. Compliance with Securities Laws. Notwithstanding anything herein contained to the contrary, no transfer or disposition of Interests in the Company pursuant to the terms hereof shall be made unless such transfer or disposition complies in all respects with the provisions of the Securities Act of 1933 and the securities laws of any and all states with jurisdiction over such transfer or disposition, and the rules and regulations promulgated thereunder.

11.6. Binding Effect. This Agreement and any amendment hereto made as provided herein shall be binding upon and inure to the benefit of the Company and its successors and assigns, and the Member, its heirs, executors, administrators, and legal or personal representatives.

11.7. Governing Law. This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of Texas.

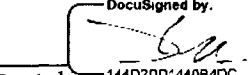
IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

**CSWR-TEXAS UTILITY  
HOLDING COMPANY, LLC**

DocuSigned by:  
  
144D2DD\*440B4DC

By: \_\_\_\_\_  
Josiah M. Cox, President of  
Central States Water Resources, Inc.,  
Manager

Agreed and Accepted by:

DocuSigned by:  
  
144D2DD\*440B4DC  
\_\_\_\_\_  
Josiah M. Cox, President of  
Central States Water Resources, Inc.,  
Manager

**EXHIBIT A  
INITIAL CAPITAL CONTRIBUTIONS**

<u>Member's Name and Address</u>	<u>Member's Interest</u>	<u>Capital Contribution</u>
CSWR-Texas Utility Holding Company, LLC	100%.	Kept by Company Accountant

Corporations Section  
P O Box 13697  
Austin, Texas 78711-3697



Ruth R. Hughs  
Secretary of State  
Attachment F  
Page 1 of 2

## Office of the Secretary of State

### Certificate of Fact

The undersigned, as Secretary of State of Texas, does hereby certify that on November 12, 2019, Palmwood Water Utility Operating Company, LLC, a Domestic Limited Liability Company (LLC) (file number 803367893), changed its name to CSWR-Texas Utility Operating Company, LLC

It is further certified that the entity status in Texas is in existence

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on November 19, 2019



A handwritten signature in black ink, appearing to read "Ruth R. Hughs".

Ruth R. Hughs  
Secretary of State



## Franchise Tax Account Status

As of : 11/14/2019 15:54:04

**This page is valid for most business transactions but is not sufficient for filings with the Secretary of State**

### CSWR-TEXAS UTILITY OPERATING COMPANY, LLC

**Texas Taxpayer Number** 32071353422

**Mailing Address** 1999 BRYAN ST STE 900 DALLAS, TX 75201-3140

**Right to Transact Business in Texas** ACTIVE

**State of Formation** TX

**Effective SOS Registration Date** 07/15/2019

**Texas SOS File Number** 0803367893

**Registered Agent Name** C T CORPORATION SYSTEM

**Registered Office Street Address** 1999 BRYAN ST. SUITE 900 DALLAS, TX 75201

**Attachment F is Confidential and  
will be provided pursuant to the  
Protective Order**

**Attachment G is Highly Sensitive  
and will be provided pursuant to  
the Protective Order**

**Attachment H is Confidential and  
will be provided pursuant to the  
Protective Order**

# **Attachment I**





**LAKESIDE ESTATES WATER SYSTEM - SEALY**

7/3/2019 Inv. # - 1580492

Page 2 of 4

**Associated Check List**

<u>Checklist Name</u>	<u>Unit Name</u>
PWS INVESTIGATION - EQUIPMENT	EQUIP
MONITORING AND SAMPLING revised 06/2013	
PWS STANDARD FIELD	PWS

**Investigation Comments:**

**INTRODUCTION**

A Comprehensive Compliance Investigation (CCI) was conducted at Lakeside Estates Water System, Public Water Supply (PWS) ID 0080053, on July 3, 2019, by the Texas Commission on Environmental Quality (TCEQ) Environmental Investigator (EI) Ms. Antoinette Randle, to determine compliance with applicable PWS regulations. The CCI was coordinated with Mr. Sidney Chollett, Operator with Ranch Country of Texas, Incorporated, on July 1, 2019 via telephone.

The investigation was conducted with Mr. Sidney Chollett and Ms. Valarie Leon, Secretary, with Ranch Country of Texas, Incorporated.

An exit interview was not conducted due to no violations noted or records requested.

The investigation included the examination of records, and an on-site investigation of all physical facilities that pertain to the public water supply (PWS) system. More specifically, the investigation inspection included the water source, water treatment; water distribution; finished water storage; pumps/pump facilities and controls; monitoring/reporting/data verification; water system management/operations; and operator compliance with TCEQ requirements.

A general compliance letter was mailed to the regulated entity.

**GENERAL FACILITY AND PROCESS INFORMATION**

Lakeside Estates Water System is a community PWS. The water system maintains one water plant which supplies water to one pressure plane. This system serves 26 active connections, with an estimated population of 78 (population data provided by the operator). The area served by the water plant is the Lakeside Estates Subdivision. The regulated entity has been issued a Certificate of Convenience and Necessity (CCN) number, 12916.

Plant No. 1 is located at 6931 Grace Lane and contains one submersible well, Source ID No. G0080053B, which produces 61 gallons per minute (gpm). The plant treats with sodium hypochlorite prior to entering the 0.003 million gallon (MG) pressure tank.

For detailed facility information, see the Water System Schematic and Drinking Water Watch (DWW) Summary Sheet (Attachments Nos. 1 and 2).

As of the site visit on July 3, 2019, the system meets the minimum capacity requirements for systems with less than 50 connections pursuant to 30 TAC § 290.45(b)(1)(A). The information regarding the number of connections (26), and pressure tank storage capacity (0.003 MG) were provided by the operator at the time of the investigation. For more detailed information see the water system capacity calculations spreadsheet (Attachment No. 3).

The water system employs the following operator for Lakeside Estates Water System:

Mr. Sidney Chollett has a C – ground water license, license number WG0009227 which expires on November 25, 2019.

The operator has the appropriate level of certification for the system.

**Exceptions:**

The water system has not been granted any regulatory exceptions.

**LAKESIDE ESTATES WATER SYSTEM - SEALY**

**7/3/2019 Inv. # - 1580492**

**Page 3 of 4**

Emergency Preparedness Plan (EPP):  
Regulated Entities located in Austin County are not required to submit an EPP at this time.

Chemical Analysis:  
The system is in compliance with all primary and secondary standards.

Interconnects:  
Lakeside Estates Water System does not have any interconnects with any other water systems at this time.

Field Monitoring Activities:  
The free chlorine residual concentration is required to be greater than or equal to 0.2 milligrams per liter (mg/L) (30 TAC §290.110(b)(4)) and the pressure is required to be greater than or equal to 35 pounds per square inch (psi) (30 TAC §290.46(r)) within the distribution system.

At the time of the field investigation, the disinfectant residual concentration and distribution pressure were monitored in the 6000 block of Grace Lane. The location had a 0.67 mg/L free chlorine residual concentration and a pressure of 61 psi. The pressure and chlorine reading were compliant.

**BACKGROUND**  
The previous CCI was conducted on September 23, 2015. A violation was noted for failure to maintain distribution lines in a watertight condition. The violation has been resolved.

Lakeside Estates Water System has not had a complaint within the five years preceding this investigation.

**ADDITIONAL INFORMATION**  
At this time, there is no additional information regarding the Lakeside Estates Water System compliance investigation.

**No Violations Associated to this Investigation**

**Signed**  
\_\_\_\_\_  
**Environmental Investigator**

**Date** \_\_\_\_\_

**Signed**  
\_\_\_\_\_  
**Supervisor**

**Date** \_\_\_\_\_

**LAKESIDE ESTATES WATER SYSTEM - SEALY**

**7/3/2019 Inv. # - 1580492**

**Page 4 of 4**

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**Attachments: (in order of final report submittal)**

\_\_\_ Enforcement Action Request (EAR)

\_\_\_ Maps, Plans, Sketches

\_\_\_ Letter to Facility (specify type) : \_\_\_\_\_

\_\_\_ Photographs

Investigation Report

\_\_\_ Correspondence from the facility

\_\_\_ Sample Analysis Results

\_\_\_ Other (specify) :  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_ Manifests

\_\_\_ Notice of Registration

**List of Attached files**

0080053 sk.doc

lakeside Estates Capacity .pdf

NA

## Texas Commission on Environmental Quality Investigation Report

The TCEQ is committed to accessibility. If you need assistance in accessing this document, please contact oce@tceq.texas.gov

**Customer: Ranch Country of Texas Water Systems, Inc.**  
**Customer Number: CN603988247**

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**Regulated Entity Name: MEADOWVIEW ESTATES**

**Regulated Entity Number: RN101244960**

**Investigation #** 1044336

**Incident Numbers**

**Investigator:** SUNE NANTAH

**Site Classification** GW <=50 CONNECTION

**Conducted:** 09/27/2012 -- 09/27/2012

**No Industry Code Assigned**

**Program(s):** PUBLIC WATER SYSTEM/SUPPLY

**Investigation Type:** Compliance Investigation

**Location:** GT MAP - 661 P

**Additional ID(s):** 0080051

**Address:** 2105 LAUREN LN,  
SEALY, TX , 77474

**Local Unit:** REGION 12 - HOUSTON

**Activity Type(s):** PWSCCIGWCM - CCI GW PURCHASE  
- COMMUNITY MANDATORY

**Principal(s):**

<b>Role</b>	<b>Name</b>
RESPONDENT	RANCH COUNTRY OF TEXAS WATER SYSTEMS INC

**Contact(s):**

<b>Role</b>	<b>Title</b>	<b>Name</b>	<b>Phone</b>
REGULATED ENTITY MAIL CONTACT	VICE PRESIDENT	MR DAVID CRYAN	Work (979) 732-5422
PARTICIPATED IN	OPERATOR	MR SIDNEY CHOLLETT	Cell (979) 732-7076 Work (979) 732-5422
REGULATED ENTITY CONTACT	OPERATOR	MR SIDNEY CHOLLETT	Work (979) 732-7076

**Other Staff Member(s):**

<b>Role</b>	<b>Name</b>
QA Reviewer	DARLA BRANCH
QA Reviewer	CEDRIC FLEMMING
QA Reviewer	KENNETH MILLER
Supervisor	LETICIA DELEON

**MEADOWVIEW ESTATES - SEALY**

**9/27/2012 Inv. # - 1044336**

**Page 2 of 5**

**Associated Check List**

<u>Checklist Name</u>	<u>Unit Name</u>
PWS INVESTIGATION - EQUIPMENT MONITORING AND SAMPLING PWS STANDARD FIELD	EQUIPMENT MONITORING AND PWS STANDARD FIELD

**Investigation Comments:**

1) Introduction Summary/General Information  
An announced Comprehensive Compliance Investigation of:  
Name of System: Meadowview Estates  
PWS ID: 0080051

Notification Date: 09/12/2012  
Investigation Date: 09/27/2012  
CCN: 12918 REG#: N/A

TCEQ Investigator(s): Sune Nantah

Notified: Mr. Sidney Chollett, Operator  
Surveyed with: Mr. Sidney Chollett, Operator

Name of Operating Company: N/A

Area Served: Meadowview Estates Subdivision  
GT Map: 661P  
Exit interview conducted with: Mr. Sidney Chollett, Operator

Violations cited: Yes  
Compliance due date: 05/21/2013

Type of Letter Sent: NOV  
Nearest PWS: Meadowview Estates II  
Total # cert. Ops.: 1  
Grade(s)/Type(s): C - GW

2) General Facility and Process Information:

Location of Plant: 2105 Lauren Lane, Sealy  
System Description:  
The plant has the following equipment:  
Sub-submersible well (1)  
Pressure Tank - HD (1)  
Distribution

Treatment(s): Sodium Hypochlorite injected before the HD

Exceptions/Variations: Yes,  
Type: Sanitary Control Easement dated 12/29/2000

Emergency Power: No  
Type: N/A  
What does it operate?: N/A

Approved EPP: (N/A) Date: N/A  
EPP Option: N/A  
Has EPP Option been implemented: N/A

Microbiological/Chemical Monitoring:

**MEADOWVIEW ESTATES - SEALY**

**9/27/2012 Inv. # - 1044336**

**Page 3 of 5**

Number of Bacteriological Samples per Month: 1  
Acceptable Monitoring Plan on File: Yes  
Disinfection Level Quarterly Operating Report (DLQOR) on file: Yes  
Plant Operation Manual on file: Yes

Interconnection(s) (I/C): Meadowview Estates II, PWS ID# 0080059

Interconnect Capacity Calculations Needed?: N/A

Chemical Analysis:

Type	Latest Date	Compliant	Exceedance
Min	07/26/10	Yes	No
Metals	06/18/09	Yes	No
NO2/NO3	06/13/11	Yes	No
Radio Chems	06/18/09	Yes	No
VOCs	02/19/07	Yes	No
SOC 5	06/13/11	Yes	No
THMs	06/13/11	Yes	No
HAAs	06/13/11	Yes	No

Notification/Date: N/A

3) Background:

Are there Current Enforcement Actions: No

Is there an Agreed Order and Compliance Agreements: No

Are there Outstanding Violations from a previous CCI that have not been resolved?: No

4) Additional Information: The PWS is in violation of well production capacity requirement of 1.5 gallon per minute per connection. The PWS also has a leaking Schrader valve on the well discharge line. A second water system was created out of this PWS. The second one has new PWS ID which is 0080059 and is called Meadowview Estates II. The second well under PWS ID #0080051 is now the water source for PWS ID #0080059. The connection count is also split between the two systems with each having 49 connections.

Please see attached T-NET documentation for system specifics. Attached for review are: Water System, Water Storage Tanks, Water Sources, Service Pumps, System Capacities, Treatment Plants, Field Checklist, and Exit Interview.

**NOV Date** 11/21/2012 **Method** WRITTEN

**ALLEGED VIOLATION(S) NOTED AND RESOLVED  
ASSOCIATED TO A NOTICE OF VIOLATION**

**Track Number:** 482437

**Resolution Status Date:** 9/25/2015

**Violation Start Date:** Unknown

**Violation End Date:** 9/23/2015

**30 TAC Chapter 290.45(b)(1)(A)(i)**

**Alleged Violation:**

**Investigation: 1044336**

Comment Date: 11/16/2012

Capacity Requirement

Failure to provide minimum well capacity of 1.5 gallons per minute per connection.

**MEADOWVIEW ESTATES - SEALY**

**9/27/2012 Inv. # - 1044336**

**Page 4 of 5**

At the time of the inspection, the facility had a total of 46 active connections and is required to provide 1.5 gallons per minute (gpm) per connection (conn). Your well produced a total of 60 gpm and is short a total of 13.5 gpm. This is calculated in the following manner:

$$1.5 \text{ gpm /conn} \times 49 \text{ conn.} = 73.5 \text{ gpm Required}$$

$$73.5 \text{ gpm Required} - 60 \text{ gpm Produced} = 13.5 \text{ gpm Short}$$

Your water system must be modified to meet this requirement to assure an adequate supply of water at all times.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system may request an exception to these requirements by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 155, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

**Investigation: 1178408**

Comment Date: 07/01/2014

Capacity Requirement

Failure to provide minimum well capacity of 1.5 gallons per minute per connection. To date, this violation is unresolved.

**Investigation: 1218307**

Comment Date: 01/26/2015

Capacity Requirement

Failure to provide minimum well capacity of 1.5 gallons per minute per connection.

On August 12, 2014 you provided documentation for a well pump test and requested an exception. Please see the information below in order to complete this request.

Your water system must be modified to meet this requirement to assure an adequate supply of water at all times.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system may request an exception to this requirement by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 159, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

As of this date, this violation still exist.

**Investigation: 1281519**

Comment Date: 09/25/2015

Capacity Requirement

Failure to provide minimum well capacity of 1.5 gallons per minute per connection.

**Recommended Corrective Action:** Submit a compliance plan, engineering report or certification OR a copy of a letter requesting an exception in addition to a compliance plan for final compliance, OR a copy of a letter granting an exception to verify compliance.

**Resolution:** On September 23, 2015 the regulated entity provided a well report during the investigation showing that the well was tested and the results were that the well yields 75 gpm verifying compliance.

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**Track Number:** 482444

**Resolution Status Date:** 1/15/2015

**Violation Start Date:** Unknown

**Violation End Date:** 12/10/2012

**30 TAC Chapter 290.46(m)**

**Alleged Violation:**

**Investigation: 1044336**

Comment Date: 12/07/2012



**MEADOWVIEW ESTATES - SEALY**

9/27/2012 Inv. # - 1044336

Page 5 of 5

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Operating Practices for Public Water Systems  
Failure to properly maintain the regulated entity by not:

- a. repairing the leaking schrader valve on the well discharge line.

At the time of the inspection, the newly installed schrader valve on the well discharge line was observed to be leaking slowly.

**Investigation: 1178408**

Comment Date: 07/01/2014

Operating Practices for Public Water Systems  
Failure to properly maintain the regulated entity by not:

- a. repairing the leaking schrader valve on the well discharge line.  
To date, this violation is unresolved.

**Investigation: 1218307**

Comment Date: 01/15/2015

Operating Practices for Public Water Systems  
Failure to properly maintain the regulated entity by not:

- a. Repairing the leaking Schrader valve on the well discharge line.

**Recommended Corrective Action:** Repair or replace the leaking schrader valve, provide a receipt or work order to verify compliance.

**Resolution:** On August 12, 2014 compliance documentation was received via registered mail to show that the leaking schrader valve on the well discharge line is in compliance. See attached documentation.

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Environmental Investigator**

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Supervisor**

**Attachments: (in order of final report submittal)**

\_\_\_ Enforcement Action Request (EAR)

\_\_\_ Maps, Plans, Sketches

\_\_\_ Letter to Facility (specify type) : \_\_\_\_\_

\_\_\_ Photographs

\_\_\_ Investigation Report

\_\_\_ Correspondence from the facility

\_\_\_ Sample Analysis Results

\_\_\_ Other (specify) : \_\_\_\_\_

\_\_\_ Manifests

\_\_\_ Notice of Registration

\_\_\_\_\_  
\_\_\_\_\_

NA

## Texas Commission on Environmental Quality Investigation Report

The TCEQ is committed to accessibility. If you need assistance in accessing this document, please contact oce@tceq.texas.gov

**Customer: WOODLAND HILLS WATER, LLC**  
**Customer Number: CN604129270**

**Regulated Entity Name: SETTLERS CROSSING WATER SYSTEM**

**Regulated Entity Number: RN102672938**

**Investigation #** 1506910

**Incident Numbers**

**Investigator:** ALEX LAIRD

**Site Classification** GW 51-250 CONNECTION

**Conducted:** 07/31/2018 -- 07/31/2018

**NAIC Code:** 236115

**Program(s):** PUBLIC WATER SYSTEM/SUPPLY

**Investigation Type:** Compliance Investigation

**Location:** FM 1484 & 2432 (on 2432) KM 128V

**Additional ID(s):** 1700615

**Address:** ,

**Local Unit:** REGION 05 - TYLER

, ,

**Activity Type(s):** PWSCCIGWCM - CCI GW PURCHASE  
- COMMUNITY MANDATORY

**Principal(s):**

Role	Name
RESPONDENT	WOODLAND HILLS WATER LLC

**Contact(s):**

Role	Title	Name	Phone
NOTIFIED	OPERATIONS MANAGER	MR MIKE ELLINGTON	Work (936) 321-3700 Cell (936) 532-8426
REGULATED ENTITY MAIL CONTACT	OWNER	MR WELDON W ALDERS	Work (936) 494-2600
PARTICIPATED IN	OPERATIONS MANAGER	MR MIKE ELLINGTON	Work (936) 494-2600
REGULATED ENTITY CONTACT	OPERATIONS MANAGER	MR MIKE ELLINGTON	Cell (281) 389-0155 Work (936) 494-2600

**Other Staff Member(s):**

Role	Name
QA Reviewer	JENNIFER BREWTON
Supervisor	CARA FISHER

**SETTLERS CROSSING WATER SYSTEM -**

7/31/2018 Inv. # - 1506910

Page 2 of 3

**Associated Check List**

<u>Checklist Name</u>	<u>Unit Name</u>
PWS INVESTIGATION - EQUIPMENT	Equipment
MONITORING AND SAMPLING revised 06/2013	
PWS STANDARD FIELD	CCI

**Investigation Comments:**

**INTRODUCTION**

A routine Comprehensive Compliance Investigation (CCI) was conducted at the Settler's Crossing water system, PWS ID No. 1700615, on July 31, 2018. The CCI began at the water system plant, located 0.5 Mi west of the intersection of FM 1484 and FM 2432, Conroe (Montgomery County), Texas. The water system personnel participating in the investigation included Mr. Mike Ellington, Operator, Phone # 936-494-2600, mailing address: 9940 Northridge Drive, Conroe, TX 77303. Mr. Ellington received prior notification by telephone and email of the investigation on July 13, 2018. An exit interview was conducted with Mr. Ellington on July 31, 2018.

**GENERAL FACILITIES AND PROCESS INFORMATION**

Settler's Crossing water system is a community groundwater system consisting of a well, hypochlorination, polyphosphate, ground storage, service pumps, pressure tanks, and a distribution system serving 81 connections.

**BACKGROUND**

The last Comprehensive Compliance Investigation (CCI) was conducted on June 24, 2015. See investigation #1245799 for more details.

No violations remained outstanding from previous investigations.

**ADDITIONAL INFORMATION**

During the current CCI, one violation was documented as follows:

- 1) Failure to provide adequate containment for all liquid chemical storage tanks.

One additional issue was noted concerning the monitoring plan having two bacteriological sample sites that were no longer used by the system.

A Notice of Violation was sent to the water system on September 14, 2018. System facilities are listed in the attached TNET database. See schematic for list of facilities, which is attached to printed CCEDS report. Responsible Official: Mr. Weldon Alders, Owner, Phone # 936-494-2600, mailing address: 1775 N Loop 336E Ste 14, Conroe, TX 77301.

**NOV Date** 09/14/2018 **Method** WRITTEN

**ALLEGED VIOLATION(S) NOTED AND RESOLVED  
ASSOCIATED TO A NOTICE OF VIOLATION**

**Track Number:** 688161

**Resolution Status Date:** 10/30/2018

**Violation Start Date:** 7/31/2018

**Violation End Date:** 8/23/2018

**30 TAC Chapter 290.42(f)(1)(E)(ii)**

**Alleged Violation:**

**Investigation:** 1506910

Comment Date: 08/15/2018

Failure to provide adequate containment for all liquid chemical storage tanks.

**SETTLERS CROSSING WATER SYSTEM -**

**7/31/2018 Inv. # - 1506910**

**Page 3 of 3**

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During the investigation, the investigator observed that the polyphosphate tank at the water system's plant was not double walled and did not have any containment.

**Investigation: 1525368**

Comment Date: 10/30/2018

The violation was reviewed during a file record review conducted on October 30, 2018. The violation was resolved as a result of the record review due to receipt of sufficient compliance documentation from the water system.

**Resolution:** On August 23, 2018, the water system submitted pictures by email showing that the liquid chemical tanks had containment under them.

**Additional Issues**

**Description**      Item #2

**Additional Comments**

The water system needs to update its monitoring plan to ensure that the monitoring plan includes the most current sample sites. A copy of the revised monitoring plan should be submitted to TCEQ Central Office.

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Environmental Investigator**

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Supervisor**

**Attachments: (in order of final report submittal)**

- \_\_\_ Enforcement Action Request (EAR)
- \_\_\_ Letter to Facility (specify type) : \_\_\_\_\_
- Investigation Report
- \_\_\_ Sample Analysis Results
- \_\_\_ Manifests
- \_\_\_ Notice of Registration

- \_\_\_ Maps, Plans, Sketches
- \_\_\_ Photographs
- \_\_\_ Correspondence from the facility
- \_\_\_ Other (specify) : \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

NA

## Texas Commission on Environmental Quality Investigation Report

The TCEQ is committed to accessibility. If you need assistance in accessing this document, please contact oce@tceq.texas.gov

**Customer: Settlers Crossing Inf W  
Customer Summary: CS . Nb6039. 9**

**Regulated Entity Name: cETT2ERc CR4 ccIS 7 d MFER cAcTED**

**Regulated Entity Summary: RS hNo. 6ONNO**

**Investigation V** 1467166

**Infigent Summary**

**Investigator:** STEPHANIE NGUYEN

**Site Classification** GW <=50 CONNECTION

**Constitute:** 01/31/2018 #01/31/2018

**So Industry Code Assigned**

**Programs:** PUBLIC WATER SYSTEM/SUPPLY

**Investigation Type:** Compliance Investigation

**Location:** FM2187 HILL BOLCT RD  
Key Map 637R

**Additional IDs:** 0080058

**Address:** ,  
, ,

**Local Unit:** REGION 12 - HOUSTON

**Activity Types:** PWSCIGWCM - CCI GW PURCHASE  
- COMMUNITY MANDATORY

**Principal:**

<b>Role</b> RESPONDENT	<b>Name</b> SETTLERS CROSSING INC
---------------------------	--------------------------------------

**Contact:**

<b>Role</b>	<b>Title</b>	<b>Name</b>	<b>Phone</b>
REGULATED ENTITY MAIL CONTACT	DIRECTOR	MR STEPHEN CRYAN	Fax (979) 885-6262 Work (979) 885-1876 Cell (281) 924-1083
NOTIFIED	OPERATOR	MR SIDNEY CHOLLETT	Work (979) 732-7076 Emergency (979) 732-5422
PARTICIPATED IN	OPERATOR	MR SIDNEY CHOLLETT	Emergency (979) 732-5422 Work (979) 732-7076
REGULATED ENTITY CONTACT	DIRECTOR	MR STEPHEN CRYAN	Cell (281) 924-1083 Work (979) 885-6262 Fax (979) 885-1876
PARTICIPATED IN	SECRETARY	MS VALERIE LEON	Fax (979) 885-1876 Work (979) 885-6262

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**4 tUer cta11 Dem, erB(:**

<b>Role</b>	<b>Same</b>
Investigator	DESTINY GEPPERT
QA Reviewer	DESTINY GEPPERT
QA Reviewer	DAWN OLIVO
Investigator	MARIOL GEFERS
Supervisor	DAWN OLIVO
Investigator	THUY CHAU

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**CUefklist Same**

PWS INVESTIGATION - EQUIPMENT  
MONITORING AND SAMPLING revised 06/2013  
PWS STANDARD FIELD

**Lnit Same**

Equipment Checklist  
  
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**Investigation Comments:**

**INTRODUCTION**

A Comprehensive Compliance Investigation (CCI) was conducted at Settler's Crossing Water System Public Water Supply (PWS) ID 0080058, on January 31, 2018, by the Texas Commission on Environmental Quality (TCEQ) Environmental Investigators (EIs) Stephanie Nguyen, Destiny Geppert, and Thuy Chau, to determine compliance with applicable public water supply regulations. The CCI was coordinated with Stephen Cryan, Director, on January 22, 2018 via phone.

The investigation was conducted with Sidney Chollett, Operator for Settler's Crossing Water System and Valerie Leon, Secretary for Settler's Crossing Water System.

The exit interview was conducted on March 7, 2018 and the TCEQ Exit Interview Form was received by Mr. Cryan on March 7, 2018 (attachment 1). The Exit Interview Form was emailed to Mr. Cryan after the capacity calculations had been conducted.

The investigation included the examination of records, and an on-site investigation of all physical facilities that pertain to the public water supply (PWS) system. More specifically, the investigation inspection included the water source, water treatment; water distribution; finished water storage; pumps/pump facilities and controls; monitoring/reporting/data verification; water system management/operations; and operator compliance with TCEQ requirements.

A Notice of Violation letter was mailed to the water system with a compliance due date of June 28, 2018. A detailed description of the violation and additional issue are listed in the exit interview form and are listed in the additional summary of investigations of this report.

**GENERAL FACILITY AND PROCESS INFORMATION**

Settler's Crossing Water System is a community PWS. The water system maintains 1 water plant which supplies water to 1 pressure plane. This system serves a total of 41 connections, with an estimated population of 123. The area served by the water plant is Settler's Crossing Section 1. The regulated entity has been issued certificate of public convenience and necessity (CCN) number 12918.

Plant No. 1 is located at 5417 Colony Drive and contains 1 submersible well, Source ID No. G0080058A, which produces 58 gallons per minute (gpm). The plant treats with hypochlorination prior to entering the 0.003 million gallon (MG) pressure tank. For detailed facility information see the Water System Schematic and Drinking Water Watch (DWW) Summary Sheet (attachment 2 and 3).

As of the site visit on January 31, 2018, the system does not meet the minimum capacity requirements for systems with less than 50 connections pursuant to 30 TAC §290.25(b)(1). The information regarding the number of connections (41) and pressure tank storage capacity (0.003 MG) were provided by the operator at the time of the investigation. The well is at 106% of its production capacity. Per 30 TAC § 291.93(3), a retail public utility that

cETT2ERc CR4 ccIS 7 d MTER cAcTED #

b6b9Nb/ InvVW #b5. 3b .

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possesses a CCN that has reached 85% of its capacity is to submit a planning report that clearly explains how the retail public utility will provide the expected service demands to the remaining areas within the boundaries of its certificated area. This is addressed in the Additional Issue Section of the Summary of Investigation Findings. For more detailed information see the water system capacity calculations spreadsheet (attachment 4).

The water system employs the following operator for Settler's Crossing Water System:

Mr. Sidney Chollett has a C- ground water license, license number WG0009227, which expires on November 25, 2019.

The operator does have the appropriate level of certifications for the system.

Exceptions:

The water system has not been granted any regulatory exceptions.

Emergency Preparedness Plan:

Regulated entities located in Austin County are not required to submit an Emergency Preparedness Plan (EPP) at this time.

Chemical Analysis:

The system is in compliance with all primary and secondary standards.

Interconnects:

Settler's Crossing Water System does not have any interconnects with any other water systems at this time.

Field Monitoring Activities:

The free chlorine residual concentration is required to be greater than or equal to 0.2 milligrams per liter (mg/L) (30 TAC §290.110(b)(4)) and the pressure is required to be greater than or equal to 35 pounds per square inch (psi) (30 TAC §290.46(r)) within the distribution system.

At the time of the field investigation, the disinfectant residual concentration and distribution pressure were monitored in the 5700 block of Longhorn Trail. The location had a 0.92 mg/L free chlorine residual concentration and a pressure of 59 psi. The pressure and chlorine reading were compliant.

#### BACKGROUND

The previous CCI was conducted on March 18, 2015, and no violations were noted at the time of the investigation.

Settler's Crossing Water System has not had a complaint within the past five years.

#### ADDITIONAL INFORMATION

At the time of the investigation, potential violations were noted after the capacity calculations had been conducted. Pursuant to 30 TAC §290.25(b)(1), systems with less than 50 connections without ground storage are required to provide a well capacity of 1.5 gpm per connection. The regulated entity failed to provide the minimum well production capacity in the system, and as of January 31, 2018, is 6% short of its required well production capacity. Investigator Nguyen emailed an Exit Interview Form to Mr. Cryan on March 7, 2018, to address the violation. No documentation has been received by the TCEQ Houston Region Office regarding this violation, and it will be noted in the Outstanding Alleged Violation section of the Summary of Investigation Findings.

At the time of the investigation, an Additional Issue was also noted. Per 30 TAC §291.93(3), a retail public utility that possesses a CCN that has reached 85% of its capacity is to submit a planning report that clearly explains how the retail public utility will provide the expected service demands to the remaining areas within the boundaries of

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its certificated area. The regulated entity has stated that it is built out. Please be advised that as of January 31, 2018, the system has exceeded 85% of its capacity and is required to submit a planning report to the TCEQ Plan Review Team. This is further addressed in the Summary of Investigation Findings.

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Trafk S um, er: 669883

Resolution ctatus ) ate: oY09Nb/

Giolation ctart ) ate: 1/31/2018

Giolation En8 ) ate: 4/3/2018

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### **Mlege8 Giolation:**

**Investigation: 1467166**

Comment Date: 03/28/2018

Failure to provide the minimum well production capacity in the system.

At the time of the investigation, the well was at 6% of its capacity based on a connection count of 41.

Well production capacity: 1.5 gallons per minute (gpm) X 41 connections = 61.5 gpm required  
Provided: 58 gpm

Required - Provided = total gpm short  
61.5 gpm - 58 gpm = 3.5 gpm

Provided/Required X 100 = percentage short  
58 gpm/ 61.5 gpm X 100 = 6% short

Settler's Crossing Water System is 3.5 gpm short which is equal to 6% short.

**Investigation: 1482564**

Comment Date: 05/09/2018

Failure to provide the minimum well production capacity in the system.

**Refommen8e8 Correfctive Mftion:** Submit compliance documentation demonstrating corrective measures have been taken to resolve the alleged violation.

**Resolution:** On April 3, 2018, the regulated entity submitted documentation showing that well production was 73.5 gpm (gallons per minute), which exceeded the minimum required production of 61.5 gpm via email to resolve the violation.

### **MB8itional Issues**

**) esfription** Item #2

### **MB8itional Comments**



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30 TAC, §291.93(3)

**Adequacy of Water Utility Service**

Failure, by a retail public utility that possesses a certificate of public convenience and necessity that has reached 85% of its capacity as compared to the most restrictive criteria of the commission's minimum capacity requirements in Chapter 290 T.A.C., to submit to the executive director a planning report that clearly explains how the retail public utility will provide the expected service demands to the remaining areas within the boundaries of its certificated area. A report is not required if the source of supply available to the utility service provider is reduced to below the 85% level due to a court or agency conservation order unless that order is expected to extend for more than 18 months from the date it is entered in which case a report shall be required.

The executive director may waive or limit the reporting requirements if the retail public utility demonstrates that the projected growth of the area will not require the retail public utility to exceed 100% of its current capacity for the next five years.

After any commission field inspection, a retail public utility must analyze the system's capacity to determine if it has reached 85% of its capacity. If the retail public utility has reached 85% of its capacity, it must file this report no later than 90 days after the date of a commission letter detailing the results of the inspection. Capacity is considered to be the overall rated capacity in number of residential connection equivalents based on the most restrictive criteria for production, treatment, storage, or pumping.

Specifically, it is noted on this investigation that your well has reached 106% of its capacity. This was based on 41 connections.

The operator stated during the investigation that the subdivision has been built out and will not have any additional growth.

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\_\_\_\_\_  
**Environmental Investigator**

**cigne8**

) ate \_\_\_\_\_

\_\_\_\_\_  
**Supervisor**

**Attachments: In order of final report submission**

\_\_\_ Enforcement Action Request (EAR)

\_\_\_ Maps, Plans, Sketches

\_\_\_ Letter to Facility (specify type) : \_\_\_\_\_

\_\_\_ Photographs

\_\_\_ Investigation Report

\_\_\_ Correspondence from the facility

\_\_\_ Sample Analysis Results

\_\_\_ Other (specify) : \_\_\_\_\_

\_\_\_ Manifests

\_\_\_ Notice of Registration

**List of Attachments**

0080058 Capacity Spreadsheet18.xlsx

0080058 sk.18.doc

NA

## Texas Commission on Environmental Quality Investigation Report

The TCEQ is committed to accessibility. If you need assistance in accessing this document, please contact oce@tceq.texas.gov

**Customer: Ranch Country Of Texas, Inc.**  
**Customer Number: CN600667208**

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**Regulated Entity Name: HILLSIDE ESTATES WATER SYSTEM**

**Regulated Entity Number: RN101226702**

**Investigation #** 1580508  
**Investigator:** ANTOINETTE RANDLE  
**Conducted:** 07/03/2019 -- 07/03/2019  
**Program(s):** PUBLIC WATER SYSTEM/SUPPLY  
**Investigation Type:** Compliance Investigation  
**Additional ID(s):** 0080049  
**Address:** 6660 ODOM DR,  
SEALY, TX, 77474

**Incident Numbers**  
**Site Classification** GW <=50 CONNECTION  
**No Industry Code Assigned**  
**Location:** HWY 36 TO FM 1094 TO FM 2187 12 ML N  
OF SEALY ON HILLBOLDT & ODOM DR  
**Local Unit:** REGION 12 - HOUSTON  
**Activity Type(s):** PWSCCIGWCM - CCI GW PURCHASE  
- COMMUNITY MANDATORY

**Principal(s):**

<b>Role</b>	<b>Name</b>
RESPONDENT	RANCH COUNTRY OF TEXAS INC

**Contact(s):**

<b>Role</b>	<b>Title</b>	<b>Name</b>	<b>Phone</b>
REGULATED ENTITY MAIL CONTACT	PRESIDENT	MR DAVID CRYAN	Work (979) 885-6262
PARTICIPATED IN	OPERATOR	MR SIDNEY CHOLLETT	Work (979) 732-5422
NOTIFIED	OPERATOR	MR SIDNEY CHOLLETT	Work (979) 732-5422
PARTICIPATED IN	SECRETARY	MS VALARIE LEON	Work (979) 885-6262
REGULATED ENTITY CONTACT	OPERATOR	MR SIDNEY CHOLLETT	Work (979) 732-5422

**HILLSIDE ESTATES WATER SYSTEM - SEALY**

7/3/2019 Inv. # - 1580508

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**Other Staff Member(s):**

<b>Role</b>	<b>Name</b>
Supervisor	CHRISTINA BERNAL
QA Reviewer	ELAINE FOWLER
QA Reviewer	CHRISTINA BERNAL
Supervisor	LATRICHIA SPIKES

**Associated Check List**

<b><u>Checklist Name</u></b>	<b><u>Unit Name</u></b>
PWS STANDARD FIELD	FIELD
PWS INVESTIGATION - EQUIPMENT MONITORING AND SAMPLING revised 06/2013	EQUIP

**Investigation Comments:**

**INTRODUCTION**

A Comprehensive Compliance Investigation (CCI) was conducted at Hillside Estates Water System, Public Water Supply (PWS) ID 0080049, on July 3, 2019, by the Texas Commission on Environmental Quality (TCEQ) Environmental Investigator (EI) Ms. Antoinette Randle, to determine compliance with applicable PWS regulations. The CCI was coordinated with Mr. Sidney Chollett, Operator with Ranch Country of Texas, Incorporated, on July 1, 2019 via telephone.

The investigation was conducted with Mr. Sidney Chollett, and Ms. Valarie Leon, Secretary with Ranch Country of Texas, Incorporated.

No exit interview was conducted due to no violations, additional issues or records requested.

The investigation included the examination of records, and an on-site investigation of all physical facilities that pertain to the public water supply (PWS) system. More specifically, the investigation inspection included the water source, water treatment; water distribution; finished water storage; pumps/pump facilities and controls; monitoring/reporting/data verification; water system management/operations; and operator compliance with TCEQ requirements.

A general compliance letter was mailed to the regulated entity.

**GENERAL FACILITY AND PROCESS INFORMATION**

Hillside Estates Water System is a community PWS. The water system maintains one water plant which supplies water to one pressure plane. This system serves 24 active connections, with an estimated population of 72 (population data provided by the operator). The area served by the water plant is the Hillside Estates Subdivision. The regulated entity has been issued a Certificate of Convenience and Necessity (CCN) number, 12918.

Plant No. 1 is located at 6660 Odom Road and contains one submersible well, Source ID No. G0080049B, which produces 55 gallons per minute (gpm). The plant treats with sodium hypochlorite prior to entering the 0.003 million gallon (MG) pressure tank.

For detailed facility information, see the Water System Schematic and Drinking Water Watch (DWW) Summary Sheet (Attachments Nos. 1 and 2).

As of the site visit on July 3, 2019, the system meets the minimum capacity requirements for systems with fewer than 50 connections pursuant to 30 TAC § 290.45(b)(1)(A). The information regarding the number of connections (24), and pressure tank storage capacity (0.003 MG) were provided by the operator at the time of the investigation. For more detailed information see the water system capacity calculations spreadsheet (Attachment No. 3).

The water system employs the following operator for Hillside Estates Water System:

Mr. Sidney Chollett has a C – ground water license, license number WG0009227 which expires on November 25, 2019.

**HILLSIDE ESTATES WATER SYSTEM - SEALY**

7/3/2019 Inv. # - 1580508

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The operator has the appropriate level of certification for the system.

**Exceptions**

The water system has not been granted any regulatory exceptions.

**Emergency Preparedness Plan (EPP):**

Hillside Estates Water System is located in Austin County and is not required to submit an EPP at this time.

**Chemical Analysis**

The system is in compliance with all primary and secondary standards.

**Interconnects**

Hillside Estates Water System does not have any interconnects with any other water systems at this time.

**Field Monitoring Activities**

The free chlorine residual concentration is required to be greater than or equal to 0.2 milligrams per liter (mg/L) (30 TAC §290.110(b)(4)) and the pressure is required to be greater than or equal to 35 pounds per square inch (psi) (30 TAC §290.46(r)) within the distribution system.

At the time of the field investigation, the disinfectant residual concentration and distribution pressure were monitored in the 6000 block of Odom Road. The location had a 1.01 mg/L free chlorine residual concentration and a pressure of 63 psi. A free chlorine residual was collected at the entry point and results indicated a 10.4 mg/L concentration. The pressure and chlorine readings were compliant.

**BACKGROUND**

The previous CCI was conducted on September 23, 2015, and no violations were noted at the time of the investigation.

Hillside Estates Water System has not had a complaint within the five years preceding this investigation.

**ADDITIONAL INFORMATION**

At this time, there is no additional information regarding the Hillside Estates Water System compliance investigation.

**No Violations Associated to this Investigation**

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Environmental Investigator**

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Supervisor**

**HILLSIDE ESTATES WATER SYSTEM - SEALY**

**7/3/2019 Inv. # - 1580508**

**Page 4 of 4**

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**Attachments: (in order of final report submittal)**

Enforcement Action Request (EAR)

Maps, Plans, Sketches

Letter to Facility (specify type) : \_\_\_\_\_

Photographs

Investigation Report

Correspondence from the facility

Sample Analysis Results

Other (specify) :  
\_\_\_\_\_  
\_\_\_\_\_

Manifests

Notice of Registration

**List of Attached files**

0080049 sk.doc

0080049.Capacity Cal.pdf

**Attachment I-1 is Confidential and  
will be provided pursuant to the  
Protective Order**

**Attachment J is Confidential and  
will be provided pursuant to the  
Protective Order**

# **Attachment K**



#### **14. Calculation of Rate Base.**

Pursuant to 16 Texas Admin. Code § 24.41(d) and (e), CSWR Texas intends to request that rate base be set to allow it to earn a return on the difference between the purchase price paid for the utility assets and the original cost less accumulated depreciation or, otherwise, based on the net book value of the assets using another reasonable valuation method. Whether or not there is a difference between the purchase price paid and the original cost less accumulated depreciation and contributions in aid on construction is still under review. Currently, the best records for determining net book value of assets is the current owner's accounting records. However, it is CSWR, LLC's experience that these records often did not completely account for the entire asset value of the system being transferred due to lack of sophistication around recording system improvements, additions or repairs/replacements that extended usable life of assets. It is CSWR, LLC's experience that an independent third-party original cost study provides the most accurate valuation of distressed utility assets like those at issue here.

Accordingly, to the extent necessary, CSWR Texas may seek to account for an acquisition adjustment in rates to calculate rate base in its next rate proceeding, using whichever method the Commission deems appropriate. For instance, in other states, where plant records for an acquired system were inadequate, CSWR, LLC has relied on real estate appraisals to value rate base. These appraisals allow adjustments to rate base based on the value of existing undepreciated land and land rights owned by the selling utility. This method has resulted in fair, reasonable rate base valuations and reasonable opportunities to earn a return sufficient to raise the necessary capital to support these systems. It would provide an efficient, cost-effective alternative to the fair market value approach when the acquisition involves a smaller system, and it is particularly necessary where the acquiring entity would be ineligible to participate in the fair market value process. The Company has not performed an appraisal of the system to determine the appropriate amount of such adjustment.

In addition, the Company may request to accrue AFUDC and defer depreciation for post-acquisition improvements in the same way provided for under the proposed fair market value rule being considered in Docket No. 49813.

**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:**

A letter from the TCEQ detailing the results of its most recent compliance evaluation identified several alleged violations and "Additional Issues" that needed to be addressed. See Attachment I to this Application.

A preliminary engineering report commissioned by CSWR Texas confirmed many of the issues identified by the TCEQ. See Attachment J to this Application. The report recommends significant well rehabilitation and pressure tank replacements for the various systems. The cost of these and other upgrades, renovations, and repairs is estimated to be over \$500,000. If it is authorized to acquire the system, CSWR Texas intends to invest the capital required to make the upgrades, renovations, and repairs necessary to bring the water system into compliance with TCEQ regulations and to ensure customers receive safe and reliable service.

CSWR Texas plans to use a contract operator for plant operations, which would include one or more appropriately qualified and licensed operators. The contract operator would be responsible for day-to-day inspections, checks, sampling, reporting, and meter reading. The contract operator also would be responsible for necessary system repairs (as well as extraordinary issues that arise from time to time) to ensure proper facility operations. All contractor activities would be tracked inside CSWR Texas' computerized maintenance system. A computerized plant monitoring system will integrate repair and system operations data onto a single water information management platform that includes all systems operated by CSWR Texas' affiliates.

CSWR Texas will also use contractors for billing and to provide emergency answering services for customer calls. The billing contractor will be responsible for computing, printing, and sending monthly bills to customers and for collecting payments. The billing contractor's staff will also field and process customer bill inquiries, make bill adjustments, deal with customer requests for payment plans, and interact with Commission Staff regarding billing issues. Billing contractor employees will also be trained to route customer service complaints and inquiries to the service contractor.

In addition, CSWR Texas will implement operational changes to improve and enhance customer service. Customers will have access to a 24-hour phone line to report any utility service issues. Those calls would then be transferred into the computerized maintenance management system and converted into work orders, which creates a historical record of all reported service issues. The work order will also ensure contracted customer service personnel can commence work required to quickly and efficiently address customer service issues. Second, CSWR Texas will ensure customers served by the system have access to customer service representatives during normal business hours to talk about any customer concerns. Additionally, CSWR Texas will establish a utility-specific webpage and dedicated email address to keep customers informed about their utility service. Mirroring the relevant utility homepage information, CSWR Texas will also

implement a dedicated social media page to offer another avenue of communication with customers about utility matters. The social media account will be manned by customer service representatives who can quickly answer customer questions. Finally, CSWR Texas will offer online bill paying options to customers including e-checks, debit card, and credit cards. Accordingly, and in order to mitigate increases to the cost of service, CSWR Texas will likely request authority from the Commission for a waiver from the provisions of 16 Texas Admin. Code § 24.153(d), which requires establishing a local office for maintaining business records or for purposes of accepting applications for service and payments to prevent disconnection of service or to restore service after disconnection for nonpayment, nonuse or other reasons identified in Commission rules.

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

CSWR Texas is part of a group of affiliated companies owned by CSWR, LLC. In addition to its ownership interest, CSWR, LLC and another affiliate, Central States Water Resources, Inc. ("Central States"), provide operational and managerial oversight and support for all operating utility affiliates within the group and also provide access to financial resources necessary to acquire water and wastewater systems and upgrade those systems as required.

CSWR, LLC, is an established nationally recognized water and wastewater utility that operates over 176 water and wastewater systems serving over 110,000 customers through approximately 40,000 connections in four states. To date, CSWR, LLC has spent over \$63 million purchasing, upgrading and modernizing the systems it has acquired.

Since March 2015, affiliates in Missouri, Arkansas, Kentucky and Louisiana have designed, permitted and completed construction—with the approval of state drinking water and wastewater regulatory authorities—of approximately \$5.5 million of upgrades and improvements to drinking water systems. Those upgrades and improvements include construction of ground water storage tanks and drinking water pressurization pump assemblies, drilling water wells, erecting or rehabilitating well houses, closing failed wells, blasting/coating water storage tanks, replacing meter pits with new meters, replacing or repairing numerous water distribution lines, installing numerous isolation valve systems, installing multiple flush hydrants, repairing hundreds of leaking lines, and constructing or rehabilitating various other improvements to existing drinking water systems.

For wastewater systems, CSWR Texas-affiliated companies have designed, permitted, and completed construction of approximately \$8.3 million of system improvements. Those improvements include wastewater line repairs to remedy infiltration and inflow problems, construction of sewer main extensions, construction and repairs of multiple lift stations, closures of environmentally-distressed wastewater treatment plants, conversion of failing wastewater treatment plants into sludge storage/flow equalization and treatment basins, conversion of failed mechanical systems to I-Fast systems, and construction of various other improvements to existing wastewater treatment facilities.

Through CSWR, LLC and Central States, CSWR Texas will have access to experienced technical and managerial expertise and experience not usually available to water systems of this system's size. And CSWR, LLC's business model makes these assets available to its affiliates at a lower cost than otherwise would be available because of the economies of scale the affiliated structure is able to achieve for its member utility operating companies.

The affiliated group of which CSWR Texas is a member has been able to secure an ongoing commitment from Sciens Capital Management, a Wall Street private equity firm,

to provide capital necessary to purchase small, oftentimes distressed, systems and then make investments necessary to bring those systems into compliance with applicable health, safety, and environmental protection laws and regulations. Similar commitments were made with respect to equity investments necessary to acquire and improve utility assets affiliated companies currently own and operate in Missouri, Arkansas, Kentucky, and Louisiana. As evidenced by acquisitions and improvements made in each of those states, regulators can rely on such investment commitments. Although Investment is provided primarily in the form of equity, an affiliate also has committed to make debt capital available at reasonable rates if CSWR Texas is unable to obtain debt financing from non-affiliated commercial sources.

Importantly, the regulatory Commissions in Missouri, Kentucky, and Louisiana have recognized the solid track record that CSWR, LLC and its affiliates have established for acquiring, rehabilitating, maintaining, and operating troubled water and wastewater systems in that state, and they have expressly found the group has the financial, technical, and managerial ability necessary to provide reasonable service to the public.

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

CSWR, LLC has demonstrated an ability to consolidate small water and wastewater utility systems and make necessary investments in those systems to ensure that safe, reliable service is provided to customers. This system is currently in a distressed state and would benefit from the transition to a stable, long-term management team willing to make necessary investments to improve the system. As explained in this application:

- CSWR Texas has access to much needed capital that it will use to make reasonable, prudent, and timely investments to bring the system back into compliance with all applicable rules and regulations;
- Through its affiliates, CSWR Texas has access to experienced technical and managerial expertise and experience not usually available to systems of this size and at a lower cost than otherwise would be available because of the economies of scale the affiliated structure is able to achieve;
- CSWR Texas will implement new management and customer service systems and practices that will greatly improve the level of service to customers;
- CSWR Texas will seek to consolidate and regionalize this system with other systems it acquires in order to pool financial, managerial, and technical resources that achieve economies of scale or efficiencies of service;
- CSWR Texas will operate the systems to ensure they are in compliance with all environmental regulations; and
- the purchase price reflects the lowest agreeable negotiated price between the parties.

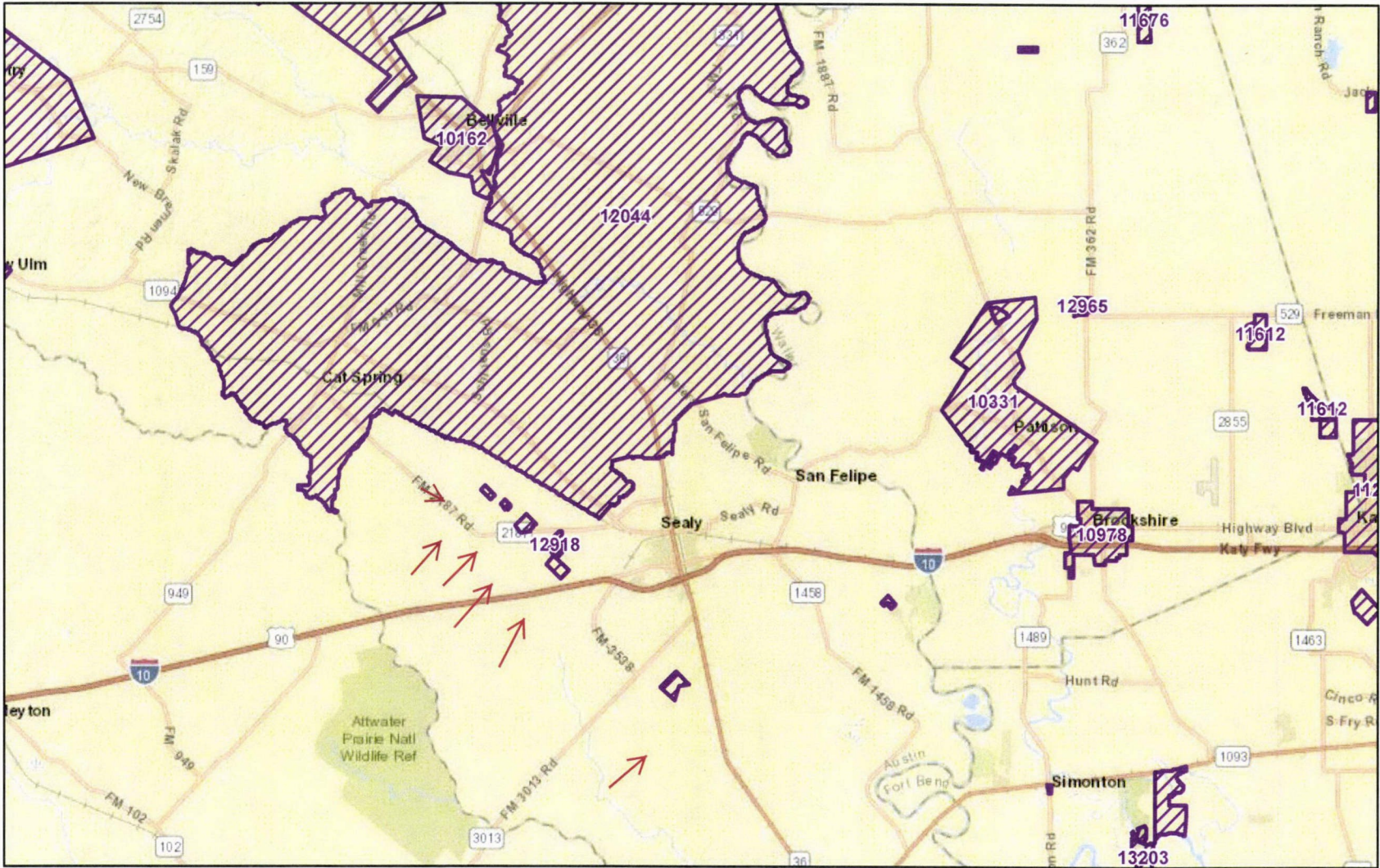
In summary, CSWR Texas and its affiliates have the financial, technical, and managerial ability to acquire, own, and operate the system in a manner that fully complies with applicable health, safety, and environmental protection laws and regulations and provides reliable, safe, and adequate service to customers. CSWR Texas is prepared to invest capital required to remedy all outstanding and future issues in the systems. It also will implement management and customer service systems and practices that will greatly improve the level of service to customers. Accordingly, the system will become a part of a financially stable and technically sound utility, and customers will receive higher quality and more reliable service. Also, by adopting current rates and tariffs, CSWR Texas will ensure the proposed acquisition has no negative impact on the system's customers. In addition, because CSWR Texas will operate as a public utility, customers will be assured the system's future operations will be scrutinized by the Commission and its staff so that its cost of service and rates are fair and reasonable.

**Attachment K-1 is Confidential and  
will be provided pursuant to the  
Protective Order**

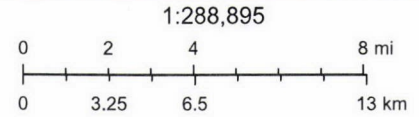
# **Attachment L**



# CCN 12918 - Small Scale Map



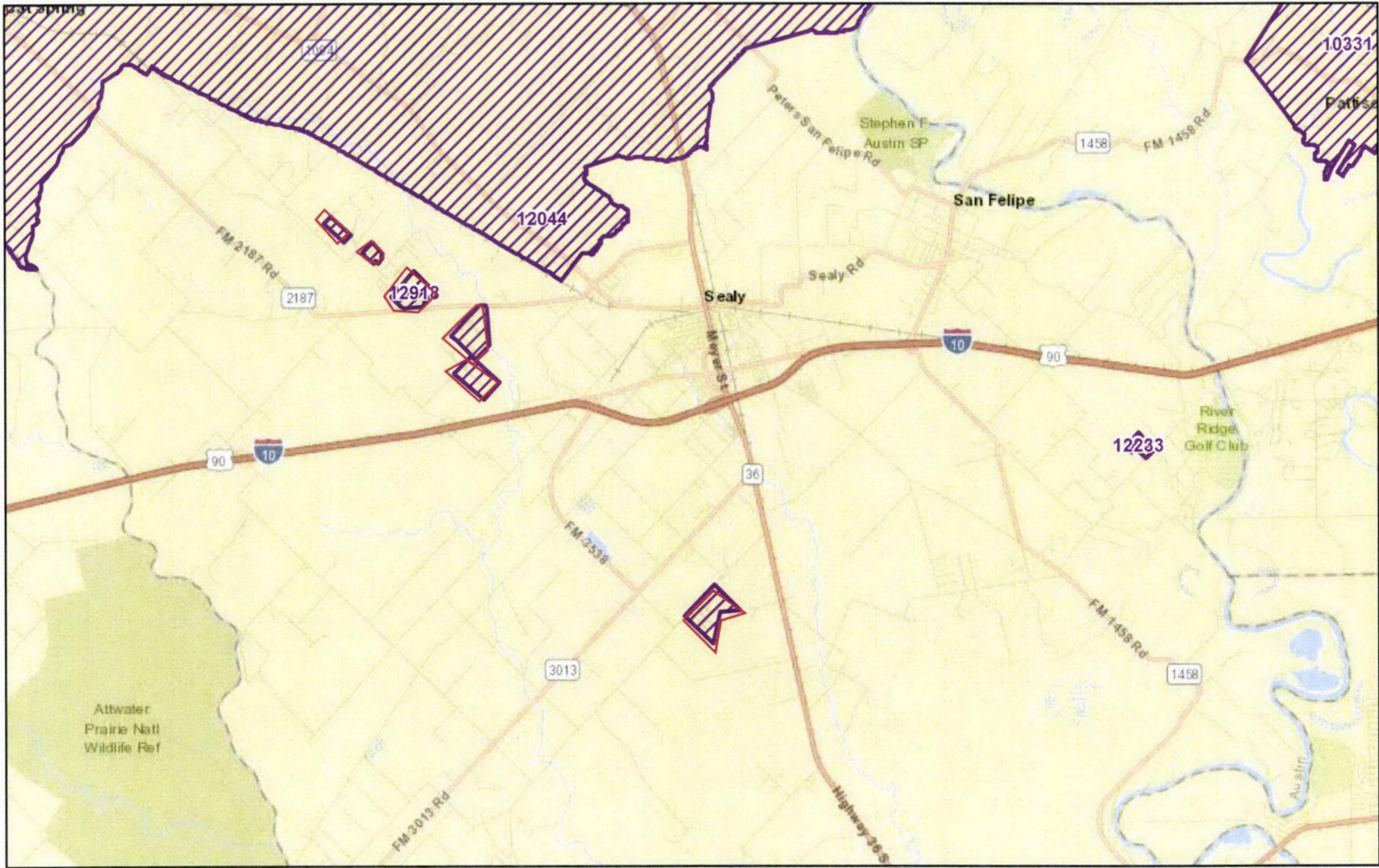
November 6, 2019



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan.

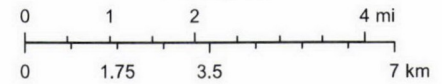
# **Attachment M**

# CCN 12918 - Large Scale Map



November 6, 2019

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Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan,

**Attachment N is not  
applicable to this docket**

# **Attachment O**

### **Statement of Confidentiality**

Pursuant to the Commission's standard protective order, CSWR-Texas Utility Operating Company, LLC ("CSWR Texas") is designating certain materials filed as part of its application as Protected Materials. The undersigned counsel for CSWR Texas has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation or Highly Sensitive Protected Material designation given below.

Confidential Attachment A contains the executed Purchase Agreement between CSWR Texas or its affiliates and the selling utility. The terms and pricing information of the Purchase Agreement are not publicly available, are commercially sensitive, and public disclosure of the information would cause substantial competitive harm to CSWR Texas because any other entity that seeks to acquire water or wastewater utilities in Texas or elsewhere could use the information to its competitive advantage to the detriment of CSWR Texas. Accordingly, the information contained in Confidential Attachment A is exempt from public disclosure under Tex. Gov't Code §§ 552.101, 552.104 and 552.110 and merits the Protected Material designation.

Confidential Attachment D is a list of customer deposits that contains customer-specific information including names, addresses, phone numbers, and account payment histories. This information is specifically protected by Tex. Util. Code § 182.052 and is expressly protected under Paragraph 6 of the Commission's standard protective order. Accordingly, the information contained in Confidential Attachment D is exempt from public disclosure under Tex. Gov't Code § 552.101 and Tex. Util. Code § 182.052 and merits the Protect Materials designation.

Confidential Attachment F contains the consolidated financial statements of CSWR, LLC and subsidiaries, including an independent auditor's report. This information is not publicly available, is commercially sensitive, and public disclosure of the information would cause substantial competitive harm to CSWR Texas and its subsidiaries. Any other entity that seeks to acquire water utilities in Texas and elsewhere could use the financial information to its competitive advantage, to the detriment of CSWR, LLC and its subsidiaries. Accordingly, the information contained in Attachment G is exempt from public disclosure under Tex. Gov't Code §§ 552.101, 552.104 and 552.110 and merits the Protected Material information.

Highly Sensitive Attachment G contains projected financial information for the acquired system, including information from which the purchase price could be ascertained; consolidated

financial statements for CSWR Texas's parent company, CSWR, LLC, and its subsidiaries; combined financial projections for other systems that CSWR Texas is in the process of acquiring; and information regarding CSWR, LLC's financial positions. This information is not publicly available, is commercially sensitive, and public disclosure of the information would cause substantial competitive harm to CSWR, LLC and its subsidiaries, including CSWR Texas. Any other entity that seeks to acquire water utilities in Texas and elsewhere could use the financial information to its competitive advantage, to the detriment of CSWR, LLC and its subsidiaries. Accordingly, the information contained in Attachment G is exempt from public disclosure under Tex. Gov't Code §§ 552.101, 552.104 and 552.110 and merits the Protected Material information.


Confidential Attachment H contains engineering assessments and a capital improvement plan that is deemed by a third-party engineering firm to be proprietary information. Public disclosure of the information would cause substantial competitive harm to the engineering firm by allowing other engineering companies to copy the firm's methods and analyses. Public disclosure could also negatively impact the engineering firm's willingness to perform services for CSWR Texas in the future. Accordingly, the information contained in Confidential Attachment H is exempt from public disclosure under Tex. Gov't Code §§ 552.101 and 552.104.

Confidential Attachment I-1 contains correspondence between the TCEQ and the Company that reveals the identity of potential acquisitions by CSWR Texas that are not otherwise publicly available. This information is not publicly available, is commercially sensitive, and public disclosure of the information would cause substantial competitive harm to CSWR Texas and its affiliates. Accordingly, the information contained in Confidential Attachment I-1 is exempt from public disclosure under Tex. Gov't Code §§ 552.101 and 552.104.

Confidential Attachment J is an engineering report that is the proprietary information of a third-party engineering firm. Public disclosure of the information would cause substantial competitive harm to the engineering firm by allowing other engineering companies to copy the firm's methods and analyses. Public disclosure could also negatively impact the engineering firm's willingness to perform services for CSWR Texas in the future. Accordingly, the information contained in Confidential Attachment J is exempt from public disclosure under Tex. Gov't Code §§ 552.101 and 552.104.

Confidential Attachment K-1 contains purchase price information taken from the Purchase Agreement, which is attached to the application as Attachment A. The pricing information

contained in Confidential Attachment K-1 is not publicly available, is commercially sensitive, and public disclosure of the information would cause substantial competitive harm to CSWR Texas and its affiliates. Any other entity that seeks to acquire water utilities in Texas and elsewhere could use the information to its competitive advantage to the detriment of CSWR Texas. Accordingly, the information contained in Confidential Attachment K-1 is exempt from public disclosure under Tex. Gov't Code §§ 552.101, 552.104 and 552.110 and merits the Protected Material designation.

  
Evan D. Johnson

**ATTORNEY FOR CSWR, LLC**



# **Attachment P**

TCEQ PWS Identification Number: 0080049  
Name of PWS Hillside Estates Water System  
Date of Last TCEQ compliance inspection: 07/03/2019  
Subdivisions Served: Hillside Estates

TCEQ PWS Identification Number: 0080055  
Name of PWS Settlers Meadows Water System  
Date of Last TCEQ compliance inspection: N/A  
Subdivisions Served: Settlers Meadows

TCEQ PWS Identification Number: 0080056  
Name of PWS Settlers Estates SEC II  
Date of Last TCEQ compliance inspection: N/A  
Subdivisions Served: Settlers Estates

TCEQ PWS Identification Number: 0080051  
Name of PWS Meadowview Estates  
Date of Last TCEQ compliance inspection: 09/27/2012  
Subdivisions Served: Meadowview Estates

TCEQ PWS Identification Number: 0080058  
Name of PWS Settlers Crossing Water System  
Date of Last TCEQ compliance inspection: 01/31/2018  
Subdivisions Served: Settlers Crossing

TCEQ PWS Identification Number: 0080059  
Name of PWS Meadowview Estates II  
Date of Last TCEQ compliance inspection: 09/27/2012  
Subdivisions Served: Meadowview Estates

TCEQ PWS Identification Number: 0080060  
Name of PWS Settlers Crossing Water System 2  
Date of Last TCEQ compliance inspection: N/A  
Subdivisions Served: Settlers Crossing