

Control Number: 52317



Item Number: 1

Addendum StartPage: 0

52317



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 ~~take 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

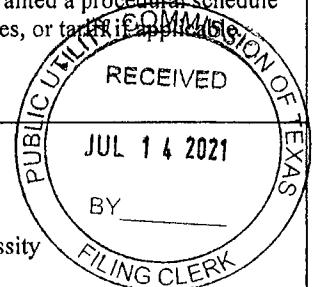
Transferor: Seller

Transferee: Purchaser

CCN: Certificate of Convenience and Necessity

STM: Sale, Transfer, or Merger

IOU: Investor Owned Utility



Application Summary

Transferor: Clyde Clardy, deceased

(selling entity)

CCN No.s: 12050

☒ Sale
 ☐ Transfer
 ☐ Merger
 ☐ Consolidation
 ☐ Lease/Rental

Transferee: Paul Klaus

(acquiring entity)

CCN No.s: _____

☐ Water
 ☐ Sewer
 ☒ All CCN
 ☐ Portion CCN
 ☐ Facilities transfer

County(ies): Bastrop

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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 type="checkbox"/> List of Customer Deposits	Part B: Question 5
<input type="checkbox"/> Partnership Agreement	Part C: Question 7
<input type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part C: Question 7
<input type="checkbox"/> Certificate of Account Status	Part C: Question 7
<input type="checkbox"/> Financial Audit	Part C: Question 10
<input type="checkbox"/> Application Attachment A & B	Part C: Question 10
<input type="checkbox"/> Disclosure of Affiliated Interests	Part C: Question 10
<input type="checkbox"/> Capital Improvement Plan	Part C: Question 10
<input type="checkbox"/> List of Assets to be Transferred	Part D: 11.B
<input type="checkbox"/> Developer Contribution Contracts or Agreements	Part D: 11.D
<input type="checkbox"/> Enforcement Action Correspondence	Part E: Question 18 (Part D: Q12)
<input type="checkbox"/> TCEQ Compliance Correspondence	Part F: Question 22
<input type="checkbox"/> TCEQ Engineering Approvals	Part F: Question 24
<input type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part F: Question 26
<input type="checkbox"/> Detailed (large scale) Map	Part G: Question 29
<input 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:

Purchase of the entire water system in the amount of \$300,000, including 7.504 acres of land, more or less, out of the Addison Litton League, abstract number, 424, in Bastrop County, Texas, said 7.504 acre tract of land being out of and a portion of Lot 2, Section 2, Block 1 of Bluebonnet Acres, a subdivision in Bastrop County, Texas, as recorded in Plat Cabinet 1, Page 28A, Plat Records, Bastrop County, Texas. The warranty deed with vendor's lien and promissory note are attached.

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

For **Transferee** (Purchaser) CCN:

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

For **Transferor** (Seller) CCN:

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

Part B: Transferor Information

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

3. A. Name: Clyde (deceased) or Karen Clardy,
(individual, corporation, or other legal entity)
☒ Individual ☐ Corporation ☐ WSC ☐ Other: _____
- B. Mailing Address: 379 State Highway 95, Bastrop, TX 78602

Phone: (512) 461-4804 Email: karen.clardy@yahoo.com

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

Name: Karen Clardy Title: co-owner

Mailing Address: 379 State Highway 95, Bastrop, TX 78602

Phone: (512) 461-4804 Email: karen.clardy@yahoo.com

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

A. Effective date for most recent rates: September 1, 2005

- 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: 2005-0857-UCR

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 117

☒ # of customers with deposits held by the transferor* 0

*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: Paul Klaus

(individual, corporation, or other legal entity)
☒ Individual ☐ Corporation ☐ WSC ☐ Other:

B. Mailing Address: 231 Mandy Lane, Red Rock, TX 78662

Phone: (512) 663-1921

Email: p_m_klaus@yahoo.com

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

Name: Karen Klaus

Title: Co-Owner

Address: 231 Mandy Lane, Red Rock, TX 78662

Phone: (512) 629-5717

Email: karenklaus@rocketmail.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): _____

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

Name: _____

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: N/A

Position: _____ Ownership % (if applicable): 0.00%

Address: _____

Phone: _____ Email: _____

Name: _____

Position: _____ Ownership % (if applicable): 0.00%

Address: _____

Phone: _____ Email: _____

Name: _____

Position: _____ Ownership % (if applicable): 0.00%

Address: _____

Phone: _____ Email: _____

Name: _____

Position: _____ Ownership % (if applicable): 0.00%

Address: _____

Phone: _____ Email: _____

10. **Financial Information**

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

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

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

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

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

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$ 300,000.00

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: \$ _____

Accumulated Depreciation: \$ _____

Net Book Value: \$ _____

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

☒ No ☐ Yes

Total Customer CIAC: \$ _____

Accumulated Amortization: \$ _____

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

☒ No ☐ Yes

Total developer CIAC: \$ _____

Accumulated Amortization: \$ _____

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

☒ No ☐ Yes

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

N/A

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

Transferee has successfully operated this system since February 1, 2012.

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

Utility Plant in Service: \$ _____

Accumulated Depreciation of Plant: \$ _____

Cash: \$ _____

Notes Payable: \$ _____

Mortgage Payable: \$ _____

(Proposed) Acquisition Adjustment*: \$ _____

* Acquisition Adjustments will be subject to review under 16 TAC § 24.41(d) and (e)

Other (NARUC account name & No.): _____

Other (NARUC account name & No.): _____

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.)

All customers will be charged the same rates. A rate change application will be submitted upon approval of the transfer.

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:

A rate change application will be submitted upon approval of this transfer. Rates have not been changed since 2005.

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:

The quality of service has improved significantly since transferee began operating the system in February, 2012. The system has been fully automated and repairs have been made as needed. The system is checked on a regular basis and the lines are flushed weekly.

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.

Transferee has operated K & K Water Company, CCN# 11836, since 1988 and owned it since 1991. Transferee has been operating this system as well since February 1, 2012. Transferee maintains and repairs all water lines, valves, meters, fire hydrants, booster pumps, storage and pressure tanks, and pump/well stations. There have been no major compliance violations for either system while under transferee's operation.

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:

There will be no disruptions regarding the environmental integrity, the land, or the system itself.

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

The transaction will provide a much higher quality of service to the customers. The system is being maintained much more consistently since transferee began operating in February, 2012.

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:

Aqua Water Supply Corporation.

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

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

22. A. For Public Water System (PWS):TCEQ PWS Identification Number: 0110047 (7 digit ID)Name of PWS: Bastrop West Water CompanyDate of last TCEQ compliance inspection: January 25, 2018 (attach TCEQ letter)Subdivisions served: Bastrop County West Oaks & Bastrop County West**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
116	5/8" or 3/4"		3"		Commercial
1	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:			117	Total Sewer Connections:	0

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:
N/A		

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	0.00%
Sewer:	0.00	0.00%

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

☒ No ☐ Yes:

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

☐ No ☒ Yes:

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

Name (as it appears on license)	Class	License No.	Water or Sewer
Paul Klaus	C	WG0002993	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:

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: 900.00

Number of customer connections in the requested area: 117

Affected subdivision : Bastrop County West & Bastrop County West Oaks

The closest city or town: Bastrop

Approximate mileage to closest city or town center: 10

Direction to closest city or town: East

The requested area is generally bounded on the North by: Pope Bend Road South

on the East by: Pope Bend Road South

on the South by: Edmonson Lane

on the West by: Star Ranch

31. A copy of the proposed map will be available at: 231 Mandy Lane, Red Rock, TX 78662

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

STATE OF TEXAS

COUNTY OF _____ BASTROP

I, Karen Clardy being duly sworn, file this application for sale,
merger, consolidation, acquisition, lease, or transfer,
rental, as **owner**

(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.

(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 _____ of _____, 20_____

SEAL

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

PRINT OR TYPE NAME OF NOTARY

My commission expires: _____

Oath for Transferee (Acquiring Entity)

STATE OF TEXAS

COUNTY OF BASTROP

I, Paul Klaus being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as owner
(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 Texas
this day the _____ of _____, 20____

SEAL

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

PRINT OR TYPE NAME OF NOTARY

My commission expires: _____

See Attached Schedules

Appendix A: Historical Financial Information (Balance Sheet and Income Schedule)

(Audited financial statements may be substituted for this schedule – see Item 17 of the instructions)

HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Other						
A. Total Current Assets						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
B. Total Fixed Assets						
C. TOTAL Assets (A + B)						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
D. Total Current Liabilities						
LONG TERM LIABILITIES						
Notes Payable, Long-term						
Other						
E. Total Long Term Liabilities						
F. TOTAL LIABILITIES (D + E)						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
G. TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES+EQUITY (F + G) = C						
WORKING CAPITAL (A – D)						
CURRENT RATIO (A / D)						
DEBT TO EQUITY RATIO (E / G)						

DO NOT INCLUDE ATTACHMENTS A OR B IN FILED APPLICATION IF LEFT BLANK

see attached Schedules

HISTORICAL NET INCOME INFORMATION						
(ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Revenue per Meter (use for projections)						
Expense per Meter (use for projections)						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Revenues- Base Rate & Gallonage Fees						
Other (Tap, reconnect, transfer fees, etc)						
Gross Income						
EXPENSES						
General & Administrative (see schedule)						
Operating (see schedule)						
Interest						
Other (list)						
NET INCOME						

See Attached Schedules

HISTORICAL EXPENSE INFORMATION (ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries & Benefits—Office/Management Office (services, rentals, supplies, electricity)						
Contract Labor						
Transportation						
Insurance						
Telephone						
Utilities						
Property Taxes						
Professional Services/Fees (recurring)						
Regulatory- other						
Other (describe)						
Interest						
Other						
Total General Admin. Expenses (G&A)						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONS & MAINTENANCE EXPENSES						
Salaries & Benefits (Employee, Management)						
Materials & Supplies						
Utilities Expense-office						
Contract Labor						
Transportation Expense						
Depreciation Expense						
Other(describe)						
Total Operational Expenses (O&M)						
Total Expense (Total G&A + O&M)						
Historical % Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ASSUMPTIONS						
Interest Rate/Terms						
Depreciation Schedule (attach)						
Other assumptions/information (List all)						

See Attached Schedules

Appendix B: Projected Information						
HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
A. Total Current Assets						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
B. Total Fixed Assets						
C. TOTAL Assets (A + B)						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
D. Total Current Liabilities						
LONG TERM LIABILITIES						
Notes Payable, Long-term						
Other						
E. Total Long Term Liabilities						
F. TOTAL LIABILITIES (D + E)						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
G. TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES+EQUITY (F + G) = C						
WORKING CAPITAL (A - D)						
CURRENT RATIO (A / D)						
DEBT TO EQUITY RATIO (F / G)						

See Attached Schedules

PROJECTED NET INCOME INFORMATION						
(ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Revenue per Meter (use for projections)						
Expense per Meter (use for projections)						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Revenues- Base Rate & Gallonage Fees						
Other (Tap, reconnect, transfer fees, etc)						
Gross Income						
EXPENSES						
General & Administrative (see schedule)						
Operating (see schedule)						
Interest						
Other (list)						
NET INCOME						

PROJECTED EXPENSE DETAIL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office						
Computer						
Auto						
Insurance						
Telephone						
Utilities						
Depreciation						
Property Taxes						
Professional Fees						
Interest						
Other						
Total						
% Increase Per projected Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONAL EXPENSES						
Salaries						
Auto						
Utilities						
Depreciation						
Repair & Maintenance						
Supplies						
Interest						
Other						
Total						

See Attached Schedules

PROJECTED SOURCES AND USES OF CASH STATEMENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income						
Depreciation (If funded by revenues of system)						
Loan Proceeds						
Other						
Total Sources						
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
Total Uses						
NET CASH FLOW						
DEBT SERVICE COVERAGE						
Cash Available for Debt Service (CADS)						
A: Net Income (Loss)						
B: Depreciation, or Reserve Interest						
C: Total CADS (A + B = C)						
D: DEBT SERVICE (DS)						
Principle Plus Interest						
E: DEBT SERVICE COVERAGE RATIO						
CADS Divided by DS (E = C / D)						

K & K Water Company
Balance Sheet

	<u>Dec 31, 2017</u>	<u>Dec 31, 2018</u>	<u>Dec 31, 2019</u>
Assets			
Cash in Bank	\$ 3,542	\$ 3,123	\$ 1,600
Fixed Assets	103,019	103,019	103,019
Accumulated Depreciation	<u>(93,717)</u>	<u>(96,094)</u>	<u>(99,281)</u>
Net Fixed Assets	<u>9,302</u>	<u>6,925</u>	<u>3,738</u>
Total Assets	<u>\$ 12,844</u>	<u>\$ 10,048</u>	<u>\$ 5,338</u>
Liabilities and Owner's Equity			
Total Liabilities	\$ -	\$ -	\$ -
Owners Equity	<u>12,844</u>	<u>10,048</u>	<u>5,338</u>
Total Liabilities & Owners Equity	<u>\$ 12,844</u>	<u>\$ 10,048</u>	<u>\$ 5,338</u>

K & K Water Company
Statement of Revenues & Expenses

	Actual			Projected				
	<u>Year Ending</u>	<u>Year Ending</u>	<u>Year Ending</u>	<u>Year Ending</u>	<u>Year Ending</u>	<u>Year Ending</u>	<u>Year Ending</u>	<u>Year Ending</u>
	<u>Dec 31, 2017</u>	<u>Dec 31, 2018</u>	<u>Dec 31, 2019</u>	<u>Dec 31, 2020</u>	<u>Dec 31, 2021</u>	<u>Dec 31, 2022</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2024</u>
Water Sales	\$ 31,561	\$ 35,446	\$ 36,578	\$ 37,000	\$ 39,000	\$ 40,000	\$ 40,000	\$ 40,000
Expenses								
Advertising	590	295	730	500	500	500	500	500
Contract services	2,850	3,300	3,350	3,500	3,500	3,500	3,500	3,500
Depreciation Expense	2,377	2,377	2,377	1,748	1,121	1,121	561	-
Insurance	237	400	574	600	620	660	700	740
Legal & Professional	195	195	4,668	200	200	220	220	220
Rent Expense	75	-	-	-	-	-	-	-
Repairs & Maintenance	5,605	5,222	6,191	5,500	5,500	5,500	5,500	5,500
Supplies	3,522	4,603	6,277	5,000	5,000	5,000	5,000	5,000
Taxes & licenses	304	368	272	350	350	370	370	370
Utilities	4,372	4,094	4,192	4,200	4,300	4,400	4,500	4,600
Postage	277	384	533	540	560	580	600	620
Water Sample Fees	635	1,166	1,478	1,500	1,600	1,600	1,700	1,700
Telephone & Mobile	1,032	1,331	1,261	1,300	1,300	1,400	1,400	1,500
Gas & Diesel	1,323	1,369	1,788	1,800	1,900	2,000	2,100	2,200
Chlorine	550	451	384	500	500	550	550	550
Tags & Inspections	109	70	106	110	110	115	115	115
Office Expense	376	377	-	150	150	150	150	150
TCEQ Fees	512	514	542	570	570	600	600	600
Other	-	283	143	250	250	250	250	250
Total Expenses	24,941	26,799	34,866	28,318	28,031	28,516	28,316	28,115
Net Income	<u>\$ 6,620</u>	<u>\$ 8,647</u>	<u>\$ 1,712</u>	<u>\$ 8,682</u>	<u>\$ 10,969</u>	<u>\$ 11,484</u>	<u>\$ 11,684</u>	<u>\$ 11,885</u>

K & K Water Company
Statement of Cash Flows

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Cash Flows from (used in) Operating Activities			
Cash receipts from customers	\$ 31,561	\$ 35,446	\$ 36,578
Cash paid out to suppliers	(22,564)	(24,422)	(32,489)
Interest Paid	-	-	-
Net Cash Flows from Operating Activities	<u>8,997</u>	<u>11,024</u>	<u>4,089</u>
Cash Flows from (used in) Investing Activities			
Capital contributed (drawn)	<u>(8,598)</u>	<u>(11,443)</u>	<u>(5,612)</u>
Net Cash Flows from Investing Activities	<u>(8,598)</u>	<u>(11,443)</u>	<u>(5,612)</u>
Cash Flows from (used in) Financing Activities			
Loan Proceeds	-	-	-
Principal paid on notes	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Flows used in Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
 Net Increase (Decrease) in Cash	 399	 (419)	 (1,523)
 Cash at beginning of period	 <u>3,143</u>	 <u>3,542</u>	 <u>3,123</u>
 Cash at end of period	 <u><u>\$ 3,542</u></u>	 <u><u>\$ 3,123</u></u>	 <u><u>\$ 1,600</u></u>

**Bastrop West Water Supply
Balance Sheet**

	<u>Dec 31, 2017</u>	<u>Dec 31, 2018</u>	<u>Dec 31, 2019</u>
Assets			
Cash in Bank	\$ 4,722	\$ 2,796	\$ 1,256
Fixed Assets	307,844	307,844	307,844
Accumulated Depreciation	<u>(52,917)</u>	<u>(62,871)</u>	<u>(72,825)</u>
Net Fixed Assets	<u>254,927</u>	<u>244,973</u>	<u>235,019</u>
Total Assets	<u>\$ 259,649</u>	<u>\$ 247,769</u>	<u>\$ 236,275</u>
Liabilities and Owner's Equity			
Current Liabilities			
Note Payable - Clardy (Current Portion)	<u>13,908</u>	<u>14,914</u>	<u>15,992</u>
Total Current Liabilities	<u>13,908</u>	<u>14,914</u>	<u>15,992</u>
Long- Term Liabilities			
Note Payable - Clardy (less current portion)	<u>222,268</u>	<u>207,354</u>	<u>191,362</u>
Total Long- Term Liabilities	<u>222,268</u>	<u>207,354</u>	<u>191,362</u>
Total Liabilities	236,176	222,268	207,354
Owners Equity	<u>23,473</u>	<u>25,501</u>	<u>28,921</u>
Total Liabilities & Owners Equity	<u>\$ 259,649</u>	<u>\$ 247,769</u>	<u>\$ 236,275</u>

Bastrop West Water Supply
Statement of Revenues & Expenses

	Actual			Projected				
	Year Ending Dec 31, 2017	Year Ending Dec 31, 2018	Year Ending Dec 31, 2019	Year Ending Dec 31, 2020	Year Ending Dec 31, 2021	Year Ending Dec 31, 2022	Year Ending Dec 31, 2023	Year Ending Dec 31, 2024
Water Sales	\$ 52,777	\$ 54,979	\$ 54,574	\$ 55,000	\$ 57,000	\$ 60,000	\$ 60,000	\$ 60,000
Expenses								
Advertising	390	360	705	500	500	500	500	500
Contract services	2,150	2,800	2,300	2,500	2,500	2,500	2,500	2,500
Depreciation Expense	9,954	9,954	9,954	9,954	9,954	9,954	9,393	8,833
Insurance	237	400	574	600	700	750	750	750
Interest	17,029	16,467	15,041	14,008	12,852	11,613	10,283	8,858
Legal & Professional	195	195	230	230	250	250	250	250
Rent Expense	-	-	-	-	-	-	-	-
Repairs & Maintenance	1,072	611	1,490	1,200	1,300	1,400	1,500	1,600
Supplies	5,144	4,538	8,041	5,000	5,000	5,000	5,000	5,000
Taxes & licenses	2,346	3,528	2,478	2,750	2,750	2,750	2,750	2,750
Utilities	5,499	5,807	5,562	5,800	5,900	6,000	6,100	6,200
Postage	414	768	846	850	900	900	950	950
Water Sample Fees	898	1,406	825	900	900	950	950	950
Telephone & Mobile	1,032	1,331	1,261	1,300	1,300	1,400	1,400	1,500
Gas & Diesel	1,323	1,369	1,788	1,500	1,500	1,600	1,600	1,600
Chlorine	678	901	767	800	800	800	900	900
Tags & Inspections	109	70	106	110	110	120	120	120
Office Expense	-	-	-	-	-	-	-	-
TCEQ Fees	679	708	727	750	750	800	800	800
Other	-	239	208	250	250	250	250	250
Total Expenses	49,149	51,452	52,903	49,002	48,216	47,537	45,996	44,311
Net Income	<u>\$ 3,628</u>	<u>\$ 3,527</u>	<u>\$ 1,671</u>	<u>\$ 5,998</u>	<u>\$ 8,784</u>	<u>\$ 12,463</u>	<u>\$ 14,004</u>	<u>\$ 15,689</u>

**Bastrop West Water Supply
Statement of Cash Flows**

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Cash Flows from (used in) Operating Activities			
Cash receipts from customers	\$ 52,777	\$ 54,979	\$ 54,574
Cash paid out to suppliers	(22,166)	(25,031)	(27,908)
Interest Paid	(17,029)	(16,467)	(15,041)
Net Cash Flows from Operating Activities	<u>13,582</u>	<u>13,481</u>	<u>11,625</u>
Cash Flows from (used in) Investing Activities			
Capital contributed (drawn)	<u>1,795</u>	<u>(2,353)</u>	<u>(4,829)</u>
Net Cash Flows from Investing Activities	<u>1,795</u>	<u>(2,353)</u>	<u>(4,829)</u>
Cash Flows from (used in) Financing Activities			
Loan Proceeds	-	-	-
Principal paid on notes	<u>(12,971)</u>	<u>(13,908)</u>	<u>(14,914)</u>
Net Cash Flows used in Financing Activities	<u>(12,971)</u>	<u>(13,908)</u>	<u>(14,914)</u>
Net Increase (Decrease) in Cash	1,184	(1,926)	(1,540)
Cash at beginning of period	<u>3,538</u>	<u>4,722</u>	<u>2,796</u>
Cash at end of period	<u><u>\$ 4,722</u></u>	<u><u>\$ 2,796</u></u>	<u><u>\$ 1,256</u></u>

CASE SETTLEMENT RECORD

UTILITY Clyde E. Clardy dba Bastrop West Water Company
 APPLICATION NO. _____
 CCN NO. 15050
 SOAH DOCKET NO. 582-05-7064
 TCEQ DOCKET NO. 2005-0857-UCR
 HEARINGS EXAMINER T. Broyles
 DATE OF HEARING August 8, 2005 TIME 10:00 am
 PLACE OF HEARING William P. Clements Building

AGREED SETTLEMENT

EFFECTIVE DATE OF AGREED RATES - September 1, 2005

WHICH APPLIES TO ALL SERVICE PROVIDED ON OR AFTER (DATE)

WATER RATES:

GALLONAGE RATE: \$ 2.50 /1,000 gallons

METER SIZE

MINIMUM BILL

5/8 or 3/4

\$ 16.50

0

GALLONS INCLUDED IN MINIMUM BILL

1

\$ 19.00

1 1/2

\$ _____

2

\$ _____

3

\$ _____

4

\$ _____

* Gallonage Rate: \$ 2.50 per 1,000 gallon 0 gallon - 10,000 gall
 \$ 2.90 per 1,000 gallon 10,000 gallon - 20,000 gall
 \$ 3.15 per 1,000 gallon 20,001 gallon and up

MISCELLANEOUS FEES:

RESIDENTIAL TAP FEE

\$ 500.00

RECONNECTION FEES

DISCONNECTED FOR NON PAYMENT (TCEQ RULES)

\$ 25.00

OTHER THAN NON PAYMENT CUSTOMER'S REQUEST

\$ 25.00

TRANSFER

\$ 15.00

RETURNED CHECK FEE

\$ 25.00

CUSTOMER DEPOSIT (TCEQ RULES)

\$ 50.00

LATE PAYMENT PENALTY (TCEQ RULES)

\$ 5.00

METER TEST FEE (TCEQ RULES)

\$ 25.00

Rate installed Monday Sept 26, 2005

An aerial photograph of a residential neighborhood. A large, irregularly shaped parcel is outlined in a thick black line. The parcel is located on the left side of the image. To the right of the parcel, the address '12050' is printed. The map shows several streets: 'Hillside Dr' at the top, 'Hillside Ln' below it, 'Hillside Ct' to the right, 'Hillside St' further right, 'Hillside Ave' at the bottom, and 'Hillside Rd' on the far right. A large, light-colored area, possibly a park or undeveloped land, is visible on the right side of the map. The map is oriented with North at the top.

1:18,056

0 0.13 0.25 0.5 mi

0 0.2 0.4 0.8 km

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community