



Filing Receipt

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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: Carroll Water Company, Inc.
(selling entity)

CCN No.s: 11543

Sale Transfer Merger Consolidation Lease/Rental

Transferee: CSWR-Texas Utility Operating Company, LLC
(acquiring entity)

CCN No.s: 13290

Water Sewer All CCN Portion CCN Facilities transfer

County(ies): Ellis

Table of Contents

Sale, Transfer, or Merger (STM) Application Instructions	1
Part A: General Information	3
Part B: Transferor Information	3
Part C: Transferee Information	4
Part D: Proposed Transaction Details	6
Part E: CCN Obtain or Amend Criteria Considerations	8
Part F: TCEQ Public Water System or Sewer (Wastewater) Information	9
Part G: Mapping & Affidavits	10
Part H: Notice Information	12
Appendix A: Historical Financial Information (Balance Sheet and Income Schedule)	15
Appendix B: Projected Information	18

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 LLC Agreement	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 checked="" 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 Carroll Water Company, Inc. ("Carroll Water") for purposes of operating its water and/or wastewater system under CCN No. 11543 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 Carroll Water. See Attachment B for a copy of the corporate organizational chart of CSWR Texas' upstream ownership.

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

For **Transferee** (Purchaser) CCN:

For **Transferor** (Seller) 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

- 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: Carroll Water Company, Inc.
(individual, corporation, or other legal entity)
 Individual Corporation WSC Other: _____

B. Mailing Address: 513 Winding Creek Trail, Red Oak, Texas 75154

Phone: (972) 617-0817 Email: carrollwater@att.net

- 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: Patty K. Hilton Title: Secretary

Mailing Address: 513 Winding Creek Trail, Red Oak, Texas 75154

Phone: (214) 476-9839 Email: _____

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: November 28, 2011

- 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: 37105-R

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 119

of customers with deposits held by the transferor* 465 **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: Wendy K. L. Harvel Title: Local Counsel

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

Phone: (512) 879-0970 Email: wendy.harvel@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. See also Attachment F.

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*):

**Fair market value
determined by appraisal**

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: \$ _____ 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, 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.

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 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:	\$ _____	See Attachments K & K-1 for the requested financial information.
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. There is a pending rate case for Carroll Water in Docket No. 51239 and a pending pass through case in Docket 52343. CSWR Texas plans to continue the existing rates and surcharges or adopt the rates and surcharges determined until it files its next base rate proceeding at which point the Company will seek to establish the ratemaking rate base for this system pursuant to Texas Water Code § 13.305 and 16 Tex. Admin. Code §§ 22.41 and 24.38. 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:

BUENA VISTA - BETHEL SUD (CCN: 10898); CITY OF MAYPEARL (CCN: 11326); CITY OF RED OAK (CCN:11074); CITY OF GLENN HEIGHTS (CCN: 11059); ROCKET SUD (CCN: 10099); HILLTOP WATER SUPPLY (CCN: 11865); CITY OF MIDLOTHIAN (CCN: 11706); JAMES A. DYCHE (CCN: 12037); ELLIS COUNTY FWSD 1 (CCN: 13107); JOHNSON COUNTY FWSD 2 (CCN: 13111); CITY OF GRAND PRAIRIE (CCN: 10105); FILES VALLEY WSC (CCN: 10902)

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: 0700063, 0700057, 0700064, 0700058, 0700056 (7 digit ID)

Name of PWS: Grande Casa, Lakeview Ranchettes, Spanish Grant Subd., Emerald Forest, Red Oak

Date of last TCEQ compliance inspection: April 5, 2018 (attach TCEQ letter) **See Attachment I.**

Subdivisions served: Emerald Forest, Red Oak, Lakeview, Spanish Grant, Grande Casa

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
582	5/8" or 3/4"		3"		Commercial
2	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:			584	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: City of Red Oak (name of municipality)

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

Water: 114 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: Buena Vista-Bethel Special Utility District

**See Attachment Q.
for emergency
supply**

Water: No more than 115,200 gallons/day

Sewer: N/A

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:	115,200.00	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: **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: 1,676.00

Number of customer connections in the requested area: 584

Affected subdivision : Grande Casa, Lakeview Ranchettes, Spanish Grant Subd., Emerald Forest, Red Oak

The closest city or town: See Attachment K

Approximate mileage to closest city or town center: 0

Direction to closest city or town: See Attachment K

The requested area is generally bounded on the North by: See Attachment K

on the East by: See Attachment K

on the South by: See Attachment K

on the West by: See Attachment K

31. A copy of the proposed map will be available at: 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 Ellis

I, Patty Hilton
merger, consolidation, acquisition, lease, or
rental, as

being duly sworn, file this application for sale,
transfer,

President & Manager

(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.

Patty Hilton

AFFIANT

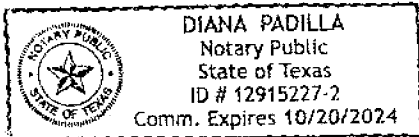
(Utility's Authorized Representative)

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 26 of October, 2021

SEAL



Diana Padilla

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Diana Padilla

PRINT OR TYPE NAME OF NOTARY

My commission expires: 10/20/2024

Oath for Transferee (Acquiring Entity)

STATE OF MISSOURI

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.

[Handwritten signature]

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 August, 2021

SEAL



MERANDA K. KEUBLER My Commission Expires November 13, 2022 St. Louis County Commission #14631487

[Handwritten signature of Meranda K. Keubler]

NOTARY PUBLIC IN AND FOR THE STATE OF MISSOURI

Meranda K. Keubler PRINT OR TYPE NAME OF NOTARY

My commission expires: 11/13/2022

See Attachment F & G.

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 Attachments F & G.

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 Attachments F & G.

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)						

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 Attachments F & G.

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 Attachments F & G.

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)						

**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 A-1 – FMV Appraisal Reports (Confidential)
3. Attachment A-2 – Estimated Transaction and Closing Costs (Confidential)
4. Attachment A-3 – Professional Service Agreements with Utility Valuation Experts (Confidential)
5. Attachment B – CSWR, LLC Corporate Organizational Chart
6. Attachment C – Current Tariff
7. Attachment D – List of Customer Deposits (Confidential)
8. Attachment E – CSWR-Texas Utility Operating Company, LLC Operating Agreement and Certificates of Account Status
9. Attachment F – Appendices A & B Historical and Projected Financial Information (Confidential)
10. Attachment G – Additional Supporting Financial Information (Highly Sensitive)
11. Attachment H – Capital Estimates or Capital Improvement Plan (*See Attachment J*)
12. Attachment I – TCEQ Compliance Investigation Report
13. Attachment J – Engineering Memo (Confidential)
14. Attachment K – Responses to STM Questions
15. Attachment K-1 – Confidential Responses to STM Questions (Confidential)
16. Attachment L – Small Scale Map (General Location)
17. Attachment M – Large Scale Map (Detailed)
18. Attachment N – Digital Mapping (*Not Applicable*)
19. Attachment O – Statement of Confidentiality
20. Attachment P – Water Facility Systems (*Not Applicable*)
21. Attachment Q – Water Purchase Agreement (Confidential)
22. Attachment R – List of Assets (*Not Applicable*)

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

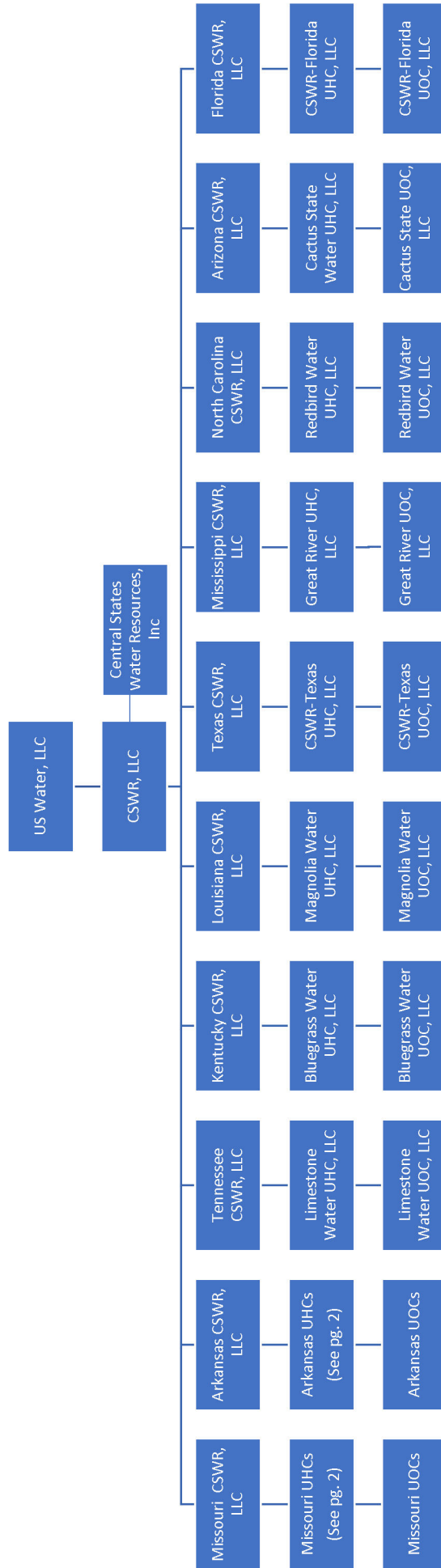
**Attachment A-1 is Confidential and
Voluminous and will be provided
pursuant to the Protective Order**

**Attachment A-2 is Confidential and
will be provided pursuant to the
Protective Order**

**Attachment A-3 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 FOR RECEIVED

Walter J. Carroll Water Company, Inc.
dba Carroll Water Company
(Utility Name)

2014 SEP 18 PM 12: 04
PUBLIC UTILITY COMMISSION
FILING CLERK

513 Winding Creek
(Business Address)

Red Oak, Texas 75154
(City, State, Zip Code)

(972) 617-0817
(Area Code/Telephone)

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

11543

This tariff is effective in the following county:

Ellis

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

None

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

Emerald Forest (PWS #0700058), Grande Casa Ranchitos (PWS #0700063),
Lakeview Ranchettes Estates (PWS #0700057), Spanish Grant (PWS #0700064)

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	3
SECTION 3.0 -- EXTENSION POLICY	8
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN.....	10
APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

TEXAS COMM. ON ENVIRONMENTAL QUALITY
37105-R, CCN 11543, NOVEMBER 28, 2011
APPROVED TARIFF BY SP/LG

SEP 18 2014
12:04 PM
PUBLIC UTILITY COMMISSION
FILING CLERK

5

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Meter Size	Monthly Minimum Rate	Gallonage Charge
5/8" x 3/4"	\$29.00 (Includes -0- gallons)	\$2.65 per 1,000 gallons 0 - 10,000 gallons
1"	\$29.00 (Includes -0- gallons)	\$2.90 per 1,000 gallons 10,001-15,000 gallons \$4.00 per 1,000 gallons 15,001 gallons thereafter

Additional Charge:

PrairieLands Groundwater Conservation District (PGCD) water production fee\$0.24 per 1,000 gallons (Effective November 28, 2011)

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

Cash X, Check X, Money Order X, Credit Card , Other (specify)

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$1,000.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00) \$25.00
- b) Customer's request that service be disconnected \$40.00
or other reason listed under section 2.0 of this tariff.

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

TEXAS COMM. ON ENVIRONMENTAL QUALITY
37105-R, CCN 11543, NOVEMBER 28, 2011
APPROVED TARIFF BY SPLG

Walter J. Carroll Water Company, Inc.
dba Carroll Water Company

Water Utility Tariff Page No. 2a

SECTION 1.0 -- RATE SCHEDULE (Continued)

TRANSFER FEE.....\$25.00
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
TCEQ RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE.....\$20.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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.

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

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

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

Adjusted Gallonage Rate (AG) = G + [B/(1 - L)], Where:

- AG = adjusted gallonage charge, rounded to nearest one cent;
- G = approved gallonage charge, per 1,000 gallons;
- B = change in fee (per 1,000 gallons);
- L = water or sewer line loss for preceding 12 months, not to exceed 0.15 (15%)

**RATES LISTED ARE EFFECTIVE ONLY IF
THIS PAGE HAS TCEQ APPROVAL STAMP**

TEXAS COMM. ON ENVIRONMENTAL QUALITY
37105-R, CCN 11543, NOVEMBER 28, 2011
APPROVED TARIFF BY SPLG

July 29, 2013

2013 JUL 11 PM 3:11

Community Water Service, Inc. agrees:

After the well at 105 Dana St, Red Oak, Texas 75154 is repaired and operating, Community Water Service, Inc. will maintain that well and operate the well providing water service to customers in the Community Water Service, Inc.-Red Oak water system. Community Water Service, Inc. agrees to provide electricity, chemicals and maintenance of this well and the water system until the TCEQ approves the sale of Community Water Service, Inc.-Red Oak to Walter J. Carroll Water Company, Inc. After TCEQ approval of the system, Community Water Service, Inc. agrees to sell the Community Water Service, Inc.-Red Oak system to Walter J. Carroll in the amount of \$25,000. When the bill of sale and money transactions are completed Walter J. Carroll will be given keys to the well lot and well house at 105 Dana St, Red Oak, Texas 75154. The repairs of the well will serve as earnest money to bind this agreement.

If Walter J. Carroll Water Company, Inc. has a reputable well repair company repair the well at 105 Dana St, Red Oak, Texas 75154 and the well fails, Community Water Service, Inc. agrees to sign paperwork selling the well lot including 55,00 gallon storage tank, pressure tank, and pump house including equipment in the well house for the amount of money spent to repair the well. This agreement will serve as security for Walter J. Carroll.

Walter J. Carroll Water Company, Inc. agrees to hire a reputable well repair company to make repairs on the well at 105 Dana St, Red Oak, Texas 75154, and to complete TCEQ paperwork to purchase the Community Water Service, Inc.-Red Oak water system for the amount of \$25,000.

I, Bonnie Frame, representative of Community Water Service, Inc., agree to the above stipulations.

Bonnie Frame 7-29-2013

I, Walter J. Carroll, representative of Walter J. Carroll Water Company, Inc. agree to the above stipulations.

Walter J. Carroll 7-29-2013

**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 13th 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:

(i) A determination by Member to dissolve and terminate the Company; and

(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.

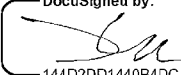
11.5. Compliance with Securities Laws. Notwithstanding anything herein contained to the contrary, no transfer or disposition of Interests in the Company pursuant to the terms hereof shall be made unless such transfer or disposition complies in all respects with the provisions of the Securities Act of 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.

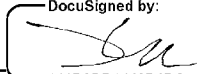
IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

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

DocuSigned by:

144D2DD1440B4DC...

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

Agreed and Accepted by:

DocuSigned by:

144D2DD1440B4DC...

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

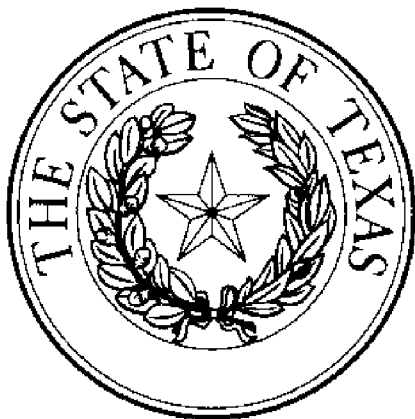
Office of the Secretary of State

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

Capital Estimates and/or Capital Improvement Plan can be found in Attachment J.

Attachment I

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: Walter J. Carroll Water Company, Inc.
Customer Number: CN600666507

Regulated Entity Name: RED OAK COMMUNITY WATER SERVICE

Regulated Entity Number: RN101282762

Investigation # 1480198	Incident Numbers
Investigator: XU SHI	Site Classification GW 51-250 CONNECTION
Conducted: 04/04/2018 -- 04/05/2018	SIC Code: 4941
Program(s): PUBLIC WATER SYSTEM/SUPPLY	
Investigation Type: Compliance Investigation	Location: INTERSECTION OF OVERLOOK AND CARSON ST
Additional ID(s): 0700056	

Address: , ,	Local Unit: REGION 04 - DFW METROPLEX
	Activity Type(s): PWSCCIGWCM - CCI GW PURCHASE - COMMUNITY MANDATORY

Principal(s):

Role	Name
RESPONDENT	WALTER J CARROLL WATER COMPANY INC

Contact(s):

Role	Title	Name	Phone
NOTIFIED	OPERATOR	MR JULIAN GARCIA	Work (817) 694-3960 Cell (817) 599-0511
PARTICIPATED IN	OPERATOR	MR WESTON STEPHENS	Cell (817) 968-6712
NOV CONTACT	EMERGENCY CONTACT	MS PATTY HILTON	Work (972) 617-0817 Cell (214) 476-9839
REGULATED ENTITY MAIL CONTACT	PRESIDENT	MR WALTER J CARROLL	Work (972) 617-0817
PARTICIPATED IN	EMERGENCY CONTACT	MS PATTY HILTON	Work (972) 617-0817 Cell (214) 476-9839

Other Staff Member(s):

Role	Name
Supervisor	JEFF TATE
QA Reviewer	CHARLES MARSHALL

Associated Check List

Checklist Name

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

Unit Name

CCI 0700056
 EQUIP 0700056

Investigation Comments:

INTRODUCTION

On April 4, 2018, Mr. Xu Shi, Texas Commission on Environmental Quality (TCEQ) Environmental Investigator conducted a Comprehensive Compliance Investigation (CCI) at Red Oak Community Water Service (ROCWS). The purpose of the investigation was to determine compliance with applicable public water system regulations.

Mr. Shi contacted Mr. Julian Garcia, Operator, on March 6, 2018, to schedule the investigation. A list of records required for the investigation was e-mailed on the same day.

On April 4, 2018, Mr. Shi conducted the investigation with Mr. Weston Stephens, Operator, and Ms. Patty Hilton, Emergency Contact. At the conclusion of the investigation, an exit interview was conducted with Mr. Stephens and Ms. Hilton. A TCEQ Exit Interview Form, Customer Satisfaction Survey, and Texas Water Development Board Financial Assistance Program Information Sheet were provided to Ms. Hilton.

Three violations were noted and a Notice of Enforcement (NOE) was issued to the public water system as a result of the investigation.

GENERAL FACILITY AND PROCESS INFORMATION

ROCWS is a community water system located in Ellis County, Texas. The water system serves 108 connections with an approximate population of 324 based on three persons per connection. The water system has one groundwater well which supplies one pump station and one pressure plane. The system has an Emergency Interconnection with the City of Red Oak (PWS #0700031).

The pump station is located at 100 Carson Street, Ellis County, Texas. Water from Well #2 (G0700056B), produced 117 GPM on the day of the investigation, is disinfected with gas chlorine before entering the ground storage tank. Three service pumps pump water from storage to the distribution system and a pressure tank provides pressure maintenance for the system.

Specific facility information and capacity calculations such as tank volumes, pump capacities, etc. can be found in the Water System Diagram, Water System Summary Sheet, and PWS Database Printout included in the investigation attachments.

Exception/Alternative Capacity Requirement

In a letter dated August 24, 2001, the water system was granted an exception to the sanitary control easement rule, contingent on the collection and submission of one raw water bacteriological sample from Well#2 (G0700056B) every month.

BACKGROUND

The last CCI, Investigation Number 1240249, was conducted at ROCWS on April 7, 2015. No alleged violations were noted during the investigation and a General Compliance letter was mailed to ROCWS as a result of the investigation.

No complaints have been lodged against the facility in the last five years.

ADDITIONAL INFORMATION

Records Review

During the investigation, the following records were requested for review: plant operations manual, monitoring plan, well drillers' log, drought contingency plan, distribution map, customer service inspections, NSF certifications, tank inspection forms, equipment calibration records, public notices, monthly operating reports, disinfectant level quarterly operating reports (DLQOR), flushing records, chemical analysis records, public notices, well meter calibration records, disinfectant residual monitoring records, customer complaint records and bacteriological sampling records for the previous twelve months

At this time, it was noted that ROCWS failed to perform tank inspection. This was noted as an alleged violation on the Exit Interview Form.

Operation and Maintenance

Based on the number of connections, the water system is required to employ one water works operator who hold a Class "D" or higher license. The public water system employs the following number and type of licensed water works operators:

Class B Ground Water -1

Class C Ground Water -1

The public water system, therefore, is compliant with the operator licensing requirements.

An evaluation of the water production and distribution facilities was conducted next. It was noted that the ROCWS failed to install the lower vent for the chlorine room. This item was noted as an alleged violation on the Exit Interview Form.

Capacity

During the investigation, the water system capacities were evaluated. It was noted that the water system was at 86% of its pressure storage capacity. This is based on the current water system connections, which requires 0.00216 million gallons of pressure tank capacity and the water system currently provides 0.0025 million gallons of pressure tank capacity. This was noted as an Additional Issue. See the investigation attachments for additional information on the water system capacities.

Field Monitoring Activities

During the investigation, the disinfectant residual and distribution pressure were monitored at the following location with the following results:

307 Baldwin Street – 0.0 milligram per liter (mg/L) free chlorine and a pressure of 65 pounds per square inch (psi).

It was noted that the ROCWS failed to maintain at least 0.2 mg/L free chlorine throughout the distribution system. This item was noted as an alleged violation on the Exit Interview Form. The water system officials were verbally advised that the disinfectant residual must be raised to acceptable levels, 0.2 mg/L, within 24 hours to avoid possible enforcement action.

On April 5, 2018, during the follow-up investigation, a 0.0 mg/L free chlorine residual was observed in the distribution system. Formal enforcement action is warranted due to the water system failing to correct a Category B violation within the established timeframe.

Attachments

- 1) Water System Diagram, Water System Summary Sheet, and PWS Database Printout
- 2) Exit Interview Form

NOE Date: 5/25/2018

4/4/2018 to 4/5/2018 Inv. # - 1480198

Page 4 of 6

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

Track Number: 673685 **Compliance Due Date: To Be Determined**
Violation Start Date: 4/4/2018

30 TAC Chapter 290.42(e)(4)(C)

Alleged Violation:

Investigation: 1480198

Comment Date: 05/08/2018

Failure to provide a floor level screened vent in the chlorine room.

During the investigation on April 4, 2018, it was noted there was no floor level screened vent in the chlorine room.

30 TAC 290.42(e)(4)(C) states adequate ventilation, which includes both high level and floor level screened vents, shall be provided for all enclosures in which gas chlorine is being stored or fed. Enclosures containing more than one operating 150-pound cylinder of chlorine shall also provide forced air ventilation which includes: screened and louvered floor level and high level vents; a fan which is located at and draws air in through the top vent and discharges to the outside atmosphere through the floor level vent; and a fan switch located outside the enclosure. Alternately, systems may install negative pressure ventilation as long as the facilities also have gas containment and treatment as prescribed by the current International Fire Code (IFC).

Recommended Corrective Action: Install a floor level vent. Submit a photograph to the TCEQ Region 4 Office to document that the alleged violation has been resolved.

Track Number: 673686 **Compliance Due Date: To Be Determined**
Violation Start Date: 4/4/2018

30 TAC Chapter 290.46(m)(1)

Alleged Violation:

Investigation: 1480198

Comment Date: 05/08/2018

Failure to inspect pressure and storage tanks annually.

During the investigation on April 4, 2018, it was noted that the system did not conduct annual storage and pressure tank inspections.

30 TAC 290.46(m)(1) states each of the system's ground, elevated, and pressure tanks shall be inspected annually by water system personnel or a contracted inspection service.

Recommended Corrective Action: Inspect the storage and pressure tanks annually. Submit documentation to the TCEQ Region 4 Office to document that the alleged violation has been resolved.

Track Number: 673687 **Compliance Due Date: To Be Determined**
Violation Start Date: 4/4/2018

30 TAC Chapter 290.46(d)(2)

4/4/2018 to 4/5/2018 Inv. # - 1480198

Page 5 of 6

Alleged Violation:

Investigation: 1480198

Comment Date: 05/14/2018

Failure to maintain a free chlorine residual of at least 0.2 mg/L throughout the distribution system.

During the investigation on April 4, 2018, free chlorine residual was measured and determined to be 0.0 mg/L at the location of 307 Baldwin Street.

During the follow-up investigation on April 5, 2018, Mr. Shi detected no chlorine residual at the location of 307 Baldwin Street. The public water system was told to issue and post a boil water notice.

30 TAC 290.110(b)(4) states that the residual disinfectant concentration in the water within the distribution system shall be at least 0.2 mg/L free chlorine or 0.5 mg/L chloramine (measured as total chlorine).

30 TAC 290.46(d)(2) states the disinfection equipment shall be operated to maintain the following minimum disinfectant residuals in each finished water storage tank and throughout the distribution system at all times:

30 TAC 290.46(d)(2)(A) states a free chlorine residual of 0.2 mg/L.

Recommended Corrective Action: Immediately increase the disinfectant residual within the distribution system to the minimum requirements. Submit documentation showing the disinfectant residual was increased to 0.2 mg/L free chlorine within 24 hours to the TCEQ Region 4 Office to document that the alleged violation has been resolved. .

Additional Issues

Description Item #4

Additional Comments

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 30 TAC Chapter 290 shall 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 certified area. During the investigation, it was noted that the system was at 86% of its pressure storage capacity. Please submit an adequate planning report to the TCEQ Plan and Technical Review Section within 90 days.

Description Item #5

Additional Comments

Pressure tank interior needs to be inspected every five years. Please conduct the inspection accordingly.

Signed

Date _____

Environmental Investigator

Signed

Date _____

Supervisor

4/4/2018 to 4/5/2018 Inv. # - 1480198

Page 6 of 6

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

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: Walter J. Carroll Water Company, Inc.
Customer Number: CN600666507

Regulated Entity Name: EMERALD FOREST

Regulated Entity Number: RN101193431

Investigation # 1365137	Incident Numbers
Investigator: DANIEL HERNANDEZ	Site Classification GW 51-250 CONNECTION
Conducted: 09/23/2016 -- 09/23/2016	SIC Code: 4941
Program(s): PUBLIC WATER SYSTEM/SUPPLY	
Investigation Type: Compliance Investigation	Location: 5 MI W OF I35 ON FM 1446
Additional ID(s): 0700058	

Address: , , ,	Local Unit: REGION 04 - DFW METROPLEX
	Activity Type(s): PWSCCIGWCM - CCI GW PURCHASE - COMMUNITY MANDATORY

Principal(s):

Role	Name
RESPONDENT	WALTER J CARROLL WATER COMPANY INC

Contact(s):

Role	Title	Name	Phone
NOTIFIED	OWNER/OPERATOR	MR WALTER J CARROLL	Work (972) 617-0817
REGULATED ENTITY CONTACT	OWNER/OPERATOR	MR WALTER J CARROLL	Work (972) 617-0817
REGULATED ENTITY MAIL CONTACT	OWNER/OPERATOR	MR WALTER J CARROLL	Work (972) 617-0817
PARTICIPATED IN	FACILITY OPERATOR	MR RICK REEDER	Cell (214) 808-0274 Work (972) 617-0817
PARTICIPATED IN	ADMIN	MS DEANNA CARROLL	Work (972) 617-0817

Other Staff Member(s):

Role	Name
QA Reviewer	CHARLES MARSHALL
Supervisor	CHARLES MARSHALL

Associated Check List

<u>Checklist Name</u>	<u>Unit Name</u>
PWS EMERGENCY POWER INITIATIVE	0700058
PWS INVESTIGATION - EQUIPMENT MONITORING AND SAMPLING revised 06/2013	0700058
PWS STANDARD FIELD	0700058

Investigation Comments:

INTRODUCTION

On September 23, 2016, Mr. Daniel Hernandez, Texas Commission on Environmental Quality (TCEQ) Environmental Investigator conducted a Comprehensive Compliance Investigation (CCI) at Emerald Forest. The purpose of the investigation was to determine compliance with applicable public water system (PWS) rules and regulations.

Mr. Hernandez contacted Mr. Walter Carroll, Owner of Carroll Water Company and Emerald Forest (PWS ID#0700058) on September 8, 2016, to schedule the investigation. In addition, a list of required records was emailed in advance which listed the documents to be reviewed during the investigation.

On September 23, 2016, Mr. Hernandez arrived at the water system office and met with Ms. Deanna Carroll, Admin for Emerald Forest, and Mr. Rick Reeder, Water System Operator, to begin the investigation. At the conclusion of the investigation, an exit interview was conducted and the TCEQ Exit Interview Form was emailed to Mr. Reeder, which documented the areas of alleged noncompliance. The water system was also provided the Texas Water Development Board Financial Assistance Programs Document regarding funding for drinking water and wastewater related projects.

Three alleged violations were noted and a Notice of Violation (NOV) letter was mailed to the water system as a result of the investigation.

GENERAL FACILITY AND PROCESS INFORMATION

Emerald Forest water system serves 60 connections with an approximate population of 180 people, based on three persons per connection, and secures water from one well (G0700058C) which is distributed through one pressure plane.

The water from Well #1 is injected with gaseous chlorine prior to entering a 20,000-gallon ground storage tank. The water is then delivered to the distribution system connections via 2 service pumps and pressure is maintained by a 2,000-gallon pressure tank. Emerald Forest also possesses an emergency interconnection with Buena Vista-Bethel SUD (PWS # 0700037) at a contracted rate of 80 GPM, however this connection is no longer used because of a disagreement between both owners a few years ago.

Specific facility information and capacity calculations such as tank volumes, pump capacities, etc. can be found in the water system diagram, water system summary sheet, and PWS database printout included in the investigation documents.

Exception/Alternative Capacity Requirement

An exception regarding the sanitary control easements for Well No.1 (G0700058C) was granted by TCEQ Public Drinking Water Section. In lieu of sanitary control easement, a raw water sample from Well No.1 should be submitted each month for bacteriological analyses.

BACKGROUND

The previous CCI, Investigation Number 1120476, was conducted at the public water system on September 19-25, 2013. Several violations were issued to the water system and compliance documentation was submitted March 30, 2015.

ADDITIONAL INFORMATION

Records Review

During the investigation, the following records were requested for review: well driller's logs , plant operations manual, monitoring plan, drought contingency plan, distribution map, customer service agreements, NSF certifications, equipment calibration records, public notices, monthly operating reports, disinfectant level quarterly operating reports, flushing records, disinfectant residual monitoring records, nitrification action plan, customer complaint records, and bacteriological sampling records for the previous twelve months.

All documents were organized and maintained in a central location.

Capacity

During the investigation, the water system capacities were evaluated. No areas of noncompliance were noted at this time. See the investigation attachments for a copy of the Water System Diagram, Water System Summary Sheet, and PWS Database printout for further information.

Operation and Maintenance

Based on the number of connections, the water system is required to employ at least one water works operator who holds a Class "D" or higher license. The public water system employs the following number and type of licensed water works operators:

Class C Water-1

The public water system appears to be compliant with the operator licensing requirements.

An evaluation of the water production and distribution facilities was conducted next and an alleged violation was noted for failure to provide an intruder proof fence at the well plant. In addition, a second violation is alleged for failing to provide maintenance or housekeeping at well plant. There was excessive vegetation and it was in need of housekeeping. A third and final violation was alleged for a failure to plug an abandoned well at the well plant.

Field Monitoring Activities

During the investigation, the disinfectant residual and distribution pressure were monitored at the following location with the following results:

427 Pioneer Court, Waxahachie, TX: 1.95 milligrams per liter free chlorine and 52 pounds per square inch (psi).

NOV Date 11/03/2016 **Method** WRITTEN

ALLEGED VIOLATION(S) NOTED AND RESOLVED

ASSOCIATED TO A NOTICE OF VIOLATION

Track Number: 621101

Resolution Status Date: 3/16/2017

Violation Start Date: Unknown

Violation End Date: 3/15/2017

30 TAC Chapter 290.43(e)

Alleged Violation:

Investigation: 1365137

Comment Date: 10/20/2016

Failure to provide an intruder proof fence at the well plant. During the routine CCI, it was noted that the fence around the water well was not intruder proof. The fence was very flimsy and could easily be manipulated to gain access to the well plant.

9/23/2016 Inv. # - 1365137

Page 4 of 6

290.43(e) Facility security. All potable water storage tanks and pressure maintenance facilities must be installed in a lockable building that is designed to prevent intruder access or enclosed by an intruder-resistant fence with lockable gates. Pedestal-type elevated storage tanks with lockable doors and without external ladders are exempt from this requirement. The gates and doors must be kept locked whenever the facility is unattended.

Investigation: 1401154

Comment Date: 03/16/2017

Failure to provide an intruder proof fence at the well plant #2.

During the file record review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: The water system should ensure that the well plant fence is capable of keeping intruders out and the fence should be lockable. Corrective documentation should be forwarded to the TCEQ Region 4 office for review.

Resolution: On March 15, 2017, compliance documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation was an invoice that shows repairs made to the fence at well plant #2. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Track Number: 621104**Resolution Status Date:** 3/16/2017**Violation Start Date:** Unknown**Violation End Date:** 3/14/2017**30 TAC Chapter 290.46(m)****Alleged Violation:****Investigation: 1365137**

Comment Date: 10/20/2016

Failure to provide maintenance and housekeeping at well plant. During the routine CCI at the well plant, it was noted there was excessive vegetation, debris, and the well plant was in need of housekeeping.

290.46(m) Maintenance and housekeeping. The maintenance and housekeeping practices used by a public water system shall ensure the good working condition and general appearance of the system's facilities and equipment. The grounds and facilities shall be maintained in a manner so as to minimize the possibility of the harboring of rodents, insects, and other disease vectors, and in such a way as to prevent other conditions that might cause the contamination of the water.

Investigation: 1401154

Comment Date: 03/16/2017

Failure to provide maintenance and housekeeping at Well Plant #2.

During the file record review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: The water system should ensure that the grounds and facilities are maintained in a manner so as to minimize the possibility of the harboring of rodents, insects, and other disease vectors, and in such a way as to prevent other conditions that might cause the contamination of the water. Corrective documentation should be forwarded to the TCEQ Region 4 office for review.

Resolution: On March 14, 2017, compliance documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation was a picture of the water plant cleaned up. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Track Number: 621108**Resolution Status Date:** 3/16/2017**Violation Start Date:** Unknown**Violation End Date:** 3/14/2017**30 TAC Chapter 290.46(u)**

Alleged Violation:

Investigation: 1365137

Comment Date: 10/20/2016

Failure to plug abandoned public water supply wells owned by the system. During the routine CCI at the well plant, the investigator noted a water well that had not be used or tested in the last 5 years and the water system failed to have the well plugged.

290.46(u) Abandoned wells. Abandoned public water supply wells owned by the system must be plugged with cement according to 16 TAC Chapter 76 (relating to Water Well Drillers and Water Well Pump Installers). Wells that are not in use and are non-deteriorated as defined in those rules must be tested every five years or as required by the executive director to prove that they are in a non-deteriorated condition. The test results shall be sent to the executive director for review and approval. Deteriorated wells must be either plugged with cement or repaired to a non-deteriorated condition.

Investigation: 1401154

Comment Date: 03/16/2017

Failure to plug abandoned public water supply wells owned by the system.

During the file record review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: The water system should ensure that the water well is plugged according to 16 TAC Chapter 76 (relating to Water Well Drillers and Water Well Pump Installers). Corrective documentation should be forwarded to the TCEQ Region 4 office for review.

Resolution: On March 14, 2017, compliance documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation was a picture of the well plugged up and a State of Texas Plugging Report for the well. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

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

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: Walter J. Carroll Water Company, Inc.
Customer Number: CN600666507

Regulated Entity Name: GRANDE CASA

Regulated Entity Number: RN102688041

Investigation # 1375997	Incident Numbers
Investigator: DANIEL HERNANDEZ	Site Classification GW 51-250 CONNECTION
Conducted: 09/23/2016 -- 09/23/2016	SIC Code: 4941
Program(s): PUBLIC WATER SYSTEM/SUPPLY	
Investigation Type: Compliance Investigation	Location: INTERSECTION OF OLD MAYPEARL AND GRANDE CASA
Additional ID(s): 0700063	
Address: 531 GRANDE CASA RD, WAXAHACHIE, TX , 75167	Local Unit: REGION 04 - DFW METROPLEX
	Activity Type(s): PWSCCIGWCM - CCI GW PURCHASE - COMMUNITY MANDATORY

Principal(s):

Role	Name
RESPONDENT	WALTER J CARROLL WATER COMPANY INC

Contact(s):

Role	Title	Name	Phone
PARTICIPATED IN	ADMINISTRATOR	MS DEANNA CARROLL	Work (972) 617-0817
REGULATED ENTITY CONTACT	FACILITY OPERATOR	MR RICK REEDER	Fax (972) 617-0817 Cell (214) 808-0274
PARTICIPATED IN	FACILITY OPERATOR	MR RICK REEDER	
REGULATED ENTITY MAIL CONTACT	OWNER	MR WALTER J CARROLL	Work (972) 617-0817
NOTIFIED	OWNER	MR WALTER J CARROLL	

Other Staff Member(s):

Role	Name
Supervisor	CHARLES MARSHALL
QA Reviewer	CHARLES MARSHALL

9/23/2016 Inv. # - 1375997

Page 2 of 6

Associated Check List

<u>Checklist Name</u>	<u>Unit Name</u>
PWS EMERGENCY POWER INITIATIVE	0700063
PWS INVESTIGATION - EQUIPMENT MONITORING AND SAMPLING revised 06/2013	0700063
PWS STANDARD FIELD	0700063

Investigation Comments:**INTRODUCTION**

On September 23, 2016, Mr. Daniel Hernandez, Texas Commission on Environmental Quality (TCEQ) Environmental Investigator conducted a Comprehensive Compliance Investigation (CCI) at Grande Casa. The purpose of the investigation was to determine compliance with applicable public water system (PWS) rules and regulations.

Mr. Hernandez contacted Mr. Walter Carroll, Owner of Carroll Water Company and Grande Casa (PWS ID#0700063) on September 8, 2016, to schedule the investigation. In addition, a list of required records was emailed in advance which listed the documents to be reviewed during the investigation.

On September 23, 2016, Mr. Hernandez arrived at the water system office and met with Ms. Deanna Carroll, Administrator for Grande Casa, and Mr. Rick Reeder, Water System Operator, to begin the investigation. At the conclusion of the investigation, an exit interview was conducted and the TCEQ Exit Interview Form was emailed to Mr. Reeder, which documented the areas of alleged noncompliance. The water system was also provided the Texas Water Development Board Financial Assistance Programs Document regarding funding for drinking water and wastewater related projects.

Three alleged violations were noted and a Notice of Violation (NOV) letter was mailed to the water system as a result of the investigation.

GENERAL FACILITY AND PROCESS INFORMATION

Grande Casa water system serves 167 connections with an approximate population of 501 people, based on three persons per connection, and secures water from one well which is distributed through one pressure plane.

The water from Well #1 is injected with gaseous chlorine prior to entering a ground storage tank. The water is then delivered to the distribution system connections via two service pumps and pressure is maintained by two pressure tanks.

Specific facility information and capacity calculations such as tank volumes, pump capacities, etc. can be found in the water system diagram, water system summary sheet, and PWS database printout included in the investigation documents.

Exception/Alternative Capacity Requirement

There were no letters of Exception or Alternative Capacity Requirement on file at the time of inspection.

BACKGROUND

The previous CCI, Investigation Number 1120484, was conducted at the public water system on September 19, 2013. A couple of violations were issued to the water system and compliance documentation was submitted March 30, 2015.

ADDITIONAL INFORMATION**Records Review**

During the investigation, the following records were requested for review: well driller's logs , annual tank inspection forms, plant operations manual, monitoring plan, drought contingency plan, distribution map,

9/23/2016 Inv. # - 1375997

Page 3 of 6

customer service agreements, NSF certifications, equipment calibration records, public notices, monthly operating reports, disinfectant level quarterly operating reports, flushing records, disinfectant residual monitoring records, nitrification action plan, customer complaint records, and bacteriological sampling records for the previous twelve months.

All documents were organized and maintained in a central location. An alleged violation was noted for a failure to collect routine distribution coliform samples at an active service connection, which should be representative of water quality throughout the distribution system. The records show that the operator was not alternating samples sites as required. The operator went back to the same site each week to take samples.

Capacity

During the investigation, the water system capacities were evaluated. No areas of noncompliance were noted at this time. See the investigation attachments for a copy of the Water System Diagram, Water System Summary Sheet, and PWS Database printout for further information.

Operation and Maintenance

Based on the number of connections, the water system is required to employ at least one water works operator who holds a Class "D" or higher license. The public water system employs the following number and type of licensed water works operators:

Class C Water-1

The public water system appears to be compliant with the operator licensing requirements.

An evaluation of the water production and distribution facilities was conducted next. An alleged violation was noted for failure to provide maintenance or housekeeping at Well Plant #1. There was excessive vegetation and the grounds were in need of housekeeping. A third and final alleged violation was noted for failure to calibrate the accuracy of manual disinfectant residual analyzer within the last 90 days. According to the operator, he had not calibrated the manual disinfectant residual analyzer within the last 90 days and they could not produce documentation that it had been completed.

Field Monitoring Activities

During the investigation, the disinfectant residual and distribution pressure were monitored at the following location with the following results:

314 Vinyard Drive, Waxahachie, TX: 1.77 milligrams per liter free chlorine and 65 pounds per square inch (psi).

NOV Date 11/30/2016 **Method** WRITTEN

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

Track Number: 624588

Resolution Status Date: 4/7/2017

Violation Start Date: Unknown

Violation End Date: 3/15/2017

30 TAC Chapter 290.109(c)(1)(A)

Alleged Violation:

Investigation: 1375997

Comment Date: 11/21/2016

Failure to collect routine distribution coliform samples at active service connections which are representative of water quality throughout the distribution system.

9/23/2016 Inv. # - 1375997

Page 4 of 6

The records show that the operator was not alternating samples sites each week. The operator should ensure that he is alternating samples sites throughout the distribution system as required. The operator went back to the same sample site each week, instead of rotating sites as required.

290.109(c)(1)(A) Public water systems must collect routine distribution coliform samples at active service connections which are representative of water quality throughout the distribution system. Other sampling sites may be used if located adjacent to active service connections.

Investigation: 1403577

Comment Date: 04/05/2017

Failure to provide collect routine distribution coliform samples at active service connections which are representative of water quality throughout the distribution system.

During the file record review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: The water system should ensure that the operator is collecting coliform samples at active service connections which are representative of water quality throughout the distribution system. The operator should review the sample sites noted on the monitoring plan to make sure they are still representative of the distribution system.

Resolution: On March 15, 2017, documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation was a copy of the water system's bacteriological sample sites which appear to be representative of the distribution system. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Track Number: 624589**Resolution Status Date:** 4/7/2017**Violation Start Date:** Unknown**Violation End Date:** 3/14/2017**30 TAC Chapter 290.46(m)****Alleged Violation:****Investigation: 1375997**

Comment Date: 11/21/2016

Failure to provide maintenance and housekeeping at Well Plant #1.

During the routine inspection at Well Plant #1, it was noted there was excessive vegetation, debris, and the grounds were in need of housekeeping.

290.46(m) Maintenance and housekeeping. The maintenance and housekeeping practices used by a public water system shall ensure the good working condition and general appearance of the system's facilities and equipment. The grounds and facilities shall be maintained in a manner so as to minimize the possibility of the harboring of rodents, insects, and other disease vectors, and in such a way as to prevent other conditions that might cause the contamination of the water.

Investigation: 1403577

Comment Date: 04/05/2017

Failure to provide maintenance and housekeeping at Well Plant #1.

During the file record review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: The water system should ensure that the grounds and facilities are maintained in a manner so as to minimize the possibility of the harboring of rodents, insects, and other disease vectors, and in such a way as to prevent other conditions that might cause the contamination of the water.

Resolution: On March 14, 2017, documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation was a photograph of the water system facility which was maintained and free from debris and excess vegetation. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Track Number: 624593

Resolution Status Date: 4/5/2017

Violation Start Date: Unknown

Violation End Date: 3/15/2017

30 TAC Chapter 290.46(s)(2)(C)(i)

Alleged Violation:

Investigation: 1375997

Comment Date: 11/21/2016

Failure to calibrate the accuracy of manual disinfectant residual analyzers, shall be verified at least once every 90 days using chlorine solutions of known concentrations.

During the routine inspection, the operator confirmed that he failed to calibrate the accuracy of manual disinfectant residual analyzer within the last 90 days.

290.46(s)(2)(C)(i) The accuracy of manual disinfectant residual analyzers shall be verified at least once every 90 days using chlorine solutions of known concentrations.

Investigation: 1403577

Comment Date: 04/05/2017

Failure to verify the accuracy of the manual disinfectant residual analyzers once every ninety days.

During the file record review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: The water system should ensure that they calibrate the manual disinfectant residual analyzer and shall be verified at least once every 90 days using chlorine solutions of known concentrations. Corrective documentation should be forwarded to the TCEQ Region 4 office for review.

Resolution: On March 15, 2017, documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation was a copy of a calibration sheet for the manual disinfectant residual analyzer with accuracy checks during November 2016 and March 2017. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

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) :

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: Walter J. Carroll Water Company, Inc.
Customer Number: CN600666507

Regulated Entity Name: LAKEVIEW RANCHETTES

Regulated Entity Number: RN101266682

Investigation # 1365117	Incident Numbers
Investigator: DANIEL HERNANDEZ	Site Classification GW 51-250 CONNECTION
Conducted: 09/22/2016 -- 09/23/2016	SIC Code: 4941
Program(s): PUBLIC WATER SYSTEM/SUPPLY	
Investigation Type: Compliance Investigation	Location: W EDGE OF MIDLOTHIAN 1/4 MI W OF HWY 67 ON OLD FT WORTH RD
Additional ID(s): 0700057	
Address: 4111 MILLER RD, MIDLOTHIAN, TX , 76065	Local Unit: REGION 04 - DFW METROPLEX Activity Type(s): PWSCCIGWCM - CCI GW PURCHASE - COMMUNITY MANDATORY

Principal(s):

Role	Name
RESPONDENT	WALTER J CARROLL WATER COMPANY INC

Contact(s):

Role	Title	Name	Phone
NOTIFIED	FACILITY OPERATOR	MR RICK REEDER	Fax (972) 617-0817 Cell (214) 808-0274 Work (972) 617-0817
REGULATED ENTITY MAIL CONTACT	OWNER/OPERATOR	MR WALTER J CARROLL	Work (972) 617-0817
REGULATED ENTITY CONTACT	FACILITY OPERATOR	MR RICK REEDER	
PARTICIPATED IN	FACILITY OPERATOR	MR RICK REEDER	
PARTICIPATED IN	ADMIN	MS DEANNA CARRROLL	Work (214) 808-0274

Other Staff Member(s):

Role	Name
QA Reviewer	CHARLES MARSHALL
Supervisor	CHARLES MARSHALL

9/22/2016 to 9/23/2016 Inv. # - 1365117

Page 2 of 6

Associated Check List

<u>Checklist Name</u>	<u>Unit Name</u>
PWS EMERGENCY POWER INITIATIVE	0700057
PWS INVESTIGATION - EQUIPMENT MONITORING AND SAMPLING revised 06/2013	0700057
PWS STANDARD FIELD	0700057

Investigation Comments:**INTRODUCTION**

On September 22, 2016, Mr. Daniel Hernandez, Texas Commission on Environmental Quality (TCEQ) Environmental Investigator conducted a Comprehensive Compliance Investigation (CCI) at Lakeview Ranchettes ("Lakeview"). The purpose of the investigation was to determine compliance with applicable public water system (PWS) rules and regulations.

Mr. Hernandez contacted Mr. Walter Carroll, Owner of Carroll Water Company and Lakeview on September 8, 2016, to schedule the investigation. In addition, a list of required records was emailed in advance which listed the documents to be reviewed during the investigation.

On September 22, 2016, Mr. Hernandez arrived at the water system office and met with Ms. Deanna Carroll, Administrator for Lakeview, and Mr. Rick Reeder, Water System Operator, to begin the investigation. At the conclusion of the investigation, an exit interview was conducted and the TCEQ Exit Interview Form was emailed to Mr. Reeder on September 28, 2016, which documented the areas of alleged noncompliance. The water system was also provided a Customer Satisfaction Survey and the Texas Water Development Board Financial Assistance Programs Document regarding funding for drinking water and wastewater related projects.

Three alleged violations were noted and a Notice of Violation (NOV) letter was mailed to the water system as a result of the investigation.

GENERAL FACILITY AND PROCESS INFORMATION

Lakeview water system serves 104 connections with an approximate population of 312 people, based on three persons per connection, and secures water from two wells. Well #1 (G0700057A) and Well #2 (G0700057B) provide the water, which is distributed through two pressure planes.

Pressure Plane 1 (Water Plant #1)

The water from Well #1 is injected with gaseous chlorine prior to entering a standpipe tank. The water is then delivered to 56 of the distribution system connections via 2 service pumps and pressure is maintained by a hydro-pneumatic tank.

Pressure Plane 2 (Water Plant #2)

The water from Well #2 is injected with gaseous chlorine prior to entering a standpipe tank. The water is then delivered to the remaining 48 distribution system connections via 2 service pumps and pressure is maintained by a hydro-pneumatic tank.

Specific facility information and capacity calculations such as tank volumes, pump capacities, etc. can be found in the water system diagram, water system summary sheet, and PWS database printout included in the investigation documents.

Exception/Alternative Capacity Requirement

In a letter dated May 8, 2000, an exception regarding the sanitary control easements for Well No.1 (G0700057A) was granted by TCEQ Public Drinking Water Section. The exception approval is contingent upon a raw water sample from Well No.1 submitted each month for bacteriological analyses.

BACKGROUND

9/22/2016 to 9/23/2016 Inv. # - 1365117

Page 3 of 6

The previous CCI, Investigation Number 1120642, was conducted at the public water system on September 19 and 25, 2013. Several violations were issued to the water system and subsequently resolved in a letter dated May 11, 2015. There have been no complaints filed against the water system within the last five years.

ADDITIONAL INFORMATION

Records Review

During the investigation, the following records were requested for review: well driller's logs, plant operations manual, monitoring plan, drought contingency plan, distribution map, customer service agreements, NSF certifications, equipment calibration records, public notices, monthly operating reports, disinfectant level quarterly operating reports, flushing records, disinfectant residual monitoring records, customer complaint records, and bacteriological sampling records for the previous twelve months.

All documents were organized and maintained in a central location. An alleged violation was noted for a failure to collect routine distribution coliform samples at active service connections which are representative of water quality throughout the distribution system. The records show that the operator was not alternating samples sites as required. The operator went back to the same site each week to take samples.

Capacity

During the investigation, the water system capacities were evaluated. No areas of noncompliance were noted at this time. See the investigation attachments for a copy of the Water System Diagram, Water System Summary Sheet, and PWS Database printout for further information.

Operation and Maintenance

Based on the number of connections, the water system is required to employ at least one water works operator who holds a Class "D" or higher license. The public water system employs the following number and type of licensed water works operators:

Class C Water-1

The public water system appears to be compliant with the operator licensing requirements.

An evaluation of the water production and distribution facilities was conducted next. An alleged violation was noted for failure to properly maintain the concrete around the well sealing block at Well #1. The concrete sealing block was in deteriorating shape and it was flaking off. In addition, a second violation is alleged for failure to provide maintenance and housekeeping at Water Plant #1. There was excessive vegetation and it was in need of housekeeping.

Field Monitoring Activities

During the investigation, the disinfectant residual and distribution pressure were monitored at the following location with the following results:

Pressure Plane 1: 4386 Old Fort Worth Road, Midlothian, TX: 1.04 milligrams per liter free chlorine and 64 pounds per square inch (psi).

Pressure Plane 2: 4521 Miller Road, Midlothian, TX: 0.36 milligrams per liter free chlorine and 50 pounds per square inch (psi).

NOV Date 11/02/2016 **Method** WRITTEN

ALLEGED VIOLATION(S) NOTED AND RESOLVED

ASSOCIATED TO A NOTICE OF VIOLATION

9/22/2016 to 9/23/2016 Inv. # - 1365117

Page 4 of 6

Track Number: 620818**Resolution Status Date:** 3/15/2017**Violation Start Date:** Unknown**Violation End Date:** 3/14/2017**30 TAC Chapter 290.46(m)****Alleged Violation:****Investigation: 1365117**

Comment Date: 10/24/2016

Failure to provide maintenance and housekeeping at well plant. During the routine inspection at Well Plant #1, it was noted there was excessive vegetation, debris, and it was in need of housekeeping.

290.46(m) Maintenance and housekeeping. The maintenance and housekeeping practices used by a public water system shall ensure the good working condition and general appearance of the system's facilities and equipment. The grounds and facilities shall be maintained in a manner so as to minimize the possibility of the harboring of rodents, insects, and other disease vectors, and in such a way as to prevent other conditions that might cause the contamination of the water.

Investigation: 1401136

Comment Date: 03/15/2017

Failure to provide maintenance and housekeeping at Well Plant #1.

During the file record review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: The water system should ensure that the grounds and facilities are maintained in a manner so as to minimize the possibility of the harboring of rodents, insects, and other disease vectors, and in such a way as to prevent other conditions that might cause the contamination of the water.

Resolution: On March 14, 2017, documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation was a picture of the water system cleaned up. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Track Number: 620822**Resolution Status Date:** 3/15/2017**Violation Start Date:** Unknown**Violation End Date:** 3/15/2017**30 TAC Chapter 290.109(c)(1)(A)****Alleged Violation:****Investigation: 1365117**

Comment Date: 10/24/2016

Failure to collect routine distribution coliform samples at active service connections which are representative of water quality throughout the distribution system. The records show that the operator was not alternating samples sites each week. The operator should ensure that he is alternating samples sites throughout the distribution system as required. The operator went back to the same sample site each week, instead of rotating sites.

290.109(c)(1)(A) Public water systems must collect routine distribution coliform samples at active service connections which are representative of water quality throughout the distribution system. Other sampling sites may be used if located adjacent to active service connections.

Investigation: 1401136

Comment Date: 03/15/2017

Failure to collect routine distribution coliform samples at active service connections, which are representative of water quality throughout the distribution system.

9/22/2016 to 9/23/2016 Inv. # - 1365117

Page 5 of 6

During the file record review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: The water system should ensure that the operator is collecting coliform samples at active service connections which are representative of water quality throughout the distribution system. The operator should review the sample sites noted on the monitoring plan to make sure they are still representative of the distribution system.

Resolution: On March 15, 2017, documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation was the new address where the water system was rotating and taking samples. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Track Number: 620823

Resolution Status Date: 3/15/2017

Violation Start Date: Unknown

Violation End Date: 3/14/2017

30 TAC Chapter 290.41(c)(3)(J)

Alleged Violation:

Investigation: 1365117

Comment Date: 10/24/2016

Failure to properly maintain the concrete around the well sealing block. At the time of inspection, the concrete sealing block was flaking off and needed repair.

290.41(c)(3)(J) In all cases, a concrete sealing block extending at least three feet from the well casing in all directions, with a minimum thickness of six inches and sloped to drain away at not less than 0.25 inches per foot shall be provided around the well head.

Investigation: 1401136

Comment Date: 03/15/2017

Failure to properly maintain the concrete around the well sealing block.

During the file record review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: The water system should ensure that the concrete sealing block is properly maintained and sealed. In addition, corrective documentation should be forwarded to the TCEQ Region 4 office for review once the repairs are made.

Resolution: On March 14, 2017, documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation was a picture of the well sealing block cleaned up. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Signed

Date _____

Environmental Investigator

Signed

Date _____

Supervisor

9/22/2016 to 9/23/2016 Inv. # - 1365117

Page 6 of 6

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

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: Walter J. Carroll Water Company, Inc.
Customer Number: CN600666507

Regulated Entity Name: SPANISH GRANT SUBDIVISION

Regulated Entity Number: RN102681970

Investigation # 1365121	Incident Numbers
Investigator: DANIEL HERNANDEZ	Site Classification GW 51-250 CONNECTION
Conducted: 09/23/2016 -- 09/23/2016	SIC Code: 4941
Program(s): PUBLIC WATER SYSTEM/SUPPLY	
Investigation Type: Compliance Investigation	Location: 11.4 MI W OF I35 ON FM 1446
Additional ID(s): 0700064	

Address: , , ,	Local Unit: REGION 04 - DFW METROPLEX
	Activity Type(s): PWSCCIGWCM - CCI GW PURCHASE - COMMUNITY MANDATORY

Principal(s):

Role	Name
RESPONDENT	WALTER J CARROLL WATER COMPANY INC

Contact(s):

Role	Title	Name	Phone
PARTICIPATED IN	ADMINISTRATOR	MS DEANNA CARROLL	Work (972) 617-0817
PARTICIPATED IN	FACILITY OPERATOR	MR RICK REEDER	Work (972) 617-0817 Cell (214) 808-0274
REGULATED ENTITY CONTACT	OWNER/OPERATOR	MR WALTER J CARROLL	Work (972) 617-0817
REGULATED ENTITY MAIL CONTACT	OWNER/OPERATOR	MR WALTER J CARROLL	
NOTIFIED	OWNER/OPERATOR	MR WALTER J CARROLL	

Other Staff Member(s):

Role	Name
QA Reviewer	CHARLES MARSHALL
Supervisor	CHARLES MARSHALL

9/23/2016 Inv. # - 1365121

Page 2 of 6

Associated Check List

<u>Checklist Name</u>	<u>Unit Name</u>
PWS EMERGENCY POWER INITIATIVE	0700064
PWS INVESTIGATION - EQUIPMENT MONITORING AND SAMPLING revised 06/2013	0700064
PWS STANDARD FIELD	0700064

Investigation Comments:**INTRODUCTION**

On September 23, 2016, Mr. Daniel Hernandez, Texas Commission on Environmental Quality (TCEQ) Environmental Investigator conducted a Comprehensive Compliance Investigation (CCI) at Spanish Grant Subdivision ("Spanish Grant"). The purpose of the investigation was to determine compliance with applicable public water system (PWS) rules and regulations.

Mr. Hernandez contacted Mr. Walter Carroll, Owner of Carroll Water Company and Spanish Grant (PWS ID#0700064) on September 8, 2016, to schedule the investigation. In addition, a list of required records was emailed in advance which listed the documents to be reviewed during the investigation.

On September 23, 2016, Mr. Hernandez arrived at the water system office and met with Ms. Deanna Carroll, Administrator for Spanish Grant, and Mr. Rick Reeder, Water System Operator, to begin the investigation. At the conclusion of the investigation, an exit interview was conducted and the TCEQ Exit Interview Form was emailed to Mr. Reeder, which documented the areas of alleged noncompliance. The water system was also provided the Texas Water Development Board Financial Assistance Programs Document regarding funding for drinking water and wastewater related projects.

Four alleged violations were noted and a Notice of Violation (NOV) letter was mailed to the water system as a result of the investigation.

GENERAL FACILITY AND PROCESS INFORMATION

Spanish Grant water system serves 140 connections with an approximate population of 420 people, based on three persons per connection, and secures water from two wells which is distributed through one pressure plane.

The water from Well #1 is injected with gaseous chlorine prior to entering a ground storage tank. The water is then delivered to the distribution system connections via two service pumps and pressure is maintained by a pressure tank.

The water from Well #2 is injected with gaseous chlorine prior to entering a ground storage tank. The water is then delivered to the distribution system connections via two service pumps and pressure is maintained by a pressure tank.

Specific facility information and capacity calculations such as tank volumes, pump capacities, etc. can be found in the water system diagram, water system summary sheet, and PWS database printout included in the investigation documents.

Exception/Alternative Capacity Requirement

An exception regarding the sanitary control easements for Well No.1 (G0700064B) was granted by TCEQ Public Drinking Water Section. In lieu of sanitary control easement, a raw water sample from Well Number 1 should be submitted each month for bacteriological analyses.

BACKGROUND

The previous CCI, Investigation Number 1120484, was conducted at the public water system on September 5, 2013. A couple of violations were issued to the water system and compliance documentation was submitted March 30, 2015.

9/23/2016 Inv. # - 1365121

Page 3 of 6

ADDITIONAL INFORMATION

Records Review

During the investigation, the following records were requested for review: well driller's logs , annual tank inspection forms, plant operations manual, monitoring plan, drought contingency plan, distribution map, customer service agreements, NSF certifications, equipment calibration records, public notices, monthly operating reports, disinfectant level quarterly operating reports, flushing records, disinfectant residual monitoring records, nitrification action plan, customer complaint records, and bacteriological sampling records for the previous twelve months.

All documents were organized and maintained in a central location. An alleged violation was noted for a failure to collect routine distribution coliform samples at an active service connection, which should be representative of water quality throughout the distribution system. The records show that the operator was not alternating samples sites as required. The operator went back to the same site each week to take samples.

Capacity

During the investigation, the water system capacities were evaluated. No areas of noncompliance were noted at this time. See the investigation attachments for a copy of the Water System Diagram, Water System Summary Sheet, and PWS Database printout for further information.

Operation and Maintenance

Based on the number of connections, the water system is required to employ at least one water works operator who holds a Class "D" or higher license. The public water system employs the following number and type of licensed water works operators:

Class C Water-1

The public water system appears to be compliant with the operator licensing requirements.

An evaluation of the water production and distribution facilities was conducted next. An alleged violation was noted; for failure to provide maintenance or housekeeping at Well Plant #1. There was excessive vegetation and the grounds were in need of housekeeping. In addition, another violation was noted for failure to provide an intruder proof fence around Well Plant # 2. Lastly, a final violation was noted at Well Plant #2 for failure to provide an ownership sign, which should include the water system's name and an emergency phone number.

Field Monitoring Activities

During the investigation, the disinfectant residual and distribution pressure were monitored at the following location with the following results:

2408 Alto Road, Waxahachie, TX: 1.22 milligrams per liter free chlorine and 52 pounds per square inch (psi).

NOV Date 11/23/2016 **Method** WRITTEN

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

Track Number: 624112

Resolution Status Date: 5/12/2017

Violation Start Date: Unknown

Violation End Date: 3/15/2017

30 TAC Chapter 290.109(c)(1)(A)

Alleged Violation:

9/23/2016 Inv. # - 1365121

Page 4 of 6

Investigation: 1365121

Comment Date: 11/16/2016

Failure to collect routine distribution coliform samples at active service connections which are representative of water quality throughout the distribution system. The records show that the operator was not alternating samples sites each week. The operator should ensure that he is alternating samples sites throughout the distribution system as required. The operator went back to the same sample site each week, instead of rotating sites as required.

290.109(c)(1)(A) Public water systems must collect routine distribution coliform samples at active service connections which are representative of water quality throughout the distribution system. Other sampling sites may be used if located adjacent to active service connections.

Investigation: 1410965

Comment Date: 05/12/2017

Failure to collect routine distribution coliform samples at active service connections, which are representative of water quality throughout the distribution system.

During the file record review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: The water system should ensure that the operator is collecting coliform samples at active service connections which are representative of water quality throughout the distribution system. The operator should review the sample sites noted on the monitoring plan to make sure they are still representative of the distribution system.

Resolution: On March 15, 2017, documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation was the new addresses where the water system was rotating and taking samples. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Track Number: 624118**Resolution Status Date:** 5/12/2017**Violation Start Date:** Unknown**Violation End Date:** 4/27/2017**30 TAC Chapter 290.46(m)****Alleged Violation:****Investigation: 1365121**

Comment Date: 11/16/2016

Failure to provide maintenance and housekeeping at Well Plant #1. During the routine inspection at the well plant, it was noted there was excessive vegetation, debris, and the well plant was in need of housekeeping.

290.46(m) Maintenance and housekeeping. The maintenance and housekeeping practices used by a public water system shall ensure the good working condition and general appearance of the system's facilities and equipment. The grounds and facilities shall be maintained in a manner so as to minimize the possibility of the harboring of rodents, insects, and other disease vectors, and in such a way as to prevent other conditions that might cause the contamination of the water.

Investigation: 1410965

Comment Date: 05/12/2017

Failure to provide maintenance and housekeeping at Well Plant #1.

During the file record review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: The water system should ensure that the grounds and facilities are maintained in a manner so as to minimize the possibility of the harboring of rodents, insects, and other disease vectors, and in such a way as to prevent other conditions that might cause the contamination of the water. Corrective documentation should be forwarded to the TCEQ Region 4 office for review.

9/23/2016 Inv. # - 1365121

Page 5 of 6

Resolution: On April 27, 2017, documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation was a picture of the water system grounds cleaned up. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Track Number: 624122**Resolution Status Date:** 5/12/2017**Violation Start Date:** Unknown**Violation End Date:** 5/11/2017**30 TAC Chapter 290.43(e)****Alleged Violation:****Investigation: 1365121**

Comment Date: 11/16/2016

Failure to provide an intruder proof fence at the well plant. During the CCI inspection, it was noted that the fence around the Water Well #2 was not intruder proof. The fence was very flimsy and could easily be manipulated to gain access to the well plant.

290.43(e) Facility security. All potable water storage tanks and pressure maintenance facilities must be installed in a lockable building that is designed to prevent intruder access or enclosed by an intruder-resistant fence with lockable gates. Pedestal-type elevated storage tanks with lockable doors and without external ladders are exempt from this requirement. The gates and doors must be kept locked whenever the facility is unattended.

Investigation: 1410965

Comment Date: 05/12/2017

Failure to provide an intruder proof fence at well plant #2.

During the file record review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: The water system should ensure that the well plant fence is capable of keeping intruders out and the fence should be lockable. Corrective documentation should be forwarded to the TCEQ Region 4 office for review.

Resolution: On May 11, 2017, documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation was the invoice for the new fence around the water plant. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Track Number: 624138**Resolution Status Date:** 5/12/2017**Violation Start Date:** Unknown**Violation End Date:** 4/27/2017**30 TAC Chapter 290.46(t)****Alleged Violation:****Investigation: 1365121**

Comment Date: 11/16/2016

Failure to maintain an ownership sign along with the water supply name and emergency phone. During the CCI inspection, it was noted that there was no ownership sign and it was missing the water supply name and emergency phone number at Well Plant #2.

290.46(t) System ownership. All community water systems shall post a legible sign at each of its production, treatment, and storage facilities. The sign shall be located in plain view of the public and shall provide the name of the water supply and an emergency telephone number where a responsible official can be contacted.

Investigation: 1410965

Comment Date: 05/12/2017

Failure to provide ownership sign at well 2 in plain view of the public and shall provide the name of the water supply and an emergency telephone number where a responsible official can be contacted.

During the file record review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: The water system should ensure that an ownership sign is installed at Well Plant #2. The ownership sign should include the water supply name and emergency contact phone number. Corrective documentation should be forwarded to the TCEQ Region 4 office for review.

Resolution: On April 27, 2017, documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation was a photo of the owner's sign on the fence at the water plant. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

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) :
- _____
- _____

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

Attachment K

6.D. Regulatory Assessment Fees with TCEQ

CSWR Texas is committed to ensuring that the amount of any outstanding Regulatory Assessment Fees owed by the seller, if any, will be paid upon completion of the proposed acquisition.

6.E. Annual Report filings with Commission

CSWR Texas is committed to ensuring that the most recent available Annual Report for the seller will be filed with the Commission, to the extent it has not already been filed, upon completion of the proposed acquisition.

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 past alleged violations and additional issues that needs to be addressed. See Attachment I to this Application.

A preliminary engineering report was commissioned by CSWR Texas to assess the current state of the system and determine whether any immediate improvements are necessary and the cost of those improvements. If it is authorized to acquire the system, CSWR Texas intends to invest the capital required to make any upgrades, renovations, and repairs necessary to comply with TCEQ regulations and 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 address customer service issues quickly and efficiently. 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 may 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 currently owns and operates numerous systems in Texas and in each of the dockets in which the Company was granted the authority to operate these systems, the Commission has determined the Company has adequate experience and qualifications in order to provide continuous and adequate service.

In addition, 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 Texas' affiliates have purchased and currently are operating 292 public drinking water and wastewater systems in Missouri, Arkansas, Kentucky, and Louisiana through which they provide safe and reliable utility service to approximately 131,000 customers.

Since March 2015, affiliates in Missouri, Arkansas, and Kentucky have designed, permitted and completed construction—with the approval of state drinking water and wastewater regulatory authorities—of approximately \$20.5 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 \$68.8 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 has 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 has also committed to make debt capital available at reasonable rates if CSWR Texas is unable to obtain debt financing from non-affiliated commercial sources.

Again, the Public Utility Commission of Texas has already determined that the affiliated group has financial, technical, and managerial ability necessary to provide service to the public. In addition, the Missouri Public Service Commission and the Missouri Department of Natural Resources have recognized the solid track record CSWR, LLC and its affiliates have established for acquiring, rehabilitating, maintaining, and operating troubled water and wastewater systems in that state. Also, in a recent order authorizing the group's Kentucky affiliate to acquire several troubled wastewater systems, the Kentucky Public Service Commission 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.

30. The closest city or town:

Emerald Forest:

The requested area is located approximately 0 miles south of Waxahachie, TX and is generally bordered north by Pioneer Ct; on the east by Pioneer Ct; on the south by Old Buena Vista Rd; and on the west by Greenbark Ct. The total requested area includes approximately 227 acres.

Grande Casa Ranchitos:

The requested area is located approximately 4 miles south of Waxahachie, TX and is generally bordered north by FM 66; on the east by Grande Casa Rd; on the south by Rolling Hills Rd; and on the west by Vinyard Dr. The total requested area includes approximately (Area 1: 195 and Area 2: 615) 810 acres.

Lakeview Ranchettes Estates:

The requested area is located approximately 0 miles west of Midlothian, TX and is generally bordered north by Old Fort Worth Rd; on the east by N Ward Rd; on the south by Cement Valley Rd; and on the west by Soil Conservation Service Site 9 Reservoir. The total requested area includes approximately 530 acres.

Read Oak:

The requested area is located approximately 0 miles from, and surrounded by Red Oak, TX and is generally bordered north by Ovilla Rd; on the east by Purple Heart Trl; on the south by Baldwin St.; and on the west by Overlook Dr. The total requested area includes approximately 62 acres.

Spanish Grant:

The requested area is located approximately 4 miles west of Waxahachie, TX and is generally bordered north by Old Buena Vista Rd; on the east by Alto Rd; on the south by El Camino Rd; and on the west by Mesa Rd. The total requested area includes approximately 47 acres.

32. What effect will the proposed transaction have on an average bill to be charged to the affected customers?

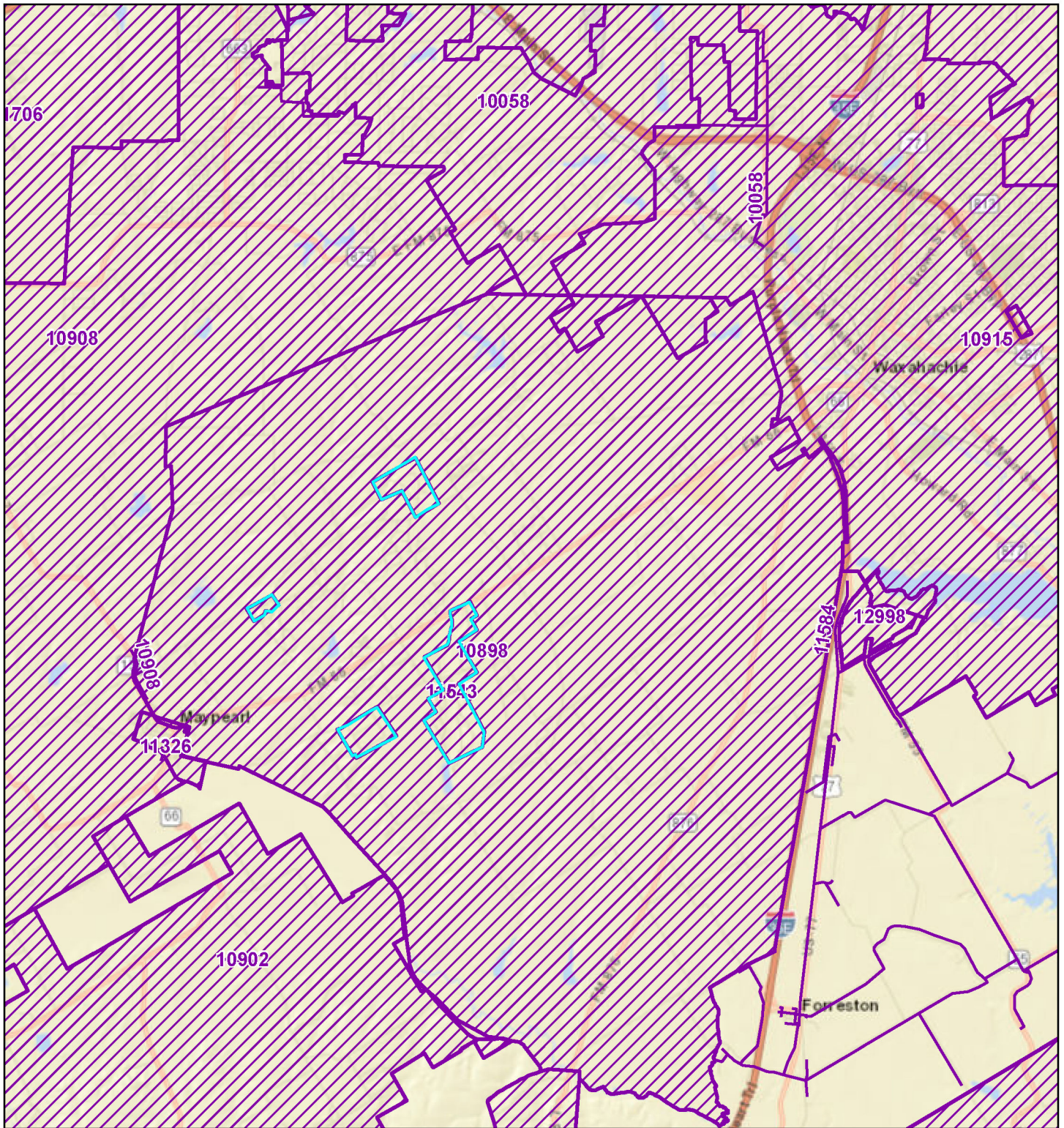
The proposed transaction will have no immediate effect on customer bills. However, the Company will utilize the fair market value for the system to establish the ratemaking rate base in its next rate case, which along with other factors affecting the cost of service for this system could affect customer rates.

Carroll Water has two current pending cases that may impact rates – Docket Nos. 52343 and 51239. Additionally, CSWR is aware of an enforcement docket against Carroll Water, Docket No. 48855 and the resulting compliance docket 50087. CSWR has already contacted Commission Staff regarding these dockets and is committed to actively working with Staff to resolve any outstanding issues.

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

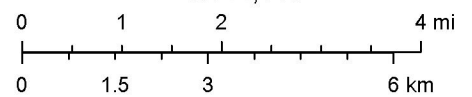
Attachment L

CCN - 11543 Small Map Emerald Forest, Grande Casa, Spanish Grant

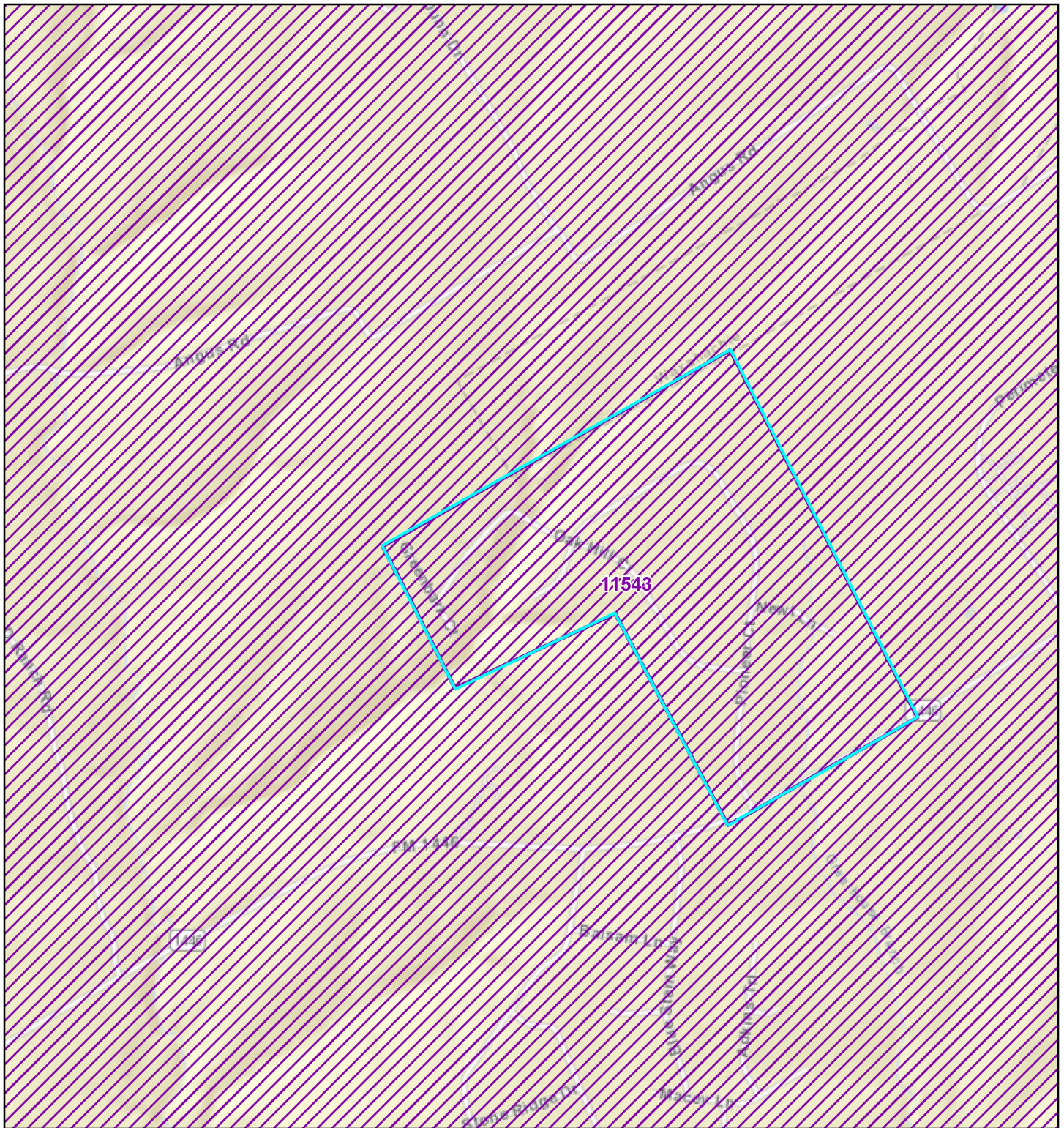


October 25, 2021

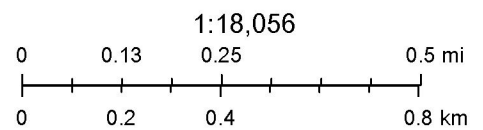
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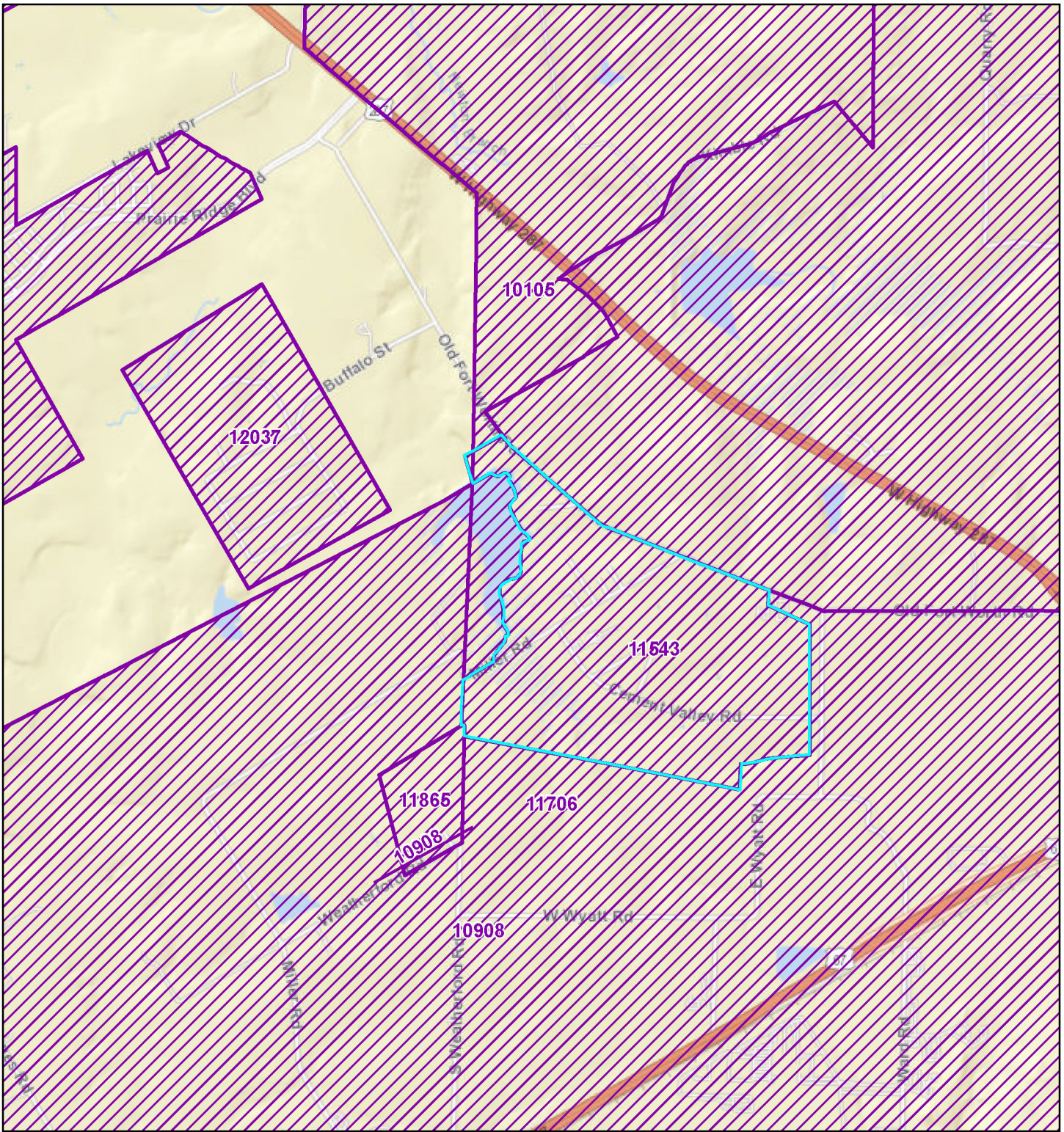
Attachment M



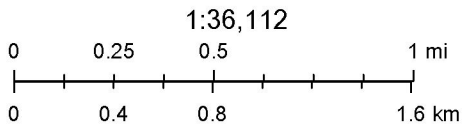
October 25, 2021



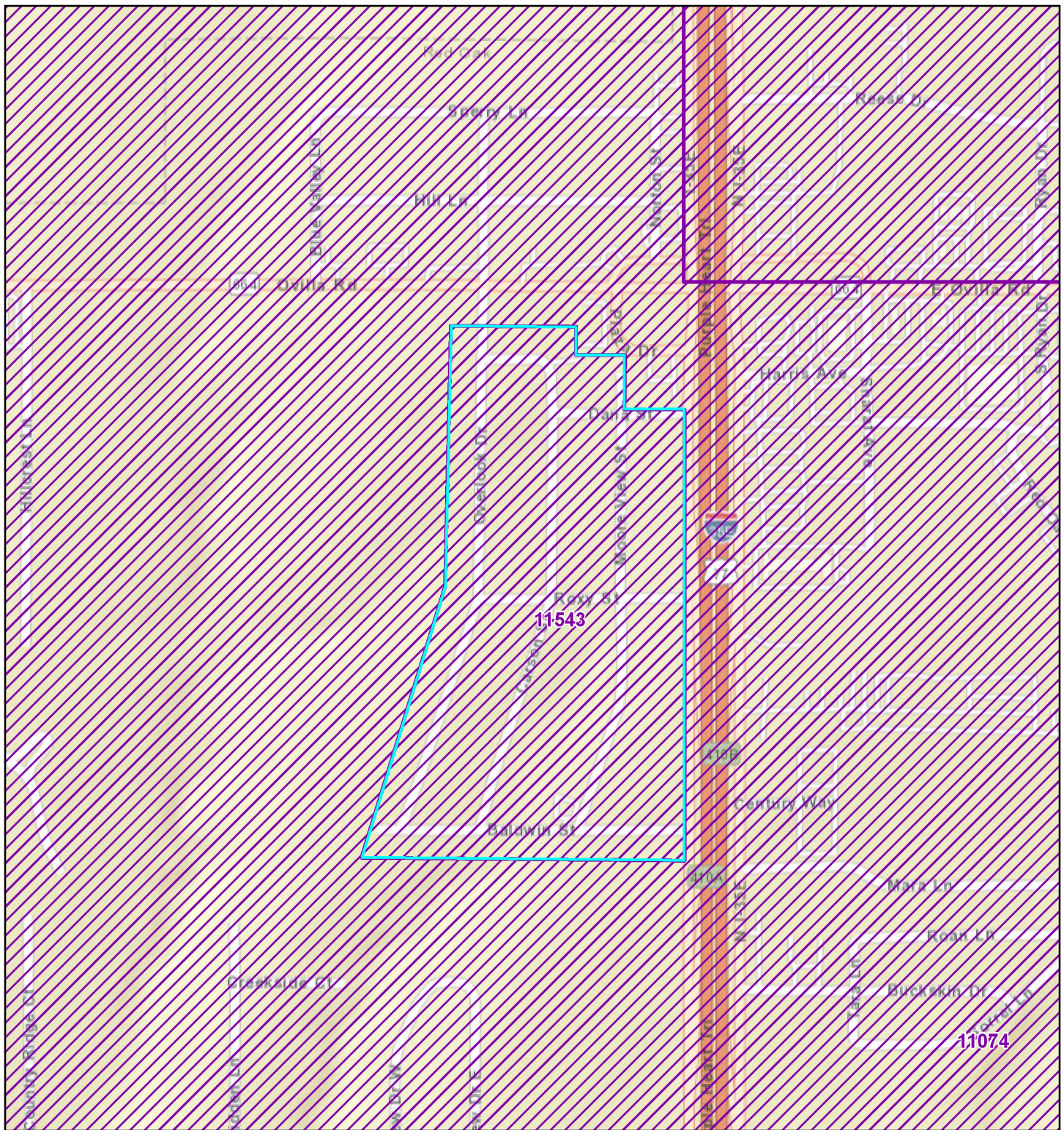
CCN – 11543 Large Scale Map Lake View



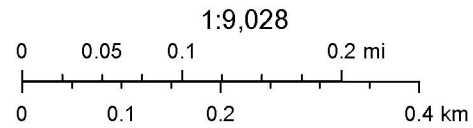
October 25, 2021



CCN - 11543 Large Scale Map Red Oak



October 25, 2021



**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 A-1 contains three appraisal reports produced by companies with expertise in valuation. The methods of analysis and conclusions in the appraisal reports are the proprietary work product of each company. The appraisal reports were not intended for public consumption, and the public disclosure of the information would cause substantial competitive harm to the companies. Moreover, CSWR Texas may have ongoing business dealings with these companies in future proceedings and must take reasonable steps to protect confidential and proprietary information or itself risk substantial competitive harm. Accordingly, the information contained in Confidential Attachment A-1 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 A-2 contains estimated costs related to the proposed transaction and associated due diligence. This information is not publicly available and reflects CSWR Texas's individual approach to conducting business in Texas. Public disclosure of the information would cause substantial competitive harm to CSWR Texas. Accordingly, the information contained in Confidential Attachment A-2 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 A-3 contains commercially sensitive contracts with third-party utility valuation experts and engineers. The contracts were competitively negotiated, and the terms and fees of the contract are not publicly known. Public disclosure would result in substantial competitive harm. Accordingly, the information contained in Confidential Attachment A-3 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 F 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 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.

Confidential Attachment Q is a confidential Water Supply Agreement for the acquired system. The terms and pricing information of the Water Supply Agreement are not publicly available, are commercially sensitive, and public disclosure of the information would cause substantial competitive harm. If the proposed purchase of the utility assets is approved, CSWR Texas will likely have to negotiate water supply agreements in the future to maintain service through those assets. Potential water suppliers could use the information in the existing Water Supply Agreement to their advantage in negotiations to the detriment of CSWR Texas and the end-use customers of the system. Accordingly, the information contained in Confidential Attachment Q is exempt from public disclosure under Tex. Gov't Code §§ 552.101, 552.104 and 552.110 and merits the Protected Material designation.



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UTILITY OPERATING COMPANY,
LLC**

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

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

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