



## Filing Receipt

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|---------------------------------------|----------|----------------------------------|
| <b>APPLICATION OF CSWR-TEXAS</b>      | <b>§</b> |                                  |
| <b>UTILITY OPERATING COMPANY, LLC</b> | <b>§</b> |                                  |
| <b>TO AMEND ITS CERTIFICATE OF</b>    | <b>§</b> | <b>PUBLIC UTILITY COMMISSION</b> |
| <b>CONVENIENCE AND NECESSITY AND</b>  | <b>§</b> |                                  |
| <b>TO DECERTIFY RANCH COUNTRY OF</b>  | <b>§</b> | <b>OF TEXAS</b>                  |
| <b>TEXAS WATER SYSTEMS, LLC’S</b>     | <b>§</b> |                                  |
| <b>CERTIFICATE RIGHTS IN AUSTIN</b>   | <b>§</b> |                                  |
| <b>COUNTY</b>                         | <b>§</b> |                                  |

**APPLICATION OF CSWR-TEXAS UTILITY OPERATING COMPANY, LLC TO  
AMEND ITS CERTIFICATE OF CONVENIENCE AND NECESSITY AND TO  
DECERTIFY RANCH COUNTRY OF TEXAS WATER SYSTEMS, LLC’S  
CERTIFICATE RIGHTS IN AUSTIN COUNTY**

Ranch Country of Texas Water Systems, Inc. (“Ranch Country”) and CSWR-Texas Utility Operating Company, LLC (“CSWR Texas”) (collectively, the “Applicants”) submit this Application to Amend CSWR Texas’ certificate of convenience and necessity (“CCN”) and to decertify Ranch Country of Texas Water Systems, Inc.’s CCN in Austin County. In support thereof, the Parties show the following:

**I. BACKGROUND**

On June 26, 2020, in Docket No. 50989<sup>1</sup>, Ranch Country and CSWR Texas (collectively, the “Applicants”) filed an application with the Public Utility Commission of Texas (“Commission”) for approval of the sale, transfer, or merger of facilities and certificate rights in Austin County (“Application”). The Applicants sought to cancel Ranch Country’s certificate of convenience and necessity (“CCN”) number 12918 and transfer all facilities and the service area held under that number to CSWR Texas to be held under CCN number 13290. The requested sale and transfer included approximately 638 acres and 316 connections and the following eight separate water systems: Hillside Estates Water System (PWS 0080049), Settlers Meadows Water System (PWS 0080055), Settlers Estates Sec II (PWS 0080056); Meadowview Estates (PWS 0080051), Settlers Crossing Water System (PWS 0080058), Meadowview Estates II (PWS 0080059), Settlers Crossing Water System 2 (PWS 0080060), and Lakeside Estates (PWS 0080053). The transaction was approved to proceed on January 8, 2021. CSWR Texas executed

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<sup>1</sup> *Application of Ranch Country of Texas Water Systems, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Austin County*, Docket No. 50989, Notice of Approval (Apr. 23, 2021).

the transaction on January 14, 2021 and submitted its notice that the transaction had been completed on February 12, 2021. A notice of approval was issued on April 23, 2021, and CSWR Texas has since acquired and taken over operations of all eight water systems included in the transaction. Ranch Country has ceased all water utility operations at the eight systems.

After the notice of approval was issued, and after further investigation in coordination with the Commission Staff and the Staff of the Texas Commission on Environmental Quality, it was determined that, unbeknownst to Ranch Country, its Lakeside Estates system had been certificated under a separate CCN number 12916 even though Ranch Country had been operating Lakeside Estates together with its other seven other systems under CCN number 12918 for many years. In order to correct the certification issue, CSWR Texas agreed with Commission Staff and TCEQ staff that it would file this CCN amendment application to formally transfer the Lakeside Estates system and any other facilities or service area operated under Ranch Country's CCN number 12916 to CSWR Texas to operate under its water CCN number 13290 and to revoke or cancel Ranch Country's CCN number 12916 by decertifying the service area it previously served under CCN number 12916.

**II. REQUEST TO DECERTIFY AREA PREVIOUSLY SERVED UNDER RANCH COUNTRY ESTATES' CCN NUMBER 12916 AND AMEND CSWR TEXAS' CCN NUMBER 13290**

For the reasons stated above and in the attached application, CSWR Texas and Ranch Country request that the Commission revoke or cancel Ranch Country's CCN number 12916 by decertifying the service area it previously served under CCN number 12916 because that area is now being served, by mutual agreement, by CSWR Texas. Under 16 Tex. Admin. Code (TAC) § 24.245(d), cancellation or revocation of CCN is appropriate where (1) the current CCN holder is no longer providing and is incapable of providing continuous and adequate service to the requested area<sup>2</sup> or (2) the current CCN holder has agreed in writing to allow another retail public utility to provide service within its certificated service area or a portion of its service area.<sup>3</sup> Here, Ranch Country is no longer providing service to the area it currently serves under CCN number 12916, and it has agreed to allow CSWR Texas to serve this area by virtue of the purchase agreement that was approved in Docket No. 50989, consistent with 16 TAC § 24.245(d).

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<sup>2</sup> 16 TAC § 24.245(d)(A).

<sup>3</sup> *Id.* § 24.245(d)(C).

For the reasons stated in the attached application, CSWR Texas also seeks to amend its CCN number 13290 to include the areas previously served under CCN number 12916 that CSWR Texas is presently serving by agreement with Ranch Country. Approval is reasonable because Commission Staff has already reviewed CSWR Texas' financial, managerial, and technical capability to own and operate this specific subdivision in Docket No. 50989 as part of its proposed acquisition of facilities and service areas owned by Ranch Country under CCN number 12916.<sup>4</sup> Furthermore, CSWR Texas has been operating this system pursuant to its purchase agreement with Ranch Country for over a year. Therefore, CSWR Texas has shown that it is capable of owning and operating the system and that its CCN should be amended to include the area served under CCN number 12916.

### **III. FINANCIAL INFORMATION SUPPORTING THE APPLICATION**

Because Ranch Country did not keep discrete financial records associated with Lakeside Estates specific system, there are no financial records or projected financials specifically associated with the Lakeside Estates system. Accordingly, the financial information that was provided in Docket No. 50989 for Ranch Country Estates included the consolidated costs of purchasing, improving and operating all Ranch Country Estates systems, including Lakeside Estates. Furthermore, CSWR Texas has already acquired this system. Therefore, there are no additional purchase costs, improvement costs or operating costs associated with this system beyond those the Commission already reviewed in Docket No. 50989. As a convenience, the Company is providing a copy of the financial information it provided in Docket No. 50989 along with the consolidated financial information associated with all pending water and sewer system it is currently acquiring. These can be found in Confidential Attachment F and Highly Sensitive Attachment G to the application.

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<sup>4</sup> Although Lakeside Estates was not identified separately by name in Docket No. 50989, the customers, facilities and costs associated with this system were previously consolidated with the other seven systems operated by Ranch Country Estates and presented as such in Docket No. 50989. See Docket No. 50989, Application at Confidential Attachment A, Confidential Attachments F & G.

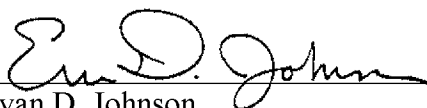
#### **IV. CONCLUSION**

The Parties respectfully request that the Commission approve this Application to Amend CSWR Texas' CCN and decertify Ranch Country of Texas Water Systems, Inc.'s CCN in Austin County.

Respectfully submitted,

#### **ATTORNEYS FOR CSWR TEXAS UTILITY OPERATING COMPANY, LLC**

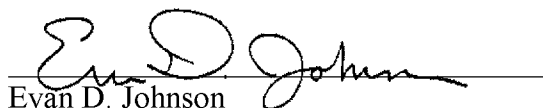
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#### **CERTIFICATE OF SERVICE**

I hereby certify that on this 14<sup>th</sup> day of June 2022, a true and correct copy of the foregoing document was served on all parties of record via electronic mail in accordance with the Order Suspending Rules issued in Project No. 50664.



Evan D. Johnson



# Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

*Pursuant to 16 Texas Administrative Code (TAC) Chapter 24, Substantive Rules Applicable to Water and Sewer Service Providers, Subchapter G: Certificates of Convenience and Necessity*

## **CCN Application Instructions**

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, you should be adhere to the following:
- Answer every question and submit all required attachments.
  - Use attachments or additional pages if needed to answer any question. If you use attachments or additional pages, reference their inclusion in the form.
  - Provide all mapping information as detailed in Part F: Mapping & Affidavits.
  - Provide any other necessary approvals from the Texas Commission on Environmental Quality (TCEQ), or evidence that a request for approval is being sought at the time of filing with the Commission.
- 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.
- 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:
- DEFICIENT (Administratively Incomplete):** Applicant 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.*
  - SUFFICIENT (Administratively Complete):** Applicant 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 Applicant issues notice, a copy of the actual notice sent (including any map) and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may choose to take one of the following actions:
- HEARING ON THE MERITS:** an affected party may request a hearing on the application. The request must be made within 30 days of notice. If this occurs, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
  - LANDOWNER OPT-OUT:** A landowner owning a qualifying tract of land (25+ acres) may request to have their land removed from the requested area. The Applicant will be requested to amend its application and file new mapping information to remove the landowner's tract of land, in conformity with this request.
- V. **PROCEDURAL SCHEDULE:** Following the issuance of notice and the filing of proof of notice in step 4, the application will be granted a procedural schedule for final processing. During this time the Applicant must respond to hearing requests, landowner opt-out requests, and requests for information (RFI). The Applicant will be requested to provide written consent to the proposed maps, certificates, and tariff (if applicable) once all other requests have been resolved.
- VI. **FINAL RECOMMENDATION:** After receiving all required documents from the Applicant, Staff will file a recommendation on the CCN request. The ALJ will issue a final order after Staff's recommendation is filed.

### **FAQ:**

#### ***Who can use this form?***

Any retail public utility that provides or intends to provide retail water or wastewater utility 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) must use this form to obtain or amend a CCN prior to providing retail water or sewer utility service in the requested area.

#### ***What is the purpose of the application?***

A CCN Applicant is required to demonstrate financial, managerial, and technical (FMT) capability to provide continuous and adequate service to any requested area. The questions in the application are structured to support an Applicant's FMT capabilities, consistent with the regulatory requirements.

**Application Summary**

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

CCN No. to be amended: 13290

or  Obtain NEW CCN  Water  Sewer

County(ies) affected by this application: Austin

Dual CCN requested with: n/a

CCN No.: n/a (name of retail public utility)  
 Portion or  All of requested area

Decertification of CCN for: Ranch Country of Texas Water Systems, Inc.

CCN No.: 12916 (name of retail public utility)  
 Portion or  All of requested area

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**Appendix A: Historical Financial Information (Balance Sheet and Income Schedule)**..... 13

**Appendix B: Projected Information**..... 16

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

- |   |                       |
|---|-----------------------|
| <input checked="" type="checkbox"/> Partnership Agreement                             | Part A: Question 4    |
| <input type="checkbox"/> Articles of Incorporation and By-Laws (WSC)                  | Part A: Question 4    |
| <input checked="" type="checkbox"/> Certificate of Account Status                     | Part A: Question 4    |
| <input type="checkbox"/> Franchise, Permit, or Consent letter                         | Part B: Question 7    |
| <input type="checkbox"/> Existing Infrastructure Map                                  | Part B: Question 8    |
| <input type="checkbox"/> Customer Requests For Service in requested area              | Part B: Question 9    |
| <input type="checkbox"/> Population Growth Report or Market Study                     | Part B: Question 10   |
| <input type="checkbox"/> TCEQ Engineering Approvals                                   | Part B: Question 11   |
| <input type="checkbox"/> Requests & Responses For Service to ½ mile utility providers | Part B: Question 12.B |
| <input type="checkbox"/> Economic Feasibility (alternative provider) Statement        | Part B: Question 12.C |
| <input type="checkbox"/> Alternative Provider Analysis                                | Part B: Question 12.D |
| <input checked="" type="checkbox"/> Enforcement Action Correspondence                 | Part C: Question 16   |
| <input checked="" type="checkbox"/> TCEQ Compliance Correspondence                    | Part D: Question 20   |
| <input type="checkbox"/> Purchased Water Supply or Treatment Agreement                | Part D: Question 23   |
| <input type="checkbox"/> Rate Study (new market entrant)                              | Part E: Question 28   |
| <input checked="" type="checkbox"/> Tariff/Rate Schedule                              | Part E: Question 29   |
| <input checked="" type="checkbox"/> Financial Audit                                   | Part E: Question 30   |
| <input checked="" type="checkbox"/> Application Attachment A & B                      | Part E: Question 30   |
| <input type="checkbox"/> Capital Improvement Plan                                     | Part E: Question 30   |
| <input checked="" type="checkbox"/> Disclosure of Affiliated Interests                | Part E: Question 31   |
| <input checked="" type="checkbox"/> Detailed (large scale) Map                        | Part F: Question 32   |
| <input checked="" type="checkbox"/> General Location (small scale) Map                | Part F: Question 32   |
| <input checked="" type="checkbox"/> Digital Mapping Data                              | Part F: Question 32   |
| <input checked="" type="checkbox"/> Signed & Notarized Affidavit                      | Page 12               |

**Part A: Applicant Information**

1. A. Name: CSWR-Texas Utility Operating Company, LLC  
(individual, corporation, or other legal entity)

Individual     Corporation     WSC     Other: LLC

B. Mailing Address: 1630 Des Peres Rd., Suite 140, St. Louis, Missouri 63131

Phone No.: (314) 736-4672    Email: regulatory@cswrgroup.com

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

Name: Evan D. Johnson    Title: Attorney

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

Phone No.: (512) 879-0972    Email: evan.johnson@crtxlaw.com

2. If the Applicant is someone other than a municipality, is the Applicant currently paid in full on the Regulatory Assessment Fees (RAF) remitted to the TCEQ?

Yes     No     N/A    **See Attachment K.**

3. If the Applicant is an Investor Owned Utility (IOU), is the Applicant current on Annual Report filings with the Commission?

Yes     No    If no, please state the last date an Annual Report was filed: 6/2/2021

4. The legal status of the Applicant is:

- Individual or sole proprietorship
- Partnership or limited partnership (*attach* Partnership agreement)
- Corporation:                      Charter number (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, PUD, etc.)
- County
- Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
- Other (please explain): Limited Liability Company

5. If the Applicant operates under an assumed name (i.e., any d/b/a), provide the name below:

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



**Part B: Requested Area Information**

6. Provide details on the existing or expected land use in the requested area, including details on requested actions such as dual certification or decertification of service area.

CSWR-Texas Utility Operating Company, LLC ("CSWR Texas") recently purchased all utility assets owned by Ranch Country of Texas Water Systems, Inc. ("Ranch Country") for purposes of operating its water and/or wastewater system under CCN No. 12918 as identified in Attachment A, which is a copy of the purchase agreement between CSWR Texas' affiliate, Central States Water Resources, Inc. ("Central States") and Ranch Country, including the Lakeside Estates public water system. (PWS 0080053) After completion of the transaction, the applicants learned that Lakeside Estates was held by Ranch Country under CCN number 12916, not 12918. After consulting with Commission Staff, it was determined that CSWR Texas should file this proceeding in order to document and get final approval of the transfer of all facilities and service area held under 12916 to CSWR Texas. See Attachment B for a copy of the corporate organizational chart of CSWR Texas' upstream ownership.

7. The requested area (check all applicable):

Currently receives service from the Applicant  Is being developed with no current customers

Overlaps or is within municipal boundaries  Overlaps or is within district boundaries

Municipality: n/a District: n/a

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

n/a

8. Describe the circumstances (economic, environmental, etc.) driving the need for service in the requested area:

See the Company's response to Question No. 6. The Company is already serving the requested area.

9. Has the Applicant received any requests for service within the requested area?

Yes\*  No \*Attach copies of all applicable requests for service and show locations on a map

10. Is there existing or anticipated growth in the requested area?

Yes\*  No \*Attach copies of any reports and market studies supporting growth

11. A. Will construction of any facilities be necessary to provide service to the requested area?

Yes\*  No \*Attach copies of TCEQ approval letters

B. Date Plans & Specifications or Discharge Permit App. submitted to TCEQ: \_\_\_\_\_

C. Summarize an estimated timeline for construction for any required facilities to serve the requested area:

n/a

D. Describe the source and availability of funds for any required facilities to serve the requested area:

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

**Note: Failure to provide applicable TCEQ construction or permit approvals, or evidence showing that the construction or permit approval has been filed with the TCEQ may result in the delay or possible dismissal of the application.**

12. A. If construction of a physically separate water or sewer system is necessary, provide a list of all retail public water and/or sewer utilities within one half mile from the outer boundary of the requested area below:

n/a

B. Did the Applicant request service from each of the above water or sewer utilities?

Yes\*       No      \*Attach copies of written requests and copies of the written response

C. Attach a statement or provide documentation explaining why it is not economically feasible to obtain retail service from the water or sewer retail public utilities listed above.

D. If a neighboring retail public utility agreed to provide service to the requested area, attach documentation addressing the following information:

- (A) A description of the type of service that the neighboring retail public utility is willing to provide and comparison with service the applicant is proposing;
- (B) An analysis of all necessary costs for constructing, operating, and maintaining the new facilities for at least the first five years of operations, including such items as taxes and insurance; and
- (C) An analysis of all necessary costs for acquiring and continuing to receive service from the neighboring retail public utility for at least the first five years of operations.

13. Explain the effect of granting the CCN request on the Applicant, any retail public utility of the same kind serving in the proximate area, and any landowners in the requested area. The statement should address, but is not limited to, regionalization, compliance, and economic effects.

Because CSWR Texas is already operating this system, it anticipates no impact or effect on any retail public utility or landowners. CSWR Texas will continue to provide service under the exact same rates that Ranch Country was serving this system. See Attachment C for a copy of the current tariff that Ranch Country used to serve this subdivision. Further, CSWR Texas has already returned all customer deposits associated with this system as a result of the outcome of Docket No. 50989.

**Part C: CCN Obtain or Amend Criteria Considerations**

14. Describe the anticipated impact and changes in the quality of retail utility service for the requested area:

See Attachment K.

15. Describe the experience and qualifications of the Applicant in providing continuous and adequate retail service:

See Attachment K.

16. Has the Applicant 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?

Yes\*  No

**See Attachment K.**

\*Attach copies of any correspondence with the applicable regulatory agency concerning any enforcement actions, and attach a description of any actions or efforts the Applicant has taken to comply with these requirements.

17. Explain how the environmental integrity of the land will or will not be impacted or disrupted as a result of granting the CCN as requested:

The environmental integrity of the land will or will not be impacted or disrupted as a result of granting the CCN as requested.

18. Has the Applicant made efforts to extend retail water or sewer utility service to any economically distressed area located within the requested area?

Yes. When CSWR Texas originally acquired the Ranch Country Estates systems, including Lakeside Estates, the area served by the former owner was economically distressed. The acquired system was 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 Attachment K. For these reasons, the sale of assets promotes the interests of the public generally and benefits the transferring utility's customers.

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

Austin County (CCN 12044)

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

20. A. Complete the following for all Public Water Systems (PWS) associated with the Applicant's CCN:

| TCEQ PWS ID: | Name of PWS:                  | Date of TCEQ inspection*: | Subdivisions served: |
|--------------|-------------------------------|---------------------------|----------------------|
| 0080053      | Lakeside Estates Water System | 7/3/2019                  | Lakeside Estates     |
|              |                               |                           |                      |
|              |                               |                           |                      |
|              |                               |                           |                      |

\*Attach evidence of compliance with TCEQ for each PWS

- B. Complete the following for all TCEQ Water Quality (WQ) discharge permits associated with the Applicant's CCN:

| TCEQ Discharge Permit No: | Date Permit expires: | Date of TCEQ inspection*: | Subdivisions served: |
|---------------------------|----------------------|---------------------------|----------------------|
| WQ-                       |                      |                           |                      |
| WQ-                       |                      |                           |                      |
| WQ-                       |                      |                           |                      |
| WQ-                       |                      |                           |                      |

\*Attach evidence of compliance with TCEQ for each Discharge Permit

- C. The requested CCN service area will be served via:           PWS ID:            
          WQ -

21. List the number of existing connections for the PWS & Discharge Permit indicated above (Question 20. C.):

| Water                    |              |  |       | Sewer                    |             |
|--------------------------|--------------|--|-------|--------------------------|-------------|
|                          | Non-metered  |  | 2"    |                          | Residential |
| 26                       | 5/8" or 3/4" |  | 3"    |                          | Commercial  |
|                          | 1"           |  | 4"    |                          | Industrial  |
|                          | 1 1/2"       |  | Other |                          | Other       |
| Total Water Connections: |              |  | 26    | Total Sewer Connections: |             |

22. List the number of additional connections projected for the requested CCN area:

| Water                    |              |  |       | Sewer                    |             |
|--------------------------|--------------|--|-------|--------------------------|-------------|
|                          | Non-metered  |  | 2"    |                          | Residential |
| 0                        | 5/8" or 3/4" |  | 3"    |                          | Commercial  |
|                          | 1"           |  | 4"    |                          | Industrial  |
|                          | 1 1/2"       |  | Other |                          | Other       |
| Total Water Connections: |              |  | 0     | Total Sewer Connections: |             |

23. A. Will the system serving the requested area purchase water or sewer treatment capacity from another source?

Yes\*     No    \*Attach a copy of purchase agreement or contract.

Capacity is purchased from:

Water: \_\_\_\_\_

Sewer: \_\_\_\_\_

B. Are any of the Applicants PWS's required to purchase water to meet the TCEQ's minimum capacity requirements or TCEQ's drinking water standards?

Yes     No

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

|        | Amount in Gallons | Percent of demand |
|--------|-------------------|-------------------|
| Water: |                   | 0%                |
| Sewer: |                   | 0%                |

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

Yes     No

25. List the name, class, and TCEQ license number of the operators that will be responsible for the operations of the water or sewer utility service provided to the requested area:

| Name (as it appears on license)              | Class | License No. | Water/Sewer |
|--|-------|-------------|-------------|
| Zachary King                                 | C     | WG-0010543  | Water       |
| Timothy Young                                | A     | WO-0029245  | Water       |
| Professional General Management Services Inc |       | WC0000203   | Water       |
|  |       |             |             |

26. A. Are any improvements required for the existing PWS or sewer treatment plant to meet TCEQ or Commission standards?

Yes     No

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 H & J                   |                            |                 |
|   |                            |                 |
|   |                            |                 |

27. Provide a map (or maps) showing all facilities for production, transmission, and distribution, and the location of existing or proposed customer connections, in the requested area. Facilities should be identified on subdivision plats, engineering planning maps, or other large scale maps. Color coding can be used, and is encouraged, to distinguish types of facilities.

See Attachments L, M & N.

**Part E: Financial Information**

28. If the Applicant seeking to obtain a CCN for the first time is an Investor Owned Utility (IOU) and under the original rate jurisdiction of the Commission, a proposed tariff must be attached to the application. The proposed rates must be supported by a rate study, which provides all calculations and assumptions made. Once a CCN is granted, the Applicant must submit a rate filing package with the Commission within 18 months from the date service begins. The purpose of this rate filing package is to revise a utility’s tariff to adjust the rates to a historic test year and to true up the new tariff rates to the historic test year. It is the Applicant’s responsibility in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service. Any dollar amount collected under the rates charged during the test year in excess of the revenue requirement established by the Commission during the rate change proceeding shall be reflected as customer contributed capital going forward as an offset to rate base for ratemaking purposes.

29. If the Applicant is an existing IOU, please attach a copy of the current tariff and indicate:

- A. Effective date for most recent rates: 9/8/2016
- B. Was notice of this increase provided to the Commission or a predecessor regulatory authority?  
 No       Yes      Application or Docket Number: 45001
- C. If notice was not provided to the Commission, please explain why ( ex: rates are under the jurisdiction of a municipality)

The seller was unaware that the system had been assigned a separate CCN number; accordingly, the seller of this system has historically operated the system under CCN No. 12918 instead of No. 12916. Rates charged to customers are those that were approved by the PUCT in Docket No. 45001 for the seller’s other adjacent systems served under CCN No. 12918.

**If the Applicant is a Water Supply or Sewer Service Corporation (WSC/SSC) and seeking to obtain a CCN, attach a copy of the current tariff.**

30. **Financial Information**  
Applicants 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 Commission 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.

**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:**

**See Attachments F and G.**

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

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

1. Completed Appendix B; **See Attachments F and G.**
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 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.

31. Attach a disclosure of any affiliated interest or affiliate. Include a description of the business relationship between all affiliated interests and the Applicant.

**DO NOT INCLUDE ATTACHMENTS A OR B IF LEFT BLANK**

**Part F: Mapping & Affidavits**

32. Provide the following mapping information with each of the seven (7) copies of the application:

1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The Applicant should adhere to the following guidance:
  - i. If the application includes an amendment for both water and sewer certificated service areas, 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 or natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
  - i. The map should 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 and/or natural landmarks must be labeled and marked on the map as well.
  - ii. If the application includes 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.
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 2 (above);

**See Attachments L,  
M & N.**

- 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 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 drives), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

**Part G: Notice Information**

The following information will be used to generate the proposed notice for the application.  
**DO NOT** provide notice until the application is deemed sufficient for filing and the Applicant is ordered to provide notice.

33. Complete the following using verifiable man-made and/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: 4

Number of customer connections in the requested area: 26

The closest city or town: Sealy

Approximate mileage to closest city or town center: 4

Direction to closest city or town: North

The requested area is generally bounded on the North by: Odom Drive

on the East by: Grace Lane

on the South by: Grace Lane

on the West by: Grace Lane

34. A copy of the proposed map will be available at 1011 West. 31st St. Austin, Texas 78705



**Oath for Transferor (Transferring Entity)**

STATE OF Texas

COUNTY OF Austin

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

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

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

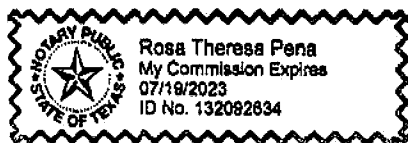
I further state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney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

Stephen Cryan  
AFFIANT  
(Utility's Authorized Representative)

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

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

SEAL



Rosa Theresa Pena  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS  
Rosa Theresa Pena  
PRINT OR TYPE NAME OF NOTARY

My commission expires: 07/19/2023

**Oath for Transferee (Acquiring Entity)**

STATE OF MO

COUNTY OF St. Louis

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

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

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

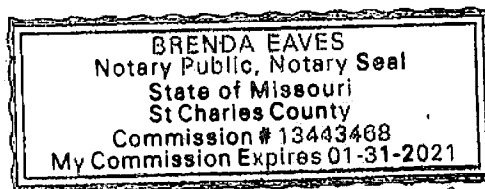


**AFFIANT**  
(Utility's Authorized Representative)

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

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

SEAL



Brenda Eaves  
NOTARY PUBLIC IN AND FOR THE  
STATE OF MISSOURI

Brenda Eaves  
PRINT OR TYPE NAME OF NOTARY

My commission expires: 01/31/2021

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

*(Audited financial statements may be substituted for this schedule – see item 29 of the instructions)*

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

**DO NOT INCLUDE ATTACHMENTS A OR B IF LEFT BLANK**

## HISTORICAL NET INCOME INFORMATION

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

| <b>HISTORICAL EXPENSE INFORMATION<br/>(ENTER DATE OF YEAR END)</b> | <b>CURRENT(A)<br/>( - - )</b> | <b>A-1 YEAR<br/>( - - )</b> | <b>A-2 YEAR<br/>( - - )</b> | <b>A-3 YEAR<br/>( - - )</b> | <b>A-4 YEAR<br/>( - - )</b> | <b>A-5 YEAR<br/>( - - )</b> |
|--|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>GENERAL/ADMINISTRATIVE EXPENSES</b>                             |                               |                             |                             |                             |                             |                             |
| Salaries & Benefits–Office/Management                              |                               |                             |                             |                             |                             |                             |
| Office<br>(services, rentals, supplies, electricity)               |                               |                             |                             |                             |                             |                             |
| Contract Labor   |                               |                             |                             |                             |                             |                             |
| Transportation   |                               |                             |                             |                             |                             |                             |
| Insurance  |                               |                             |                             |                             |                             |                             |
| Telephone  |                               |                             |                             |                             |                             |                             |
| Utilities  |                               |                             |                             |                             |                             |                             |
| Property Taxes   |                               |                             |                             |                             |                             |                             |
| Professional Services/Fees (recurring)                             |                               |                             |                             |                             |                             |                             |
| Regulatory- other  |                               |                             |                             |                             |                             |                             |
| Other (describe)   |                               |                             |                             |                             |                             |                             |
| Interest   |                               |                             |                             |                             |                             |                             |
| Other  |                               |                             |                             |                             |                             |                             |
| <b>Total General Admin. Expenses<br/>(G&amp;A)</b>                 |                               |                             |                             |                             |                             |                             |
| <b>% Increase Per Year</b>   | 0%                            | 0%                          | 0%                          | 0%                          | 0%                          | 0%                          |
| <b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>                       |                               |                             |                             |                             |                             |                             |
| Salaries & Benefits (Employee,<br>Management)                      |                               |                             |                             |                             |                             |                             |
| Materials & Supplies   |                               |                             |                             |                             |                             |                             |
| Utilities Expense-office   |                               |                             |                             |                             |                             |                             |
| Contract Labor   |                               |                             |                             |                             |                             |                             |
| Transportation Expense   |                               |                             |                             |                             |                             |                             |
| Depreciation Expense   |                               |                             |                             |                             |                             |                             |
| Other(describe)  |                               |                             |                             |                             |                             |                             |
| <b>Total Operational Expenses<br/>(O&amp;M)</b>                    |                               |                             |                             |                             |                             |                             |
| <b>Total Expense (Total G&amp;A +<br/>O&amp;M)</b>                 |                               |                             |                             |                             |                             |                             |
| <b>Historical % Increase Per Year</b>                              | 0.00%                         | 0.00%                       | 0.00%                       | 0.00%                       | 0.00%                       | 0.00%                       |
| <b>ASSUMPTIONS</b>   |                               |                             |                             |                             |                             |                             |
| Interest Rate/Terms  |                               |                             |                             |                             |                             |                             |
| Depreciation Schedule (attach)                                     |                               |                             |                             |                             |                             |                             |
| Other assumptions/information (List all)                           |                               |                             |                             |                             |                             |                             |
|  |                               |                             |                             |                             |                             |                             |
|  |                               |                             |                             |                             |                             |                             |
|  |                               |                             |                             |                             |                             |                             |
|  |                               |                             |                             |                             |                             |                             |
|  |                               |                             |                             |                             |                             |                             |

**Appendix B: Projected Information**

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

**PROJECTED NET INCOME INFORMATION**

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

| PROJECTED EXPENSE DETAIL               | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | TOTALS |
|--|--------|--------|--------|--------|--------|--------|
| <b>GENERAL/ADMINISTRATIVE EXPENSES</b> |        |        |        |        |        |        |
| Salaries                               |        |        |        |        |        |        |
| Office                                 |        |        |        |        |        |        |
| Computer                               |        |        |        |        |        |        |
| Auto                                   |        |        |        |        |        |        |
| Insurance                              |        |        |        |        |        |        |
| Telephone                              |        |        |        |        |        |        |
| Utilities                              |        |        |        |        |        |        |
| Depreciation                           |        |        |        |        |        |        |
| Property Taxes                         |        |        |        |        |        |        |
| Professional Fees                      |        |        |        |        |        |        |
| Other                                  |        |        |        |        |        |        |
| <b>Total</b>                           |        |        |        |        |        |        |
| <b>% Increase Per projected Year</b>   | 0%     | 0%     | 0%     | 0%     | 0%     | 0%     |
| <b>OPERATIONAL EXPENSES</b>            |        |        |        |        |        |        |
| Salaries                               |        |        |        |        |        |        |
| Auto                                   |        |        |        |        |        |        |
| Utilities                              |        |        |        |        |        |        |
| Depreciation                           |        |        |        |        |        |        |
| Repair & Maintenance                   |        |        |        |        |        |        |
| Supplies                               |        |        |        |        |        |        |
| Other                                  |        |        |        |        |        |        |
| <b>Total</b>                           |        |        |        |        |        |        |

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



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

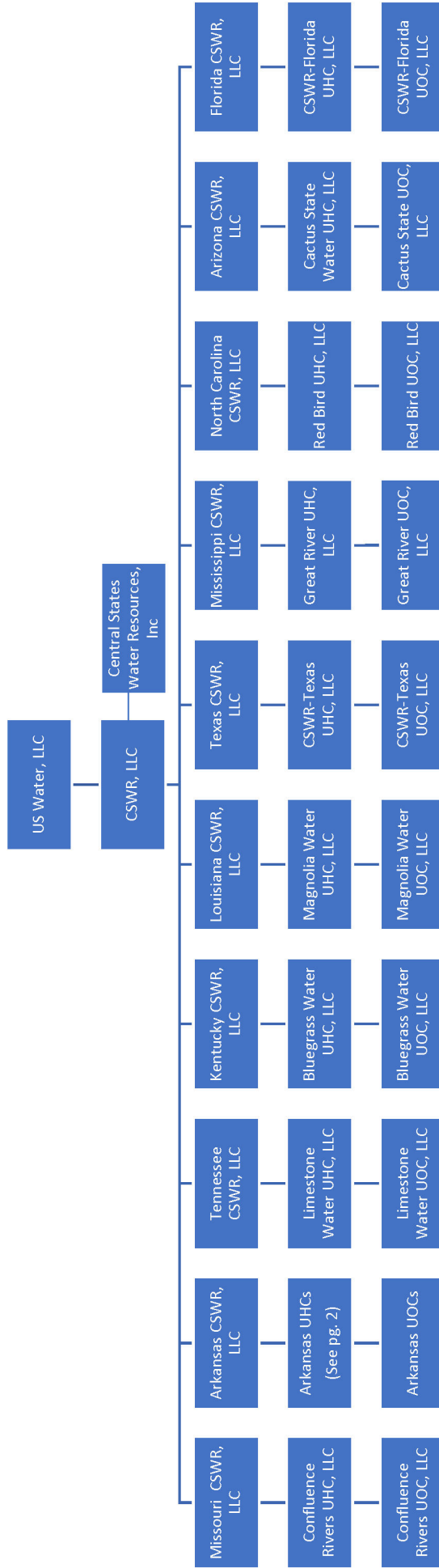
## ATTACHMENT LIST

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

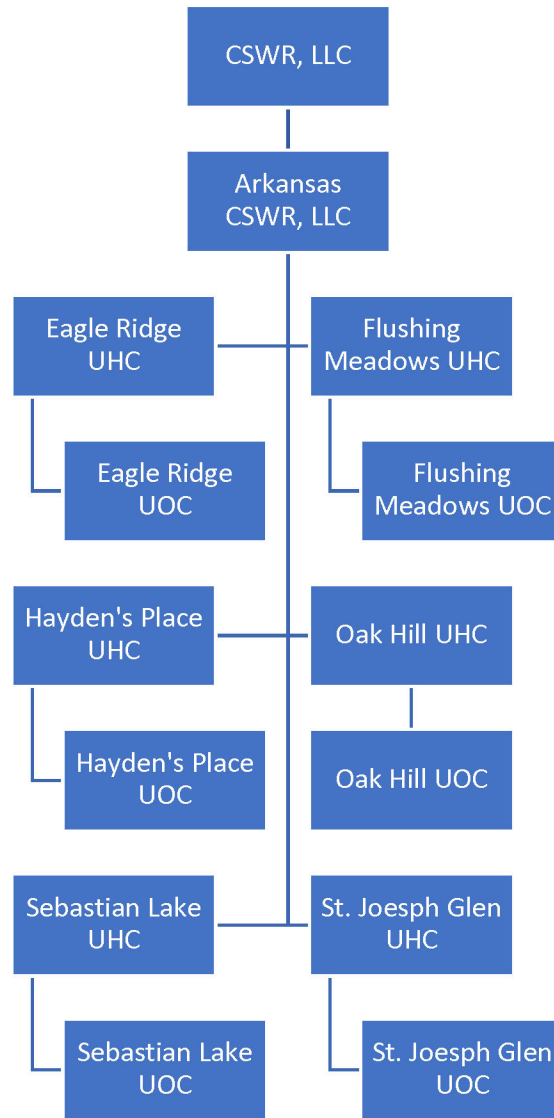
**Attachment A is Confidential and  
will be provided pursuant to the  
Protective Order**

# Attachment B

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



**Arkansas CSWR Organizational Chart Detail**





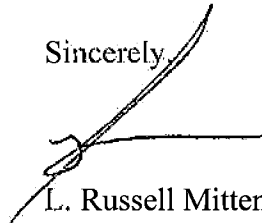
June 13, 2022

TO WHOM IT MAY CONCERN:

I am submitting this letter on behalf of Central States Water Resources, Inc. (sometimes referred to as “Company”), as General Counsel of both the Company and its affiliates. In that capacity, I am duly authorized to speak on the Company’s behalf in this matter.

Central States Water Resources, Inc., is an affiliate of the applicant-buyer in this proceeding, CSWR-Texas Utility Operating Company, LLC (“CSWR Texas”). Under terms of each *Agreement for Sale of Utility System*, the Company has the express right to assign its interests in the agreement to an affiliated entity. Prior to or as part of the closing of an acquisition transaction, Central States Water Resources, Inc., will transfer all its interests in each such agreement to CSWR Texas, which will then serve as the owner and operator of the acquired system and the holder of all associated certificate number(s). Following the assignment, Central States Water Resources, Inc., will have no further interest in any acquired asset.

Sincerely,



L. Russell Mitten  
General Counsel



# Attachment C





**WATER UTILITY TARIFF  
Docket Number 45001**

Ranch Country of Texas, Inc.  
(Utility Name)

P.O. Box 790  
(Business Address)

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

979/885-6262  
(Area Code/Telephone)

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

12918

This tariff is effective in the following county:

Austin

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

None

This tariff is effective in the following subdivisions or systems:

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

**TABLE OF CONTENTS**

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

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

APPENDIX A -- DROUGHT CONTINGENCY PLAN

Ranch Country of Texas, Inc.

Water Utility Tariff Page No. 2

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

| <u>Meter Size</u> | <u>Monthly Minimum Charge</u>                  | <u>Gallonage Charge</u>                    |
|-------------------|--|--|
| 5/8" or 3/4"      | <u>\$25.00</u> (Includes <u>5,000</u> gallons) | <u>\$2.00</u> per 1,000 gallons thereafter |

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

Cash X, Check X, Money Order X, Credit Card \_\_\_\_\_, Other \_\_\_\_\_

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

REGULATORY ASSESSMENT .....1.0%

PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT FEE TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ).

Section 1.02 – Miscellaneous Fees

TAP FEE .....\$500.00

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

TAP FEE (Unique costs).....Actual Cost

FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large Meter).....Actual Cost

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

METER RELOCATION FEE.....Actual Relocation Cost, Not to Exceed Tap Fee

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING METER.

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER TEST FEE.....\$25.00

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

RECONNECTION FEE:

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

a) Non-payment of bill (Maximum \$25.00).....\$25.00

b) Customer's request .....\$15.00

TRANSFER FEE .....\$20.00

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

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) .....\$5.00

A ONE-TIME PENALTY MAY BE MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE.....\$25.00

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

## SECTION 2.0 - SERVICE RULES AND REGULATIONS

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Chapter 24 rules available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

### Section 2.01 - Application for Water Service

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

### Section 2.02 - Refusal of Service

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

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

#### (A) Customer Deposits

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

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

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

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

#### (B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1.

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

Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by P.U.C. SUBST. R. 24.86(a)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

**(C) Easement Requirement**

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

**Section 2.04 - Utility Response to Applications for Service**

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

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

**Section 2.05 - Customer Responsibility**

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

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

Section 2.06 - Customer Service Inspections

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

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in Title 30 Texas Administrative Code (TAC) §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems:

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

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in 30 TAC §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

Section 2.07 - Back Flow Prevention Devices (continued)

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

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers.

The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

Section 2.08 - Access to Customer's Premises

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

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

Section 2.09 - Meter Requirements, Readings, and Testing

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

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

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

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

Section 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

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

(C) Information on Bill

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

(D) Prorated Bills

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

Section 2.11 - Payments

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

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.



SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

Section 2.12 - Service Disconnection

(A) With Notice

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

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

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

(B) Without Notice

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

Section 2.13 - Reconnection of Service

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

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

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

Section 2.16 - Customer Complaints and Disputes

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

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

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

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

### SECTION 3.0--EXTENSION POLICY

#### Section 3.01 - Standard Extension Requirements

**Line Extension and Construction Charges:** No Contribution in Aid of Construction may be required of any customer except as provided for in this approved extension policy.

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

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

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

#### Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

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

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

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

SECTION 3.0--EXTENSION POLICY (continued)

Exceptions may be granted by the Commission if:

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

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

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

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

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

Section 3.03 - Contributions in Aid of Construction

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

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

SECTION 3.0--EXTENSION POLICY (continued)

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of P.U.C. SUBST. R. 24.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by P.U.C. SUBST. R. 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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

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

Section 3.04 - Appealing Connection Costs

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

Section 3.05 - Applying for Service

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

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request.

SECTION 3.0--EXTENSION POLICY (continued)

The actual point of connection and meter installation must be readily accessible to utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the utility. If no agreement on location can be made, the applicant may refer the matter to the PUC for resolution.

Section 3.06 - Qualified Service Applicant

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

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

Section 3.07 - Developer Requirements

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

**APPENDIX A – DROUGHT CONTINGENCY PLAN**

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

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



# Attachment E

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

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

**RECITALS**

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

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

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

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

**ARTICLE I.  
ORGANIZATION**

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

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

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(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.

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(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.

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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;

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(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

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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.

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(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



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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.

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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:

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(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

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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.

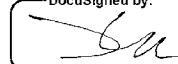
11.5. Compliance with Securities Laws. Notwithstanding anything herein contained to the contrary, no transfer or disposition of Interests in the Company pursuant to the terms hereof shall be made unless such transfer or disposition complies in all respects with the provisions of the Securities Act of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

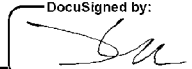
IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

**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

DocuSign Envelope ID: 7A776122-CFE7-4DEB-B2E8-F3F8F35D81DE

**EXHIBIT A**  
**INITIAL CAPITAL CONTRIBUTIONS**

| <u>Member's Name and Address</u>           | <u>Member's Interest</u> | <u>Capital Contribution</u> |
|--|--------------------------|-----------------------------|
| CSWR-Texas Utility<br>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 is Confidential and  
will be provided pursuant to the  
Protective Order**

# Attachment I

NA

## Texas Commission on Environmental Quality Investigation Report

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

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

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

**Regulated Entity Number: RN101217651**

|   |   |
|---|---|
| <b>Investigation #</b> 1580492                      | <b>Incident Numbers</b>                       |
| <b>Investigator:</b> ANTOINETTE RANDLE              | <b>Site Classification</b> GW <=50 CONNECTION |
| <b>Conducted:</b> 07/03/2019 -- 07/03/2019          | <b>No Industry Code Assigned</b>              |
| <b>Program(s):</b> PUBLIC WATER SYSTEM/SUPPLY       |   |
| <b>Investigation Type:</b> Compliance Investigation | <b>Location:</b>                              |
| <b>Additional ID(s):</b> 0080053                    |   |

**Address:** 6931 GRACE LN,  
SEALY, TX , 77474

**Local Unit:** REGION 12 - HOUSTON  
**Activity Type(s):** PWSCCIGWCM - CCI GW PURCHASE  
- COMMUNITY MANDATORY

**Principal(s):**

| Role       | Name                       |
|------------|----------------------------|
| RESPONDENT | RANCH COUNTRY OF TEXAS INC |

**Contact(s):**

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

**Other Staff Member(s):**

| Role        | Name             |
|-------------|------------------|
| QA Reviewer | ELAINE FOWLER    |
| Supervisor  | LATRICHIA SPIKES |
| QA Reviewer | CHRISTINA BERNAL |
| Supervisor  | CHRISTINA BERNAL |

**LAKESIDE ESTATES WATER SYSTEM - SEALY**

7/3/2019 Inv. # - 1580492

Page 2 of 4

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**Associated Check List**

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

**Investigation Comments:**

**INTRODUCTION**

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

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

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

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

A general compliance letter was mailed to the regulated entity.

**GENERAL FACILITY AND PROCESS INFORMATION**

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

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

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

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

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

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

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

Exceptions:

The water system has not been granted any regulatory exceptions.

**LAKESIDE ESTATES WATER SYSTEM - SEALY**

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

**Page 3 of 4**

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

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

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

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

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

**BACKGROUND**

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

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

**ADDITIONAL INFORMATION**

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

**No Violations Associated to this Investigation**

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

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

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

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

**LAKESIDE ESTATES WATER SYSTEM - SEALY**

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

**Page 4 of 4**

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

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

\_\_\_ Maps, Plans, Sketches

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

\_\_\_ Photographs

\_\_\_ Investigation Report

\_\_\_ Correspondence from the facility

\_\_\_ Sample Analysis Results

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

\_\_\_ Manifests

\_\_\_ Notice of Registration

**List of Attached files**

0080053 sk.doc

lakeside Estates Capacity .pdf

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



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

# Attachment K

## **2. 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.

**3. 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.

**14. Describe the anticipated impact and changes in the quality of retail utility service for the requested area:**

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. See Attachment J. 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.

**15. Describe the experience and qualifications of the Applicant in providing continuous and adequate retail service:**

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.

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.

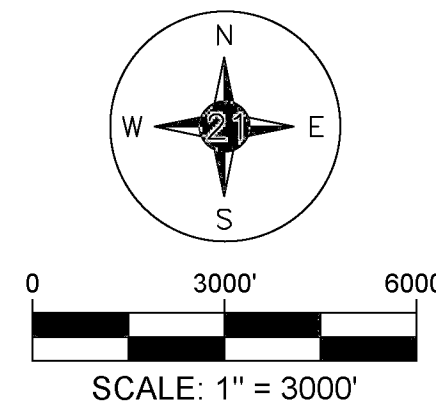
**16. Attach a description of any actions or efforts the Applicant has taken to comply with any pending enforcement actions.**

The Company has acquired numerous water and wastewater systems in Texas with significant compliance issues resulting from the operations of the former owner. The Company has been working diligently with the TCEQ and PUCT staff to address these issues in a timely manner.

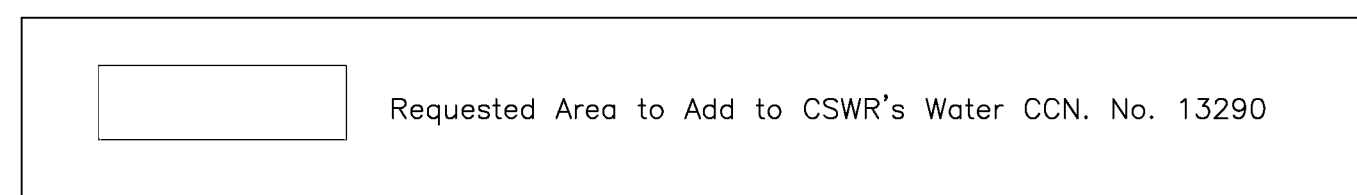
**Attachment K-1 is Confidential and  
will be provided pursuant to the  
Protective Order**

# Attachment L

CSWR-TEXAS UTILITY OPERATING COMPANY, LLC  
 CSWR CCN NO. 13290 AMENDMENT – WATER SERVICE AREA  
 OVERALL LOCATION – AUSTIN COUNTY



REQUESTED WATER SERVICE AREAS TO AMEND



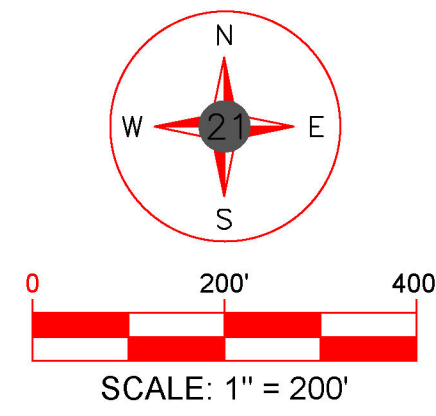
|                            |            |
|----------------------------|------------|
| EXHIBIT 1                  |            |
| DATE:                      | 08/11/21   |
| DRAWN BY:                  | K.A.R.     |
| SCALE:                     | 1" = 3000' |
| SHEET NAME:                |            |
| OVERALL LOCATION MAP       |            |
| PORTION CSWR CCN NO. 13290 |            |

**21**  
**DESIGN**  
**GROUP INC.**

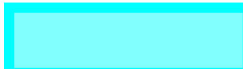
1351 Jefferson, Suite 301  
 Washington, MO 63090  
 mail@21designgroup.net  
 P: 636-432-5029

# Attachment M

CSWR—TEXAS UTILITY OPERATING COMPANY, LLC  
 CSWR CCN NO. 13290 AMENDMENT — WATER SERVICE AREA  
 OVERALL LOCATION — AUSTIN COUNTY



REQUESTED WATER SERVICE AREAS TO AMEND

|   |  |
|---|--|
|  | Requested Area to Add to CSWR's Water CCN. No. 13290 |
|---|--|

|                            |           |
|----------------------------|-----------|
| EXHIBIT 2                  |           |
| DATE:                      | 08/11/21  |
| DRAWN BY:                  | K.A.R.    |
| SCALE:                     | 1" = 400' |
| SHEET NAME:                |           |
| OVERALL LOCATION MAP       |           |
| PORTION CSWR CCN NO. 13290 |           |



1351 Jefferson, Suite 301  
 Washington, MO 63090  
 mail@21designgroup.net  
 P: 636-432-5029

**Attachment N is being  
provided in native format**



# 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 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 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 and 552.110 and merits the Protected Material information.

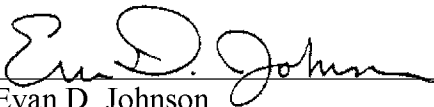
Confidential Attachment H contains engineering assessments and a capital improvement plan that is deemed by a third-party engineering firm to be proprietary information. Public disclosure of the information would cause substantial competitive harm to the engineering firm by allowing other engineering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

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

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.

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 and 552.110 and merits the Protected Material designation.

  
Evan D. Johnson

**ATTORNEY FOR CSWR-TEXAS  
UTILITY OPERATING COMPANY,  
LLC**

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

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

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