



Filing Receipt

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DOCKET NO. 54462

APPLICATION OF ORANGE COUNTY	§	PUBLIC UTILITY COMMISSION
WATER CONTROL & IMPROVEMENT	§	
DISTRICT NO 1 TO AMEND ITS	§	OF TEXAS
CERTIFICATES OF CONVENIENCE	§	
AND NECESSITY IN ORANGE COUNTY	§	

**ORANGE COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1'S
SUPPLEMENTAL FILING TO ITS PETITION TO AMEND ITS CERTIFICATES OF
CONVENIENCE AND NECESSITY IN ORANGE COUNTY**

COMES NOW, Orange County Water Control and Improvement District No. 1 (Applicant) files this Supplemental Filing to its Petition to Amend its Certificates of Convenience and necessity and would show the following:

I. BACKGROUND

Applicant filed an application to amend its certificates of convenience and necessity in Orange County. On January 13, 2023, the Administrative Law Judge (ALJ) issued Order No. 2 finding the application was administratively incomplete, establishing deadlines and opportunity to cure, and consolidating Docket Nos. 54462 and 54463. The ALJ ordered Applicant to cure the deficiencies by Monday, February 13, 2023. Thereafter, on February 10, 2023 the ALJ issued Order No. 3 granting Applicant's request for an extension to cure the deficiencies.

II. SUPPLEMENTAL BRIEFING

Initially, Applicant filed a petition to amend its Certificates of Convenience and Necessity (CCN) in order to eliminate pockets inside its CCN that were still classified as being operated by Pine Forest Water System and Gibson Street Water System. However, after the petition was filed, Commission Staff recommended Applicant file a Sale, Transfer, Merger Application (STM) to cure the deficiencies. Therefore, attached to this Supplemental Brief is the STM Application for Pine Forest Water System and Gibson Street Water System.

Applicant entered into a transaction in 1997 whereby the Applicant purchased numerous water systems, including but not limited to, Pine Forest Water System and Gibson Street Water System. *See*

Exhibit A. Since 1997, the Applicant has been providing water and wastewater services to all customers that were served by Pine Forest Water System and Gibson Water System. It appears the proper documentation either was never submitted to the Public Utilities Commission or the process of the transfer was never concluded. However, the Applicant wishes to correct this by submitting all proper documentation and application to the PUCT to get this rectified. Applicant attempted to fill out the STM Application to the best of their ability, however, due to the fact the sale occurred over twenty-six (26) years ago the majority of information requested in the STM Application remains blank due to the original attorney, general manager, and seller being deceased or could not be located.

III. CONCLUSION

Applicant respectfully requests the ALJ find its Petition administratively complete now that the correct application has been submitted with supporting documentation.

Dated: February 28, 2023

Respectfully submitted,

GERMER PLLC
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COUNSEL FOR THE APPLICANT

APPLICATION



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

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

Sale, Transfer, or Merger (STM) Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, the Applicant should:
- Provide an answer to every question and submit any required attachment applicable to the STM request (i.e., agreements or contracts).
 - Use attachments or additional pages to answer questions as necessary. If you use attachments or additional pages, reference their inclusion in the form.
 - Provide all mapping information as detailed in Part G: Mapping & Affidavits.
- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
- 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):** Applicants will be ordered to provide information to cure the deficiencies by a certain date, usually 30 days from ALJ's order. ***Application is not accepted for filing.***
 - SUFFICIENT (Administratively Complete):** Applicants will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. ***Application is accepted for filing.***
- IV. Once the Applicants issue notice, a copy of the actual notice sent and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may request a hearing on the merits.
- HEARING ON THE MERITS:** An affected party may request a hearing within 30 days of notice. In this event, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
- V. **TRANSACTION TO PROCEED:** at any time following the provision of notice, or prior to 120 days from the last date that proper notice was given, Commission Staff will file a recommendation for the transaction to proceed as proposed or recommend that the STM be referred to SOAH for further investigation. The Applicants will be required to file an update in the docket to the ALJ every 30 days following the approval of the transaction. The transaction must be completed within six (6) months from the ALJ's order (Note: The Applicants may request an extension to the 6 month provision for good cause).
- VI. **FILE:** Seven (7) copies of completed transaction documents and documentation addressing the transfer or disposition of any outstanding deposits. After receiving all required documents from the Applicants, the application will be granted a procedural schedule for final processing. The Applicants are requested to consent in writing to the proposed maps and certificates, or tariff if applicable.
- VII. **FINAL ORDER:** The ALJ will issue a final order issuing or amending the applicable CCNs.

FAQ:

Who can use this form?

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

Who is required to use this form?

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

Terms

Transferor: Seller

Transferee: Purchaser

CCN: Certificate of Convenience and Necessity

STM: Sale, Transfer, or Merger

IOU: Investor Owned Utility

Application Summary

Transferor: Water Necessities, Inc.

(selling entity)

CCN No.s: 12243

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

Transferee: Orange County Water Control & Improvement District No. 1

(acquiring entity)

CCN No.s: 601441850

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

County(ies): Orange

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Please mark the items included in this filing

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

Part A: General Information

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

In March 1994, Orange County Water WCID #1 purchased from Water Necessities, Inc. all water wells, pumps, tanks, valves, meters, service lines, distribution lines, connections, equipment and private water utility system appurtenances along with all customer billing accounts of said water system in the Pine Forest and Gibson Street areas. Orange County WCID #1 has been servicing both of these areas since the 1994 purchase.

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

For **Transferee** (Purchaser) CCN:

For **Transferor** (Seller) CCN:

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

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

Part B: Transferor Information

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

3. A. Name: Water Necessities, Inc.
(individual, corporation, or other legal entity)
☐ Individual ☒ Corporation ☐ WSC ☐ Other: _____

B. Mailing Address: 1020 N Main Street, Vidor, Texas 77662

Phone: (409) 769-9030

Email: kellybrew92@gmail.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: Kelly Brewer

Title: Owner

Mailing Address: 1020 N Main Street, Vidor, Texas 776625

Phone: (409) 769-9030

Email: kellybrew92@gmail.com

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

A. Effective date for most recent rates: _____

- B. Was notice of this increase provided to the Public Utility Commission of Texas (Commission) or a predecessor regulatory authority?

☐ No ☐ Yes Application or Docket Number: _____

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

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

☐ There are no customers that will be transferred

☐ # of customers without deposits held by the transferor _____

☐ # of customers with deposits held by the transferor* _____

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

Part C: Transferee Information

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

6. A. Name: Orange County Water Control & Improvement District No. 1

(individual, corporation, or other legal entity)

☐ Individual

☐ Corporation

☐ WSC

☒ Other: Governmental Entity

B. Mailing Address: 460 E Bolivar, Vidor, Texas 77662

Phone: (409) 769-2669

Email: cserres@ocwc1.com

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

Name: Chris Serres

Title: General Manager

Address: 460 E Bolivar, Vidor, Texas 77662

Phone: (409) 769-2669

Email: cserres@ocwc1.com

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

☐ No

☒ Yes

☐ N/A

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

☐ No

☐ Yes

☐ N/A

7. The legal status of the transferee is:

☐ Individual or sole proprietorship

☐ Partnership or limited partnership (*attach* Partnership agreement)

☐ Corporation

Charter number (as recorded with the Texas Secretary of State): _____

☐ Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]

Charter number (as recorded with the Texas Secretary of State): _____

☐ Articles of Incorporation and By-Laws established (*attach*)

☐ Municipally-owned utility

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

- ☐ County
- ☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
- ☐ Other (please explain): _____

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

Name: _____

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

Name: Frank Inzer

Position: Board President

Ownership % (if applicable): 0.00%

Address: 315 So Main, Vidor, Texas 77662

Phone: (409) 781-3132

Email: 54dogwood@gmail.com

Name: Tim Beard

Position: Board Vice President

Ownership % (if applicable): 0.00%

Address: 4575 Brookhollow, Vidor, Texas 77662

Phone: (409) 960-8572

Email: tbeard@coastaltxs.com

Name: Trey Haney

Position: Board Secretary

Ownership % (if applicable): 0.00%

Address: 1250 Lamar, Vidor, Texas 77662

Phone: (409) 767-3390

Email: haneyt@gmail.com

Name: _____

Position: _____

Ownership % (if applicable): 0.00%

Address: _____

Phone: _____

Email: _____

10. **Financial Information**

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

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

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

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

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

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$ _____

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

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

☐ No ☐ Yes ☐ N/A

Total Original Cost of Plant in Service: \$ _____

Accumulated Depreciation: \$ _____

Net Book Value: \$ _____

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

☐ No ☐ Yes

Total Customer CIAC: \$ _____

Accumulated Amortization: \$ _____

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

☐ No ☐ Yes

Total developer CIAC: \$ _____

Accumulated Amortization: \$ _____

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

☐ No ☐ Yes

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

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

Orange County Water Control & Improvement District No. 1 has been servicing the water and sewer customers along Pine Forest Drive, Birtie Street, Kennedy Drive, Coolidge Street, Johnson Street, Madison Street, and Hayes Circle in the Pine Forest Area and Gibson Street, Harvey Lane, and Rene Lane in the Vidor, Texas area since 1994. The purpose of this request is to reflect the correct CCN ownership for both of these areas.

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

Utility Plant in Service: \$ _____

Accumulated Depreciation of Plant: \$ _____

Cash: \$ _____

Notes Payable: \$ _____

Mortgage Payable: \$ _____

(Proposed) Acquisition Adjustment*: \$ _____

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

Other (NARUC account name & No.): _____

Other (NARUC account name & No.): _____

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

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

Part E: CCN Obtain or Amend Criteria Considerations

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

Orange County Water Control & Improvement District No. 1 has been servicing both of these areas since 1994. This is a request to amend and correct the CCN to reflect the correct owner of the CCN.

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

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

☐ No ☒ Yes

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

Environmental integrity of the land will not be impacted. These are existing service areas that was purchased in 1994 by Orange County Water Control & Improvement District No. 1. It appears the proper documents were filed but never put in Orange County Water Control & Improvement District No. 1's name and remains in the name of the provider from whom the system was purchased. (Water Necessities, Inc.)

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

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

City of Rose City, Mauriceville MUD, Water Necessities, Inc., Rural Water Company, Inc.

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

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

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

TCEQ PWS Identification Number: 1810005 (7 digit ID)

Name of PWS: Orange County Water Control & Improvement District No. 1

Date of last TCEQ compliance inspection: October 13, 2021 (attach TCEQ letter)

Subdivisions served: _____

B. For Sewer service:

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

Name of Wastewater Facility: _____

Name of Permittee: _____

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

Subdivisions served: _____

Date of application to transfer permit submitted to TCEQ: _____

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

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

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

☒ No ☐ Yes

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

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

C. Is there a moratorium on new connections?

☒ No ☐ Yes:

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

☐ No ☒ Yes: City of Vidor, Texas (name of municipality)

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

Water: _____ Sewer: _____

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

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

Capacity is purchased from: _____

Water: _____

Sewer: _____

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

☒ No ☐ Yes

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

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

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

☒ No ☐ Yes:

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

☐ No ☒ Yes:

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

Name (as it appears on license)	Class	License No.	Water or Sewer
DAVID B LEJUNE, JR	B	WG0005509	WATER
DAVID M CARPENTER	B	WG0002043	WATER
ALLAN W LINSOMB	C	WG0014013	WATER
STEVE T PILLOW	C	WG0009610	WATER

Part G: Mapping & Affidavits

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

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

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

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

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

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

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

Part H: Notice Information

The following information will be used to generate the proposed notice for the application.

DO NOT provide notice of the application until it is found sufficient and the Applicants are ordered to provide notice.

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

The total acreage of the requested area is approximately: 142.00

Number of customer connections in the requested area: 67

Affected subdivision :

The closest city or town: Pine Forest, Texas and City of Vidor, Texas

Approximate mileage to closest city or town center: 1

Direction to closest city or town: South/Southeast

The requested area is generally bounded on the North by: Coolidge Street/Rene Lane

on the East by: Hwy 105/Pine Street

on the South by: Hwy 1131/Harvey Lane

on the West by: Madison/Woods - a line extending 1000 ft west and parallel with Pine Street

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

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

☒ All of the customers will be charged the same rates they were charged before the transaction.

☐ All of the customers will be charged different rates than they were charged before the transaction.

☐ higher monthly bill ☐ lower monthly bill

☐ Some customers will be charged different rates than they were charged before
(i.e. inside city limit customers)

☐ higher monthly bill ☐ lower monthly bill

Oath for Transferor (Transferring Entity)

STATE OF Texas

COUNTY OF Orange

I, _____, being duly sworn, file this application for sale,
merger, consolidation, acquisition, lease, or
rental, as

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

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

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

AFFIANT

(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas
this day the _____ of _____, 20 _____

SEAL

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

PRINT OR TYPE NAME OF NOTARY

My commission expires: _____

Oath for Transferee (Acquiring Entity)

STATE OF _____

COUNTY OF _____

I, _____ being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as _____

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

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

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

AFFIANT

(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas

this day the _____ of _____, 20 _____

SEAL

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

PRINT OR TYPE NAME OF NOTARY

My commission expires: _____

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

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

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

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

HISTORICAL NET INCOME INFORMATION

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

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

Appendix B: Projected Information

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

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

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

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

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 10, 2021

**CERTIFIED MAIL {7019 0700 0001 0073 7318}
RETURN RECEIPT REQUESTED**

Mr. Frank Inzer, President
Orange County WCID No. 1
460 East Bolivar Street
Vidor, Texas 77662

Re: Notice of Violation for a Public Water Supply Comprehensive Compliance Investigation at:
Orange County WCID No. 1, Vidor (Orange County), Texas, PWS ID No.: 1810005, Investigation
No.: 1775634, Regulated Entity No.: 101417541

Dear Mr. Inzer,

On October 13, 2021, Mrs. Paige Ruth-Pritchard of the Texas Commission on Environmental Quality (TCEQ) Beaumont Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supply. During the investigation, a concern was noted which was an alleged noncompliance that has been resolved as an Area of Concern based on subsequent corrective action. In addition, a certain outstanding alleged violation was identified for which compliance documentation is required. Please submit to this office by **April 9, 2022** a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.texas.gov> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Beaumont Region Office at (409) 898-3838 or the Central Office Publications Ordering Team at 512-239-0028.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the Beaumont Region Office within 10 days from the date of this letter. At that time, Mr. Chris Vidrine will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the enclosed Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

Mr. Frank Inzer, President
Page 2
December 10, 2021

If you or members of your staff have any questions, please feel free to contact Ms. Paige Ruth-Pritchard in the Beaumont Region Office at (409) 898-3838.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Vidrine", with a large, sweeping loop at the end.

Chris Vidrine
Water Section Team Leader
Beaumont Region Office
Texas Commission on Environmental Quality

CV/PRP/jh

Enclosure: Summary of Investigation Findings

Summary of Investigation Findings

ORANGE COUNTY WCID 1

460 E BOLIVAR ST

VIDOR, ORANGE COUNTY, TX 77662

Investigation #

1775634

Investigation Date: 10/13/2021

Additional ID(s): 1810005

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

Track No: 797064

Compliance Due Date: To Be Determined

30 TAC Chapter 290.46(j)

Alleged Violation:

Investigation: 1775634

Comment Date: 12/08/2021

Failure by Orange County WCID No. 1 to use the Customer Service Inspection (CSI) form and format found in commission Form- 20699.

During the investigation, it was noted that the water system was not utilizing the most up to date commission Form-20699 for CSIs. It was noted that the last time the water system utilized the form was March 2021.

Recommended Corrective Action: Submit a copy of a completed CSI form using the most up to date commission Form-20699 and submit a standard operating procedure for using the correct form to the Beaumont Regional Office.

Track No: 797066

Compliance Due Date: To Be Determined

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 1775634

Comment Date: 12/09/2021

Failure by Orange County WCID No. 1 to maintain the fence at Well No. 4 and Well No. 5 free of excessive vegetation.

During the investigation, it was noted that the fence at Well No. 4 and Well No. 5 was covered with an excessive amount of vegetation.

Recommended Corrective Action: Remove the excessive vegetation from the fence and submit photographic documentation to the Beaumont Regional Office.

Track No: 797067

Compliance Due Date: To Be Determined

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

Alleged Violation:

Investigation: 1775634

Comment Date: 12/06/2021

Failure by Orange County WCID No. 1 to maintain a full Self Contained Breathing Apparatus (SCBA) where gas chlorine is used.

During the investigation, it was noted that the SCBA had 5 minutes of air available and does not meet OSHA regulations at Well No. 4.

Recommended Corrective Action: Refill the SCBA at Well No. 4 and submit photographic documentation to the Beaumont Regional Office.

Track No: 797068

Compliance Due Date: To Be Determined

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 1775634

Comment Date: 12/06/2021

Failure by Orange County WCID No. 1 to maintain the 0.411 MG Ground Storage Tank at Well No. 4 and the Hwy 105 South Elevated Storage Tank free of excessive mildew.

During the investigation, an excessive amount of mildew was noted on the 0.411 MG Ground Storage Tank at Well No. 4 and the Hwy 105 South Elevated Storage Tank.

Recommended Corrective Action: Clean the mildew off the 0.411 MG Ground Storage Tank at Well No. 4 and the Hwy 105 South Elevated Storage Tank and submit photographic documentation to the Beaumont Regional Office.

Track No: 797069**Compliance Due Date:** To Be Determined**30 TAC Chapter 290.43(c)(3)****Alleged Violation:**

Investigation: 1775634

Comment Date: 12/06/2021

Failure by Orange County WCID No. 1 to maintain smaller than a 1/16-inch gap on the gravity-hinged weighted cover on the overflow located on the 0.411 MG Ground Storage Tank at Well No. 4.

During the investigation, a gap which was determined to be larger than 1/16 inch was noted between the overflow and overflow cover on the 0.411 MG Ground Storage Tank at Well No. 4.

Recommended Corrective Action: Repair the gravity-hinged weighted cover on the overflow at 0.411 MG Ground Storage Tank at Well No. 4 so that the gap has a maximum width of 1/16 inch. Submit photographic documentation of the repaired overflow cover on the 0.411 MG ground storage tank at Well No. 4 to the Beaumont Regional Office.

Track No: 797070**Compliance Due Date:** To Be Determined**30 TAC Chapter 290.43(c)(1)****Alleged Violation:**

Investigation: 1775634

Comment Date: 12/09/2021

Failure by Orange County WCID No. 1 to provide Well No. 7 Ground Storage Tank roof vent with 16-inch mesh screening material to prevent entry of animals, birds, insects and heavy air contaminants into the ground storage tank.

During the investigation, it was noted that the Well No. 7 Ground Storage Tank roof vent was missing the mesh screening material to prevent the entry of animals, birds, insects and heavy air contaminants.

Please note this violation is considered a Significant deficiency and could be subject to 40 Code of Federal Regulations (CFR) Subpart S-Groundwater Rule regarding significant deficiencies if not corrected or part of a state approved corrective action plan by the violation deadline.

Recommended Corrective Action: Install a roof vent screening with 16-inch mesh screening material at the Well No. 7 Ground Storage Tank and submit photographic documentation to the Beaumont Regional Office.

Track No: 797071**Compliance Due Date:** To Be Determined**30 TAC Chapter 290.45(b)(1)(D)(i)****Alleged Violation:**

Investigation: 1775634

Comment Date: 12/09/2021

Failure by Orange County WCID No. 1 to provide a well capacity of 0.6 gallons per minute

(gpm) per connection.

During the investigation, it was noted that the water system provides 3220 gpm total well production capacity while 3849 gpm is required. The water system is currently operating at 16% deficient.

Recommended Corrective Action: Provide a well capacity of 0.6 gpm per connection. Provide documentation to the Beaumont Regional Office once this capacity requirement is fulfilled.

Please note that if any modifications are made to the plant in an effort obtain compliance with this regulation, notification shall be made to TCEQ Water Supply division, Technical Review and Oversight Team, MC 155 PO Box 13087, Austin, Texas 78711-3087; phone (512) 239-4691. Additionally, an exception may be requested regarding this regulation to the address listed above.

Track No: 797454 **Compliance Due Date:** To Be Determined
30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 1775634

Comment Date: 12/09/2021

Failure by Orange County WCID No. 1 to maintain Well No. 7 in a good working condition and appearance.

During the investigation, it was noted that the water system has not been using Well No. 7 since May 2021 due to well pump issues.

Recommended Corrective Action: Repair the well pump. Submit documentation to the Beaumont Regional Office upon completion of the repair.

AREA OF CONCERN

Track No: 797065
30 TAC Chapter 290.41(c)(3)(K)

Alleged Violation:

Investigation: 1775634

Comment Date: 12/09/2021

Failure by Orange County WCID No. 1 to maintain the 16-mesh vent screen for Well No. 4.

During the investigation, it was noted that the water system did not have 16-mesh screening material on the vent at Well No. 4.

Please note this violation is considered a Significant deficiency and could be subject to 40 Code of Federal Regulations (CFR) Subpart S-Groundwater Rule regarding significant deficiencies if not corrected or part of a state approved corrective action plan by the violation deadline.

Recommended Corrective Action: Cover the well vent with an adequate 16-mesh screening material. Submit photographic documentation to the Beaumont Regional Office.

Resolution: During the investigation, an operator with the water system replaced the vent screen.

EXHIBIT A

LARRY C. HUNTER

ATTORNEY AT LAW

1260 NORTH MAIN

VIDOR, TEXAS 77662

MARIE REARICK
LEGAL SECRETARY

PHONE (409) 769-5463
FAX (409) 769-0984

February 21, 1992

Ms. Mary Jane Horst
Rates Section
Water Utilities Division
Texas Water Commission
P. O. Box 13087
Austin, Texas 78711-3087

Re: Report of Sale and Transfer Application of Larry
Brewer, CCN No. 12243, to Purchase Various Subdivisions
from Block & Block Water System, Inc., B & B Water
Systems, Inc. and M. R. Block, CCN No. 11438, in
Orange County; Application No. 9359-S

Application of Larry Brewer to Amend CCN No. 12243 in
Hardin and Orange Counties; Application No. 9360-C

Dear Ms. Horst:

I represent Orange County Water Control & Improvement District No. 1, which has reached a tentative agreement to operate and eventually purchase from Larry Brewer the Cherry Street and Ruby Street water systems located in Vidor, Orange County, Texas, within our CCN area, as well as the Cloverleaf system located in the City of Vidor, Orange County, Texas, which has been dually certified to the Water District and B & B Water Systems, Inc., which Mr. Brewer purchased without a transfer of the CCN from B & B Water Systems, Inc.

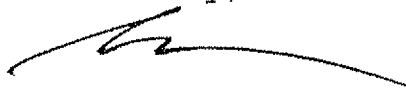
Mr. Brewer has signed this letter to evidence his approval of the foregoing statement, and to confirm his intent to enter into such an agreement with the Orange County Water Control & Improvement District No. 1. Further, Mr. Brewer has signed this letter authorizing you to release any information requested concerning the three water systems above mentioned to Orange County Water Control & Improvement District No. 1, their officers, directors and me as their attorney.

Further, Mr. Brewer has signed this letter requesting that you amend the proposed public notices for his publication, deleting his request for an original CCN for the Cherry Street and Ruby Street systems, omitting any transfer of the Cloverleaf dual CCN from B & B Water Systems, Inc., but retaining his request to de-certify the dual certification held by B & B Water Systems, Inc., concerning the Cloverleaf system.

Once you have revised the proposed public notices for Mr. Brewer to publish, please forward same directly to Mr. Brewer at the address stated below, and favor my office with a copy of same.

If there are any questions or problems, please call. Thank you.

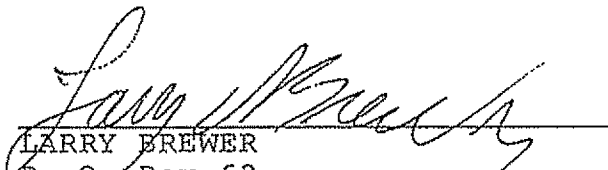
Sincerely,



Larry C. Hunter

LCH/mr

APPROVED:



LARRY BREWER
P. O. Box 62
Vidor, Texas 77670-0062

THE STATE OF TEXAS §

BILL OF SALE

COUNTY OF ORANGE §

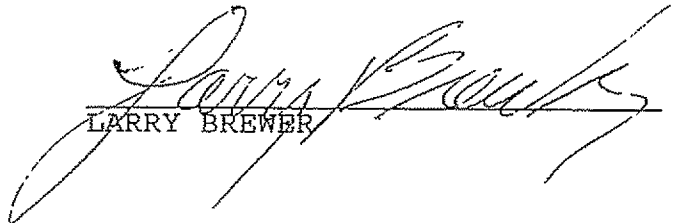
KNOW ALL MEN BY THESE PRESENTS: That I, LARRY BREWER, of Orange County, Texas, in consideration of the sum of Ten and No/100 (\$10.00) Dollars, and other good and valuable cash consideration, to me in hand paid, the receipt and sufficiency of which is hereby acknowledged, have GRANTED, SOLD AND CONVEYED and by these presents do GRANT, SELL AND CONVEY unto ORANGE COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1, a governmental entity of Orange County, Texas, whose mailing address is P. O. Box 1267, Vidor, Texas 77670-1267, the following private water utility systems in Orange County, Texas, described as follows, to-wit:

1. PINE FOREST WATER SYSTEM: That certain water system known as the "Pine Forest Water System", including but not limited to all customer accounts, service, trunk and distribution lines, taps and connections, and all other appurtenances pertaining to the said water system.
2. GIBSON STREET WATER SYSTEM: That certain water system known as the "Gibson Street Water System", including but not limited to all customer accounts, service, trunk and distribution lines, taps and connections, and all other appurtenances pertaining to the said water system.
3. CLOVERLEAF WATER SYSTEM: That certain water system known as the "Cloverleaf Water System", including but not limited to all customer accounts, service, trunk and distribution lines, taps and connections, and all other appurtenances pertaining to the said water system.
4. RUBY STREET WATER SYSTEM: That certain water system known as the "Ruby Street Water System", including but not limited to all customer accounts, service, trunk and distribution lines, taps and connections, and all other appurtenances pertaining to the said water system.
5. CHERRY STREET WATER SYSTEM: That certain water system known as the "Cherry Street Water System", including but not limited to all customer accounts, service, trunk and distribution lines, taps and connections, and all other appurtenances pertaining to the said water system.
6. HERITAGE PARK WATER SYSTEM: That certain water system known as the "Heritage Park Water System", including but not limited to all customer accounts, service, trunk and distribution lines, taps and connections, and all other appurtenances pertaining to the said water system.

TO HAVE AND TO HOLD the said private water utility systems above described, together with all rights, hereditaments and appurtenances thereto belonging, unto the said ORANGE COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1, its successors and assigns forever. And I do warrant that I have good right and title to sell, transfer and convey said private water utility systems, and that same are free and clear of any liens or

encumbrances whatsoever; and, I do hereby bind myself, my heirs, executors and administrators to WARRANT AND FOREVER DEFEND the title to said property unto ORANGE COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof.

EXECUTED this the 12th day of September, 1997.

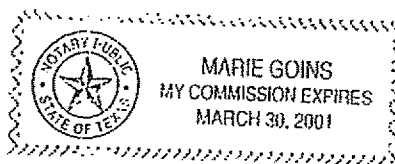

LARRY BREWER

THE STATE OF TEXAS §

COUNTY OF ORANGE §

This instrument was acknowledged before me by the said LARRY BREWER on this the 12th day of September, 1997.


Notary Public, State of Texas



Return to:

Orange County Water Control
& Improvement District No. 1
P. O. Box 1267
Vidor, Texas 77670-1267

THE STATE OF TEXAS §

ASSIGNMENT OF ACCOUNT RECEIVABLE

COUNTY OF ORANGE §

WHEREAS, LARRY BREWER entered into an Operating Agreement with Option to Purchase dated May 28, 1992, with Orange County Water Control & Improvement District No. 1, a true and correct copy of which is attached hereto as Exhibit "A" and incorporated herein for all purposes; and,

WHEREAS, LARRY BREWER made a Partial Assignment of Account Receivables dated June 2, 1992, to JAMES LAMPSON and wife, NAOMI LAMPSON, of the first twelve monthly installments of the above mentioned Contract;

WHEREAS, LARRY BREWER desires to assign the option payment of \$2,500.00 and the final eleven monthly installments of \$2,500.00 each due and owing by Orange County Water Control & Improvement District No. 1 to JAMES LAMPSON and wife, NAOMI LAMPSON, for a discounted lump sum cash consideration; and,

WHEREAS, the said JAMES LAMPSON and wife, NAOMI LAMPSON, desire to purchase said option payment and the final eleven monthly installments of said Contract above mentioned in consideration for a discounted lump sum cash advance to LARRY BREWER:

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS: For and in consideration of the sum of Twenty-Seven Thousand and No/100 (\$27,000.00) Dollars cash in hand paid, the receipt and sufficiency of which is hereby acknowledged, I, LARRY BREWER, hereby assign to JAMES LAMPSON and wife, NAOMI LAMPSON, all of my right, title and interest in and to the option payment of \$2,500.00 and the final eleven monthly installments of \$2,500.00 each due and owing under the above mentioned Operating Agreement with Option to Purchase above mentioned, a true and correct copy of which is attached hereto as Exhibit "A", said installments being for the months of June 1, 1993, through April 1, 1994, inclusive.

It is specially agreed and understood that this is a partial assignment of money due or to become due only, and the said JAMES LAMPSON and wife, NAOMI LAMPSON do not assume any obligations of LARRY BREWER under said Operating Agreement with Option to Purchase; and, LARRY BREWER shall remain solely responsible to fulfill all obligations and responsibilities under said Operating Agreement with Option to Purchase as owner of the Cloverleaf Water System, the private water utility system the subject of said Contract.

For the consideration above stated, LARRY BREWER hereby authorizes and directs ORANGE COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1, its successors and assigns, to pay the monthly installments of \$2,500.00 each due and owing for June 1, 1993

Dogwood Drive to stake for corner and POINT OF BEGINNING; and,

TRACT 2:

Being out of and a part of Block No. 10, CLOVERLEAF ADDITION, a subdivision in the Gilbert Stephenson League, Abstract 167, Orange County, Texas, according to the map or plat of said addition appearing in Vol. 4, Page 15-16, Map Records of Orange County, Texas, and being described by metes and bounds as follows, to-wit:

BEGINNING at the Southwest corner of that certain tract of land described in deed from Claude Beardon, et ux, to Clarence E. Scott, et ux, dated July 2, 1973, recorded in Vol. 431, Page 226, Deed Records of Orange County, Texas;

THENCE East with the South boundary line of said Scott tract a distance of 50 feet to stake for corner;

THENCE North parallel with the West boundary line of Block No. 10 a distance of 25 feet to stake for corner;

THENCE West parallel with the South boundary line hereof a distance of 50 feet to stake for corner in the West boundary line of said Block No. 10;

THENCE South with said West boundary line a distance of 25 feet to the PLACE OF BEGINNING.

The above described easement shall continue during the term of this agreement and for any reasonable term following Operator's election to exercise the option to purchase hereinafter stated, until Operator has connected said private water utility system with a public water utility system, as hereinafter provided.

Additionally, Owner grants Operator an exclusive easement to enter upon and disconnect the private water utility system from that certain well located on the hereinafter described property:

Being out of and a part of Block No. One (1), AMENDED CLOVERLEAF ADDITION, according to the map or plat of said Addition of record in Volume 5, Pages 3 and 4, Map Records, Orange County, Texas, and being out of and a part of the Gilbert Stephenson Survey, Abstract No. 167, Orange County, Texas, and being a portion of that certain 299.35 acre tract of land described in Deed from E. W. Tubb and Cecil Smith to H. H. Houseman, dated January 3, 1950, recorded in Volume 121, Page 20, Deed Records of said Orange County, Texas, the portion thereof being described by metes and bounds as follows, to-wit:

BEGINNING at a point on the North line of Old Spanish Trail which is North 68 deg. 37 min. East 65.8 feet from the most Eastern corner of tract described in Deed from H. H. Houseman to Cloverleaf, Inc., dated June 15, 1961, recorded in Volume 270, Page 551, Deed Records, Orange County, Texas;

THENCE North 28 deg. 15 min. East a distance of 60 feet to stake for corner;

THENCE East a distance of 40 feet to stake for corner;

THENCE South 28 deg. 15 min. West a distance of 60 feet to stake for corner in the North line of Old Spanish Trail;

THENCE West along and with the North line of said Old Spanish Trail a distance of 40 feet to stake for corner and PLACE OF BEGINNING.

It is specially agreed and understood that after Operator has disconnected the private water utility system from the well above mentioned, Owner may remove and reclaim the water pump and motor, water storage tanks, fencing and all water facility appurtenances of this well site only; and, the above easement to this well site shall terminate upon Operator's disconnection of the private water utility system from said well.

required before this agreement and/or the transfer of assets from Owner to Operator can be effective. Operator agrees to cooperate with Owner in making such applications.

Covenant Not To Compete

As a part of the monetary consideration above stated, Owner agrees that Owner will not at any time during the term of this agreement and for a period of twenty (20) years from the date of Operator's election to exercise the option to purchase the private water utility system the subject of this agreement, directly or indirectly engage in, operate, manage, or have any substantial interest in or in common with any person, firm, or corporation that engages in, a private water utility system for the area presently served by the private water utility system the subject of this agreement.

Accounts Receivable and Payable

Owner shall retain all accounts receivable which accrue and/or have been paid prior to the 1st day of June, 1992; and, Owner shall pay all indebtedness and accounts payable of said private water utility system the subject of this agreement which accrue prior to the 1st day of June, 1992.

Operator shall retain all accounts receivable which accrue on or after June 1, 1992, during the term of this agreement; and, Operator shall pay all indebtedness and accounts payable of said private water utility system the subject of this agreement which accrue on or after June 1, 1992, during the term of this agreement.

Indemnity

Owner shall indemnify, hold harmless and defend Operator from any and all claims, losses, damages, injuries and liabilities arising from or in connection with the operation of said private water utility system prior to the 1st day of June, 1992.

Operator shall indemnify, hold harmless and defend Owner from any and all claims, losses, damages, injuries and liabilities arising from or in connection with the operation of said private water utility system during the term of this agreement.

Warranty of Title

Owner warrants that Owner has good and marketable title to the private water utility system the subject of this agreement, that Owner has the right to enter into this Operating Agreement with Option to Purchase, and that said private water utility system and all appurtenances are free and clear of encumbrances; and, further, upon Operator's election to exercise the option to purchase contained herein, Owner agrees to execute and deliver to Operator a Bill of Sale conveying good and marketable title and binding Owner and Owner's heirs, successors and assigns to forever warrant and defend the title to said private water utility system unto Operator, its successors and assigns, as of the date of the closing of the option to purchase against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Owner agrees to furnish Operator an instrument filed for record in the Office of the County Clerk of Orange County, Texas, evidencing Owner's title to the private water utility system the subject of this agreement and all easements for the well sites, including ingress and egress thereto.

Notice to Customers

Owner and Operator agree to issue a joint statement drafted by counsel for Operator giving notice of the change in operations to the customers of said private water utility system prior to June 1, 1992.

Risk of Loss

Operator shall bear all risk of loss, damage, or destruction to said private water utility system the subject of this agreement during the term of this agreement, including the period of time thereafter should Operator elect to exercise the purchase option herein granted.

Inurement

This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

Governing Law and Venue

This agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Orange County, Texas, and venue of any suit arising from or relating to this agreement shall be fixed and lie in Orange County, Texas.

Legal Construction

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

Waiver of Default

No waiver by the parties hereto of any default or breach of any term, condition or covenant of this agreement shall be deemed to be a waiver of any other breach of the same or any other term, condition or covenant contained herein.

Prior Agreement Superseded

This agreement constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

Amendments

No amendment, modification or alteration of the terms hereof shall be binding unless the same are in writing, dated subsequent to the date hereof and duly executed by the parties hereto.

Attorney Fees and Enforcement

In the event Owner or Operator breaches any of the terms of this agreement whereby the party not in default employs an attorney to protect or enforce his/its rights hereunder and prevails, then the defaulting party agrees to pay the other party's reasonable attorneys' fees so incurred by such other party. It is further agreed that either party may specifically enforce this agreement against a defaulting party.

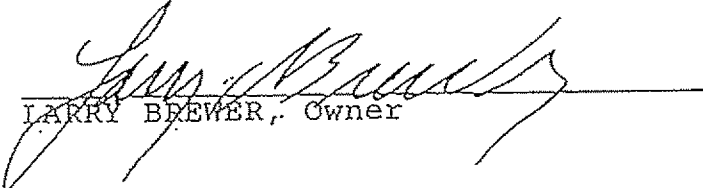
Force Majeure

Neither Operator or Owner shall be required to perform any term, condition or covenant in this agreement so long as such performance is delayed or prevented by force majeure, which shall mean acts of God, restrictions by any governmental authority, civil riot, floods, and any other cause not reasonably within the control of Operator or Owner and which by the exercise of due diligence Operator or Owner is unable, wholly or in part, to prevent or overcome.

Time of Essence

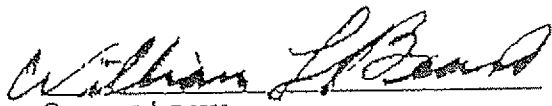
Time is of the essence in this agreement.

IN WITNESS WHEREOF, Owner and Operator execute this agreement as of the day and year first above written.

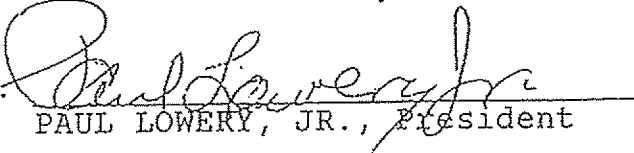

LARRY BREWER, Owner

ORANGE COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 1

ATTEST:


Secretary

By:


PAUL LOWERY, JR., President

THE STATE OF TEXAS, <
COUNTY OF ORANGE. <

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS: That BLOCK & BLOCK WATER SYSTEMS, INC., for and in consideration for the sum of Ten and 00/100 (\$10.00), and other good and valuable consideration, to it in hand paid, receipt of which is hereby acknowledged, have this day, and do by these presents, SELL, TRANSFER, ASSIGN AND DELIVER to LARRY BREWER, P. O. Box 62, Vidor, Texas 77662, an easement covering the following described property:

Being out of and a part of Block No. One (1), AMENDED CLOVERLEAF ADDITION, according to the map or plat of said Addition of record in Volume 5, Pages 3 and 4, Map Records, Orange County, Texas, and being out of and a part of the Gilbert Stephenson Survey, Abstract No. 167, Orange County, Texas, and being a portion of that certain 299.35 acre tract of land described in Deed from E. W. Tubb and Cecil Smith to H. H. Houseman, dated January 3, 1950, recorded in Volume 121, Page 20, Deed Records of said Orange County, Texas, the portion thereof being described by metes and bounds as follows, to-wit:

BEGINNING at a point on the North line of Old Spanish Trail which is North 68 deg. 37 min. East 65.8 feet from the most Eastern corner of tract described in Deed from H. H. Houseman to Cloverleaf, Inc., dated June 15, 1961, recorded in Volume 270, Page 551, Deed Records, Orange County, Texas;

THENCE North 28 deg. 15 min. East a distance of 60 feet to stake for corner;

THENCE East a distance of 40 feet to stake for corner;

THENCE South 28 deg. 15 min. West a distance of 60 feet to stake for corner in the North line of Old Spanish Trail;

THENCE West along and with the North line of said Old Spanish Trail a distance of 40 feet to stake for corner and PLACE OF BEGINNING.

Together with any other rights or interests in and to CLOVERLEAF ADDITION for the purpose of operating and maintaining a community water system.

TO HAVE AND TO HOLD the above described easement together with all rights and appurtenances thereunto and pertaining, and it does hereby bind itself, its successors, and assigns, to warrant and forever defend the easement hereinabove transferred and assigned.

EXECUTED this the 15th day of October, 1990.

BLOCK & BLOCK WATER SYSTEMS, INC.

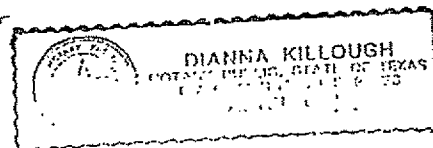
BY: M. R. Block
M. R. BLOCK
President

THE STATE OF TEXAS, <

COUNTY OF ORANGE. <

15th This instrument was acknowledged before me on the day of October, 1990, by M. R. BLOCK, President, of BLOCK & BLOCK WATER SYSTEMS, INC.

Dianna Killough
Notary Public, State of Texas



RETURN TO:
LARRY BREWER
P. O. BOX 62
VIDOR, TEXAS 77662

THE STATE OF TEXAS, <

ASSIGNMENT

COUNTY OF ORANGE. <

KNOW ALL MEN BY THESE PRESENTS: That BLOCK & BLOCK WATER SYSTEMS, INC., for and in consideration for the sum of Ten and 00/100 (\$10.00), and other good and valuable consideration, to it in hand paid, receipt of which is hereby acknowledged, have this day, and do by these presents, SELL, TRANSFER, ASSIGN AND DELIVER to LARRY BREWER, P. O. Box 62, Vidor, Texas 77662, a lease recorded in Volume 116, Page 195, Contract Records, Orange County, Texas, covering the following described property:

Being out of and a part of Block No. 10, CLOVERLEAF ADDITION, a subdivision in the Gilbert Stephenson League, Abstract 167, Orange County, Texas, according to the map or plat of said addition appearing in Vol. 4, Page 15-16, Map Records of Orange County, Texas, and being described by metes and bounds as follows, to-wit:

BEGINNING at the Southwest corner of that certain tract of land described in deed from Claude Beardon, et ux, to Clarence E. Scott, et ux, dated July 2, 1973, recorded in Vol. 431, Page 226, Deed Records of Orange County, Texas;

THENCE East with the South boundary line of said Scott tract a distance of 50 feet to stake for corner;

THENCE North parallel with the West boundary line of Block No. 10 a distance of 25 feet to stake for corner;

THENCE West parallel with the South boundary line hereof a distance of 50 feet to stake for corner in the West boundary line of said Block No. 10;

THENCE South with said West boundary line a distance of 25 feet to the PLACE OF BEGINNING.

TO HAVE AND TO HOLD the above described easement together with all rights and appurtenances thereunto and pertaining, and it does hereby bind itself, its successors, and assigns, to warrant and forever defend the easement hereinabove transferred and assigned.

EXECUTED this the 15th day of October, 1990.

BLOCK & BLOCK WATER SYSTEMS, INC.

BY: *M. R. Block*
M. R. BLOCK
President

THE STATE OF TEXAS, <

COUNTY OF ORANGE. <

15th This instrument was acknowledged before me on the
day of October, 1990, by M. R. BLOCK, President, of
BLOCK & BLOCK WATER SYSTEMS, INC.

Dianna Killough
Notary Public, State of Texas.

RETURN TO:
LARRY BREWER
P. O. BOX 62
VIDOR, TEXAS 77662

