Kathleen Hartnett White, *Chairman*
Larry R. Soward, *Commissioner*
H. S. Buddy Garcia, *Commissioner*
Glenn Shankle, *Executive Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

March 23, 2007

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
2007 MAR 23 AM 11: 37
CHIEF CLERKS OFFICE

Ms. LaDonna Castanuela
Office of the Chief Clerk
Texas Commission on
Environmental Quality
P.O. Box 13087, MC-105
Austin, Texas 78711-3087

Re: Application of Brett Fenner, court appointed receiver by the 201st Judicial District Court of Travis County, Texas, for William A. Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., for an emergency water rate increase in Burnet County, Texas, Certificate of Convenience and Necessity No. 12855, Application No. 35379-G

Dear Ms. Castanuela:

Enclosed for filing please find the original and eleven copies of the Executive Director's Backup materials for the April 11, 2007, Commissioner's Agenda regarding the referenced matter. If you have any questions, please do not hesitate to call me at (512) 239-3668.

Sincerely,

Gabriel Soto
Environmental Law Division
Texas Commission on
Environmental Quality

cc: Mailing List

Enclosures

Mailing List
Bret Fenner, Receiver for William A. Swinney
d.b.a. High Sierra Water System and P.K.C.C., L.P.
TCEQ Docket No. 2006-0860-UCR; SOAH Docket No. 582-07-0788

FOR THE APPLICANT:
Brett Fenner
Receiver
High Sierra Water System
P.O. Box 90544
Austin, Texas 78709

FOR THE EXECUTIVE DIRECTOR:
Gabriel Soto, Staff Attorney
Texas Commission on Environmental Quality
Environmental Law Division, MC 173
P.O. Box 13087
Austin, Texas 78711-3087
Tel.: (512) 239-0600
Fax: (512) 239-0606

FOR THE PUBLIC INTEREST COUNSEL:
Blas J. Coy, Jr.
Texas Commission on Environmental Quality
Office of the Public Interest Counsel, MC 103
P.O. Box 13087
Austin, Texas 78711-3087
Tel.: (512) 239-6363
Fax: (512) 239-6377

FOR OFFICE OF PUBLIC ASSISTANCE:

Mary Alice Boehm-McKaughan
Texas Commission on Environmental Quality
Office of Public Assistance, MC 108
P.O. Box 13087
Austin, Texas 78711-3087
Tel.: 512) 239-4085
Fax: (512) 239-4007

FOR ALTERNATIVE DISPUTE RESOLUTION:
Kyle Lucas
Texas Commission on Environmental Quality
Office of Alternative Dispute Resolution, MC 222
P.O. Box 13087
Austin, Texas 78711-3087
Tel.: 512) 239-4010
Fax: (512) 239-4015

FOR THE GENERAL COUNSEL:
Derek Seal
Texas Commission on Environmental Quality
Office of the General Counsel, MC 101
P. O. Box 13087
Austin, Texas 78711-3087
Tel.: (512) 239-5525
Fax: (512) 239-5533

FOR THE CHIEF CLERK:
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Tel.: (512) 239-3300
Fax: (512) 239-3311

March 23, 2007

AGENDA ITEM NOTICE

TO: Persons on Attached Mailing List
RE: TCEQ Docket No. 2006-0860-UCR; SOAH Docket No. 582-07-0788
Setting Final Emergency Water Rate filed by Brett Fenner, Receiver
for William A. Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P.,
Certificate of Convenience and Necessity No. 12855, Application No. 35379-G

The above-reference application for an Emergency Order will be considered by the Commissioners of the Texas Commission on Environmental Quality during the public meeting on Wednesday, **April 11, 2007**. The meeting will begin at 1:00 p.m. in Commission Agenda Room 201S, Building E, 12100 Park 35 Circle, Austin, Texas.

Attached you will find the agenda backup materials that the Executive Director has provided to the Commission.

Should you have any questions, please contact me at (512) 239-3668.

Sincerely,

Gabriel Soto
Environmental Law Division
Texas Commission on
Environmental Quality

cc: Mailing List

Enclosures

Mailing List
Bret Fenner, Receiver for William A. Swinney
d.b.a. High Sierra Water System and P.K.C.C., L.P.
TCEQ Docket No. 2006-0860-UCR; SOAH Docket No. 582-07-0788

FOR THE APPLICANT:
Brett Fenner
Receiver
High Sierra Water System
P.O. Box 90544
Austin, Texas 78709

FOR THE EXECUTIVE DIRECTOR:
Gabriel Soto, Staff Attorney
Texas Commission on Environmental Quality
Environmental Law Division, MC 173
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FOR THE CHIEF CLERK:
LaDonna Castanuela, Chief Clerk
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Office of the Chief Clerk, MC 105
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Austin, Texas 78711-3087
Tel.: (512) 239-3300
Fax: (512) 239-3311

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: Texas Commission on Environmental Quality Date: March 23, 2007

Through: LaDonna Castanuela
Chief Clerk

From: Environmental Law Division

Subject: Agenda Executive Summary; Establishment of Final Rate for Application of Bret Fenner, Receiver for William A. Swinney, d.b.a. High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity ("CCN") No. 12855, for an Emergency Water Rate Increase in Burnet County, Texas, TCEQ Docket No. 2006-0860-UCR; SOAH Docket No. 582-07-0788

APPLICANT: Bret Fenner, Receiver for William A. Swinney, d.b.a. High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity No. 12855, in Burnet County, Texas.

TYPE OF REQUEST: Emergency water rate increase.

AUTHORITY: Texas Water Code §§ 5.508 and 13.4133, and 30 Texas Administrative Code § 35.202

STAFF RECOMMENDATION: Bret Fenner, Receiver for William A. Swinney, d.b.a. High Sierra Water System and P.K.C.C., L.P., operates a retail water utility service in Burnet County, Texas. Mr. Fenner requested an emergency rate increase because emergency plant repairs were needed due to storm damage to the utility pumping house. On July 11, 2006, the Executive Director approved an emergency rate increase different from the requested amount from Mr. Fenner. The utility serves approximately 33 connections in Burnet County, Texas. The adjustments to the emergency rate increase were made by the Executive Director's Utilities and District staff. On July 11, 2006, the Executive Director approved the emergency rate increase (Exhibit C). On October 4, 2006, the Commission considered whether to affirm, modify, or set-aside the Executive Director's approved emergency rate increase (Exhibit B). The supplemental agenda backup materials and notices for the emergency rate increase have been provided and are attached (Exhibit A & B). On October 13, 2006, the Commission issued an order to affirm and modify the ED emergency order and referred the case to the State Office of Administrative Hearings (Exhibit C). The modified emergency order was provided to the customers and the customers were notified of the time and date that SOAH would hold a hearing to establish a final rate (Exhibit C & D). On February 13, 2007, SOAH held a preliminary hearing, designated parties, and established jurisdiction. At the preliminary hearing no customers appeared. The representatives for the Executive Director and the Office of Public Interest Counsel, along with a representative appearing on behalf of the

utility receiver reached a final settlement agreeing to the Emergency Rate Increase Order issued by the Commission to grant the emergency surcharge, and the parties further agreed to the following terms: 1) the establishment of an escrow account by the utility as prescribed by Title 30 Texas Administrative Code 291.30; 2) the segregation and deposit of all emergency surcharge funds beginning at the time of the SOAH agreement into an interest bearing account; and 3) the submittal by the utility to the TCEQ for requests to use escrow funds (Exhibit D). During the preliminary hearing, the parties jointly moved to dismiss the case from the SOAH docket and remand to the ED for uncontested case processing (Exhibit D). On February 15, 2007, the Administrative Law Judge issued Order No. 1 dismissing and remanding the case to the ED (Exhibit E). Notice of the April 11, 2007, agenda setting has been provided to all parties and the Order to Establish a Final Rate (Exhibit F).

STAFF RECOMMENDATION: Staff recommends approving the final rate incorporating the additional settlement terms established before SOAH. A proposed Order is attached (Exhibit F).

STAFF CONTACTS: Gabriel Soto, Environmental Law Division (239-3668)
Brian Dickey, Water Supply Division (239-0963)
Elsie Pascua, Water Supply Division (239-5367)
Doug Holcomb, Water Supply Division (239-6947)
Tammy Holguin-Benter, Water Supply Division (239-6136)

EXHIBIT - A

Kathleen Hartnett White, *Chairman*
Larry R. Soward, *Commissioner*
Glenn Shankle, *Executive Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
CHIEF CLERKS OFFICE

August 29, 2006

Ms. LaDonna Castañuela, Chief Clerk
TCEQ Office of the Chief Clerk
MC-105, P.O. Box 13087
Austin, Texas 78711-3087

Re: Supplemental back-up materials on the Application of Bret Fenner, Receiver for William A. Swinney, dba High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity No. 12855, for an Emergency Water Rate Increase in Burnet County, Texas; TCEQ Docket No. 2006-0860-UCR

Dear Ms. Castañuela:

Enclosed for filing is the original and eleven copies of the Executive Director's supplemental backup materials for the September 6, 2006, Commissioner's Agenda regarding the above-referenced matter. The following items have been included: 1) a Supplemental Executive Agenda Summary accompanied by a preliminary evaluation of the emergency application materials along with attachments; 2) the July 13th letter from Doug Holcomb of the TCEQ Water Supply Division specifying requirements for providing Notice to Customers of Emergency Rate Increase accompanied by instructions and the Executive Director's Emergency Order for the September 6, 2006, agenda; 3) the August 9th letter from Doug Holcomb of the TCEQ Water Supply Division setting out the requirements to satisfy Notice of Public Hearing, which was accompanied by instructions and blank affidavit; and 4) the August 22nd letter from Mr. Bret Fenner, Receiver for High Sierra Water System providing his reasons for not comporting to customer and agenda notice requirements.

At this time the Executive Director has determined that the receiver has not met the proper notice requirements for either the emergency rate increase or notice of the September 6, 2006, agenda setting. Further, the Executive Director is evaluating whether Mr. Bret Fenner is charging the appropriate rate as mandated within the Executive Director's recommended Order, which was set to be heard at the September 6th agenda by the Commission to affirm, modify, or set aside.

If you have any questions I may reached at my office by calling (512) 239-3668.

Sincerely,

Gabriel Soto
Staff Attorney
Environmental Law Division

cc: Mailing List

Enclosures

MAILING LIST
Bret Fenner, Receiver for William A. Swinney,
dba High Sierra Water System and P.K.C.C., L.P.
TCEQ Docket No. 2006-0860-UCR

FOR THE APPLICANT:
Bret Fenner
Receiver for High Sierra Water System
P.O. Box 90544
Austin, Texas 78709

FOR THE EXECUTIVE DIRECTOR:
Gabriel Soto, Staff Attorney
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FOR OFFICE OF PUBLIC ASSISTANCE:
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FOR THE CHIEF CLERK:
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Texas Commission on Environmental Quality
Water Supply Division
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Brian Dickey
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Tammy Lee Holguin-Benter
Texas Commission on Environmental Quality
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P.O. Box 13087, MC 153
Austin, Texas 78711-3087

Andy Lutringer
Texas Commission on Environmental Quality
Water Supply Division
P.O. Box 13087, MC 153
Austin, Texas 78711-3087

Doug Holcomb
Texas Commission on Environmental Quality
Water Supply Division
P.O. Box 13087, MC 153
Austin, Texas 78711-3087

EXHIBIT

1

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: Texas Commission on Environmental Quality

Date: August 29, 2006

Thru: LaDonna Castañuela, TCEQ Chief Clerk

From: Environmental Law Division

Subject: Supplemental Agenda Executive Summary; Application of Bret Fenner, Receiver for William A. Swinney, dba High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity ("CCN") No. 12855, for an Emergency Water Rate Increase in Burnet County, Texas; TCEQ Docket No. 2006-0860-UCR

APPLICANT: Bret Fenner, Receiver for William A. Swinney, dba High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity ("CCN") No. 12855 in Burnet County, Texas.

TYPE OF REQUEST: Emergency water rate increase.

AUTHORITY: Texas Water Code §§ 5.508 and 13.4133; 30 Texas Administrative Code § 35.202.

BACKGROUND: Bret Fenner, Receiver for William A. Swinney, dba High Sierra Water System and P.K.C.C., L.P., operates a retail water utility service in Burnet County, Texas. Mr. Fenner requested an emergency rate increase because emergency plant repairs were needed due to storm damage to the utility pump house. On July 11, 2006, the Executive Director approved an emergency rate increase different from the requested amount from Mr. Fenner. The adjustments to the emergency rate increase were made by staff, and have been included in the following Supplemental Executive Summary.

In addition to the information included in the original Executive Summary, the Executive Director ("ED") has determined that Mr. Fenner has failed to meet requirements for providing adequate notice to the customers of the emergency rate increase allowed by the Executive Director, as well as the notice of the public hearing set for September 6, 2006, to affirm, modify, or set aside the recommended rate set by the Executive Director's Order of July 11, 2006.

Last, the Executive Director is looking further into whether Mr. Fenner is currently collecting a rate over and above the recommended rate allowed by the July 11th ED Order.

EMERGENCY RATE ORDER: The Executive Director issued an Emergency Rate Increase Order on July 11, 2006, without a hearing, approving emergency rates different that what were proposed by the Applicant. A copy of the Emergency Rate Order is included within the following enclosures.

STAFF RECOMMENDATION: Staff recommends approving the emergency order without modification.

HEARING TO SET FINAL RATE: In addition to the hearing required by Water Code § 5.504 and 30 Texas Administrative Code 35 to affirm, modify, or set aside the Emergency Rate Order, sections 5.508(c) and 13.4133(c) of the Water Code require the Commission to schedule a hearing to establish a final rate within 15 months after the date an emergency rate increase took effect. The additional revenues collected under the emergency rate increase are subject to refund if the Commission finds that the rate increase was larger than necessary to ensure continuous and adequate service.

STAFF CONTACTS:

Gabriel Soto, Environmental Law Division (239-3668)
Andy Lutringer, Water Supply Division (239-6179)
Doug Holcomb, Water Supply Division (239-6947)

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: Gabriel Soto

Date: August 28, 2006

Thru: Tammy Holguin-Benter

From: Brian Dickey

Subject: Summary Adjustments to Application of Bret Fenner, Receiver for William A. Swinney, dba High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity ("CCN") No. 12855, for an Emergency Water Rate Increase in Burnet County, Texas; TCEQ Docket No. 2006-0860-UCR

Emergency Rate: On May 31, 2006, the Commission received an emergency rate application filed by the Receiver, Mr. Bret Fenner, on behalf of William A. Swinney d.b.a. High Sierra Water System, CCN No. 12855. The application was prepared by B & D Environmental, Inc. The receiver is requesting a surcharge of $12,301.10 (Attachment 1) to be collected from the utility customers at a monthly fee of $31.00 for the cost of repairs required for a well pump failure and storm damage. The receiver has received one estimate (Attachment 2) for repairs by Professional General Management Services, Inc. ("PGMS"), for rebuilding the pump house in the amount of $8,415.00. The surcharge consisted of an additional $3,886.10 to pay for the well pump replacement.

Staff Evaluation: High Sierra Water System has already paid PGMS $3,000 for pump repairs, which leaves a balance of $886.10 see the attached invoice (Attachment 3).

The outstanding balance due after considering the $3,000 (Initial Payment to PGMS) is: $8,415.00 (Total Estimate for Pump House) + $886.10 (Outstanding) = $9,301.1 (Remaining Amount for Surcharge).

If you divide the balance for the remaining surcharge amount ($9,301.1) by the total number of customers that the utility has claimed in the application (33), and divide by 12 months, the remaining amount is:$9,301.1 ÷ 33 ÷12= $23.49. $23.49 is the total amount recommended by staff for the emergency rate increase included within the Executive Director's Order for the September 6, 2006 agenda, which was less than initial rate of $31 requested by Mr. Fenner.

Proposed Plant and Equipment Replacement Surcharge:

Invoice No. 038-022: May 9, 2006		
Well Pump Replacement		$ 3,886.10
Estimate: May 19, 2006		
Replace Pump House		$ 8, 415.00
	Subtotal:	$ 12,301.10
Divided by 33 current customers		÷ 33
	Subtotal:	$ 372.76
Divided by 12 months		÷ 12
	Total:	**$ 31.06**

Proposed surcharge of $ 31.00 per month per customer for 12 months

ATTACHMENT 1

Professional General Management Services, Inc.
Utility district management, Project Management
Planning, Training, Consulting
1600 Stagecoach Ranch Road * Dripping Springs, Texas 78620 * (512) 264-3472 * fax (512) 264-3473

May 19, 2006

Bret Fenner, Receiver
High Sierra Water System
P. O. Box 90544
Austin, Texas 78709-0704

Re: High Sierra Water System/ Damage to Faculties on or about April 29, 2006

Dear Mr. Fenner:

As you are informed, the High Sierra Water System sustained catastrophic damage due to weather on or about April 29, 2006. Our crews responded to find the pump house to be substantially destroyed.

Working with existing components that could be salvaged and a minimum of additional parts, our crews were able to get the system to provide water for the short term. This was accomplished by connecting one existing pump directly to the system pipe works and bypassing the controls to allow one pump to work. Without control units, the pump is now working on a continuous basis. Although this appears to be working in the short term, this is a stopgap measure and will require additional remedial action to render the system dependable.

The following items will need to be performed. I have provided the associated estimated costs of each item.

1.	Rebuild pump housing	$3,500.00
2.	Rebuild pump works @ booster pumps	$2,200.00
3.	Rebuild control units @ rewire facility	$1,950.00
	Subtotal ----------	$7,650.00
4.	Contingency (10%)	$ 765.00
	Total estimated costs.....	**$8,415.00**

ATTACHMENT 2

At this time, we are unsure if both of the existing booster pumps are continuing to operate properly, but believe they will. Once the electrical and control units are replaced we will be able to assess this issue.

Please let us know how you wish to proceed. If I may provide additional information, please do not hesitate to contact me by calling (512) 264-3472.

Sincerely,

Patrick C. King, Principal
Professional General Management Services, Inc.

Cc: file

Professional General Management Services, Inc.
1600 Stagecoach Ranch Road
Dripping Springs, Texas 78620

Invoice

Date	Invoice #
5/9/2006	038-022

Bill To:

High Sierra Water System
Attn: Bret Fenner
P.O. Box 90544
Austin, TX 78709-0704

Terms
Net 15

WO#	Qty	Item Code	Description	Price Each	Amount
April 2006 Services		Routine Water Ope...		0.00	0.00
	1	BAC T Sample		25.00	25.00
	20	Chemicals		2.47	49.40
W.O. No. 0604-036	2	Operator	well motor down	35.00	70.00
	6	Operator		52.50	315.00
	8	Service Truck		15.00	120.00
		Reimb Group	Total Reimbursable Expenses		3,056.70
			Apex Drilling/ new pump, motor		
W.O. No. 0604-039	5	Operator	low psi/well tripped, reset; called technician	35.00	175.00
	5	Service Truck		15.00	75.00

3000.00 paid #208 5/15/06

Thank you for allowing PGMS, Inc. provide your professional water utility needs!

Total	$3,886.10
Balance Due	$3,886.10

Phone #	Fax #	E-Mail	Web Site
(866) 643-3472	(512) 264-3473	pck@pgms.net	www.pgms.net

Due 8/26/10

ATTACHMENT 3

Kathleen Hartnett White, *Chairman*
Larry R. Soward, *Commissioner*
Glenn Shankle, *Executive Director*

EXHIBIT
2

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 13, 2006

Mr. Bret W. Fenner, P.E., Receiver
High Sierra Water System
P.O. Box 90544
Austin, Texas 78709

Re: Emergency Rate Increase Application of Bret W. Fenner, Receiver for High Sierra Water System in Burnett County; CCN No. 12855; Application No. 35379-G
RN: 104711122; CN: 602260689

Dear Mr. Fenner:

Your emergency rate increase application for High Sierra Water System, received on July 11, 2006, has been approved by the Executive Director. As this application was approved without a hearing, the Texas Administrative Code, Section 35.27 requires a hearing to affirm, modify, or set aside the order to be held before the Commission as soon as practicable after the order is issued. You will be receiving correspondence shortly advising you of the date upon which the Commission will consider the Executive Director's approval of your emergency rate increase application.

Your new rates which are different from the requested increase may go into effect July 18, 2006. The attached notice of rate increase must be provided to the ratepayers as soon as possible.

A hearing to determine the final rates to be charged by this water system will be scheduled within fifteen months after the date of the emergency rate increase effective date. The utility is required to provide notice of this hearing to each customer. The additional revenues collected during the emergency rate increase are subject to refund if the commission finds the rate increase was larger than necessary to ensure continuous and adequate service.

If you have any further questions, please contact Ms. Elsie Pascua at (512) 239-5367or Mr. Brian Dickey at (512) 239-0963, or if by mail, include MC 153 in the letterhead address.

Sincerely,

Doug Holcomb

Doug Holcomb, P.E., Manager
Utilities & Districts Section
Water Supply Division

DH/ARL/ac

Enclosure

MAILING LIST
BRET W. FENNER, P.E.
RECEIVER FOR WILLIAM A. SWINNEY
d.b.a. P.K.C.C., L.P. AND d.b.a. HIGH SIERRA WATER SYSTEM
CCN NO. 12855; APPLICATION NO. 35379-G
TCEQ DOCKET No. 2006-0860-UCR

Bret W. Fenner, P.E.
Receiver
High Sierra Water System
P.O. Box 90544
Austin, Texas 78709

Debi Loockerman, C.P.A.
505 Country Lane
Dripping Spring, TX 78620

Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087

Gabriel Soto, Environmental Law Division, MC 173
Elsie N. Pascua, Water Supply Division, MC 153
Tammy Lee Holguin-Benter, Water Supply Division, MC 153
Brian Dickey, Water Supply Division, MC 153
Blas Coy, Public Interest Counsel, MC 103
Docket Clerk, Office of Chief Clerk, MC 105

WILLAIM A. SWINNEY d.b.a. High Sierra Water System and P.K.C.C., L.P.
NOTICE TO CUSTOMERS OF EMERGENCY RATE INCREASE
EFFECTIVE JULY 18, 2006
TCEQ Docket No. 2006-0860-UCR

The Executive Director of the Texas Commission on Environmental Quality ("TCEQ" or "Commission") has issued an emergency order approving an emergency rate increase, effective July 18, 2006, pursuant to an application submitted by Bret Fenner, court appointed receiver by the 201st Judicial District Court of Travis County, Texas, for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County ("Utility"). This emergency rate increase has been approved by the TCEQ under authority granted by Texas Water Code § 5.508 and § 13.4133 to ensure the provision of continuous and adequate service to the Utility's customers. The Commission is also required to schedule a hearing to establish a final rate within 15 months after the date on which the emergency order takes effect. The utility is required to provide notice of the hearing to all customers at least 10 days before the date of the hearing. The additional revenues collected under this emergency rate are subject to refund if the Commission finds that the rate increase was larger than necessary to ensure continuous and adequate service. Because the emergency order was issued by the Executive Director, the Commission is also required to hold a hearing to affirm, modify, or set aside the emergency order as soon as practicable after the order is issued. Utility ratepayers will be provided notice of the time and place of the Commission hearing to affirm, modify, or set aside the emergency order at least 10 days before the date of the hearing.

The following rates are effective on July 18, 2006, for Utility ratepayers.

Bret Fenner, court appointed receiver by the 201st Judicial District Court of Travis County, Texas, for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County, may be contacted at:

Bret Fenner, receiver for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P.
P.O. Box 90605
Austin, Texas 78709
Office Phone: (512) 264-9124
Office Fax: (512) 894-3023

The Executive Director of the TCEQ approved the following staff recommended rates applicable to Utility ratepayers because they are necessary to ensure provision of continuous and adequate services to the utility's customers. The emergency surcharge fee was approved to allow the Utility to begin emergency plant repairs. Pursuant to Rule §35.202(f)(1) of title 30 of the Texas Administrative Code, the utility's previous rates are also listed:

CURRENT RATES

Monthly base rate including 0 gallons.

Meter Size: Residential

5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

Miscellaneous Fees

Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request--------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

PROPOSED RATES

Monthly base rate including 0 gallons.

Meter Size: Residential

5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

Emergency Plant Repairs Surcharge:

$23.49 per month for 12 months starting July 18, 2006 and ending June 18, 2007.

Miscellaneous Fees

Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request--------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges

TCEQ DOCKET NO. 2006-0860-UCR

EMERGENCY ORDER APPLICATION OF MR. BRET FENNER, COURT APPOINTED RECEIVER FOR WILLIAM A. SWINNEY d.b.a. HIGH SIERRA WATER SYSTEM AND P.K.C.C., L.P., IN, BURNET COUNTY; CERTIFICATE OF CONVENIENCE AND NECESSITY NO. 12855; APPLICATION NO. 35379-G	§ § § § § § § § §	BEFORE THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

EMERGENCY RATE ORDER

On July 11, 2006, the Executive Director ("ED") of the Texas Commission on Environmental Quality ("TCEQ" or "Commission") considered the application of Bret Fenner, court appointed receiver by the 201st Judicial District Court of Travis County, Texas, for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County, for an emergency water rate increase under §§ 5.508 and 13.4133, Texas Water Code, and 30 Texas Administrative Code § 35.202. The Commission has jurisdiction to consider this matter and the following findings of fact and conclusions of law are appropriate after examining the application and the supporting documentation:

FINDINGS OF FACT

1. Bret Fenner, as receiver appointed by the 201st Judicial District Court of Travis County for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., ("Utility") provides retail utility water service. The Utility is located in Burnet County Texas, and its mailing address is at P.O. Box 90605, Austin, Texas 78709. The Utility provides retail water service to approximately 33 customers; the Utility provides water service within the High Sierra Unit I and Unit II. No portion of the area served is within the corporate limits of any municipality.

2. On May 31, 2006, the Utility submitted an application requesting an emergency water rate increase. The application requested an emergency plant repairs surcharge for 12 months starting July 1, 2006 and ending June 1, 2007. The rate increase is requested to allow the

Utility to meet its revenue requirements during the pendency of the receivership with rates sufficient to meet the Utility's operating expenses.

3. The ED has reviewed the information included in the application and recommends approval of the staff's following emergency rate as necessary to ensure the provision of continuous and adequate water service to the Utility's customers:

The proposed water rate change will include an Emergency Plant Repairs Surcharge of $23.49 per month for 12 months starting July 18, 2006 ending June 18, 2007.

4. The effective date of the emergency water rate change should be July 18, 2006, which is to be effective on the first day of the next billing cycle. The termination of the emergency water rate change is June 18, 2007.

5. This Emergency Order will be scheduled for consideration by the Commission to affirm, modify, or set aside, on September 6, 2006.

CONCLUSIONS OF LAW

1. The Commission is authorized to regulate rates within the Utility's service area, which is outside the limits of any municipality.

2. Pursuant to §§ 5.508 and 13.4133(a) of the Texas Water Code, the Commission may approve an emergency rate for a utility for which a receiver has been appointed under §13.412 of the Water Code.

3. Section 5.501(c), Texas Water Code, authorizes the Commission to delegate its authority to issue emergency orders to the Executive Director. Section 35.202, 30 Texas Administrative Code, authorizes the Executive Director to approve an emergency rate increase pursuant to §§ 5.508 and 13.4133, Texas Water Code.

4. Notice to ratepayers of an emergency rate increase is governed by §§ 5.508(b) and 13.4133(b), Texas Water Code, and 30 Texas Administrative Code § 35.202(f).

5. Public hearings on an emergency rate increase are governed by §§ 5.508(c) and 13.4133(c), Texas Water Code.

6. The Executive Director's recommended emergency rate set forth in finding of Fact No. 3 is necessary to ensure the provision of continuous and adequate services to the Utility's customers.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY THAT:

1. The emergency rate increase requested by Bret Fenner , as receiver appointed by the 201st Judicial District Court of Travis County for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., is approved and shall be subject to the following conditions:

   a. The Executive Director's recommended emergency rate set forth in Finding of Fact No. 3 is approved for a period of twelve (12) months from its effective date, or until a final rate is set, whichever occurs sooner.

   b. The emergency rate is effective July 18, 2006 with a termination date of June 18, 2007.

   c. The emergency plant repairs surcharge shall be maintained by the receiver in a separate bank account to be used only for emergency plant repairs.

   d. The Utility shall refund to the customers any amounts collected in excess of the prior rate billed before the effective date or after the termination date of the emergency rate established in this order. This may be done by either a credit on future bills or by direct cash payment.

2. The ED further recommends that if feasible the Utility shall seek open bids or estimates in order to determine the reasonableness of all costs necessary to accomplish the emergency plant repairs. If it is determined that the emergency plant repairs can be completed through a means that is less costly than proposed in the request for an emergency order, then the Utility shall terminate the Emergency Plant Repairs Surcharge upon recoupment of surcharge funds needed for the emergency plant repairs.

3. Bret Fenner, as receiver appointed by the 201st Judicial District Court of Travis County for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., is directed to notify each ratepayer of the emergency rate increase as soon as possible, but not later than the effective date for the new rate, July 18, 2006, in accordance with 30 Texas Administrative Code § 35.202(f).

4. If the Utility began billing its proposed rate without authorization from the Commission, the Utility shall refund to the customers any amounts collected in excess of the prior rate billed before the effective date of July 18, 2006 or after the termination date of June 18, 2007 as prescribed by the emergency rate established in this order.

5. This Order was issued without a hearing. This Emergency Order will be scheduled for consideration by the Commission to affirm, modify, or set aside, on September 6, 2006.

6. The Chief Clerk of the Texas Commission on Environmental Quality shall forward a copy of this Order to all parties.

7. If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date: JUL 11 2006

TEXAS COMMISSION ON

ENVIRONMENTAL QUALITY

For the Commission

Kathleen Hartnett White, *Chairman*
Larry R. Soward, *Commissioner*
Glenn Shankle, *Executive Director*

EXHIBIT
3

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 9, 2006

BY CERTIFIED AND FIRST CLASS MAIL
Mr. Bret Fenner, P.E., Receiver
High Sierra Water System
P.O. Box 90544
Austin, Texas 78709

RE: Mailing requirements for Notice of Public Hearing on Application by Bret Fenner, receiver for High Sierra Water System, in Burnett County, Texas, Certificate of Convenience and Necessity No. 12855; TCEQ Docket No. 2006-0860-UCR; Application No. 35379-G

Dear Mr. Fenner:

Enclosed is a Notice of Public Hearing concerning the above-referenced application. This notice must be provided in its entirety to all effected utility customers at the utility company's expense. You may mail it with a utility bill or statement, or by separate first class mail. In accordance with Section 35.25(e) (8) of the Texas Commission on Environmental Quality rules, 30 Texas Administrative Code, all effected customers **must receive notice** not less than 10 days before the hearing date, **or not later than August 25, 2006**.

After the notice is mailed to all affected customers, you must file an affidavit stating the attached notice was mailed to all affected customers, and stating the date on which it was mailed. Please be sure to attach a copy of the mailed notice to the affidavit. The affidavit must be filed with the Office of the Chief Clerk of the Texas Commission on Environmental Quality, Attention: Paul Mungia, TCEQ, Mail Code 105, P.O. Box 13087, Austin, Texas 78711-3087, at least two days before the public hearing.

Immediately contact the Office of the Chief Clerk in the event that this notice is not provided in a timely manner. When contacting the Commission regarding this application, please reference the TCEQ Docket number given at the top of this letter.

If you have any questions, please contact Gabriel Soto in the Environmental Law Division at (512) 239-3668.

Sincerely,

Doug Holcomb

Doug Holcomb, P.E., Section Manager
Utilities & Districts Section
Water Supply Division
Enclosures
cc: Mailing List

Mailing List for High Sierra Water System
Application No. 35379-G
TCEQ Docket No. 2006-0860-UCR

Bret W. Fenner, P.E.
Receiver
High Sierra Water System
P.O. Box 90544
Austin, Texas 78709

Debi Lockerman, C.P.A.
505 Country Lane
Dripping Springs, Texas 78620

Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

cc: Gabriel Soto, Environmental Law Division, MC-173
Elsie N. Pascua, Water Supply Division, MC-153
Tammy Lee Holguin-Benter, Water Supply Division, MC-153
Brian Dickey, Water Supply Division, MC-103
Blas Coy, Public Interest Counsel, MC-103
Docket Clerk, Office of Chief Clerk, MC-105

NOTICE OF PUBLIC HEARING
EMERGENCY WATER RATE INCREASE
TCEQ Docket No. 2006-0860-UCR

APPLICATION. Bret Fenner, as receiver appointed by the 201st Judicial District of Travis County for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity No. 12855 ("Utility"), applied to the Texas Commission on Environmental Quality ("TCEQ" or "Commission") for an emergency water rate increase (Application No. 35379-G). The emergency rate increase was approved by the Executive Director on July 11, 2006, without a hearing. The Emergency Rate Increase Order authorized a rate increase for sewer rates as follows:

CURRENT RATES

Monthly base rate including 0 gallons.

Meter Size: Residential
5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

PROPOSED RATES

Monthly base rate including 0 gallons.

Meter Size: Residential
5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

Emergency Plant Repairs Surcharge:

$23.49 per month for 12 months starting July 18, 2006 and ending June 18, 2007.

Miscellaneous Fees

Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request--------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

Miscellaneous Fees

Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request--------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges

The proposed water rate change will include an Emergency Plant Repairs Surcharge of $23.49 per month for 12 months starting July 18, 2006 ending June 18, 2007.

The surcharge fee was approved to allow the Utility to begin emergency plant repairs. Receiver, Bret Fenner, requested the emergency rate increase to allow the Utility to continue to provide continuous and adequate services to its customers.

The Utility provides service to approximately 33 customers in Burnet County, Texas. None of its customers are in the corporate limits of any municipality, therefore the Commission has jurisdiction to set emergency rates for all of the Utility's customers. The Utility is located in Burnet County, Texas, and its mailing address is at P.O. Box 90605, Austin, Texas 78709. Bret Fenner was appointed receiver of the Utility by the 201st Judicial District of Travis County.

PUBLIC HEARING. The Commission will conduct a public hearing on this application at:

9:30 a.m. – September 6, 2006
Texas Commission on Environmental Quality
Room 201S, Building E
12100 Park 35 Circle
Austin, Texas 78753-1808

The public hearing will be conducted in accordance with Title 30, Texas Administrative Code (TAC), Chapter 10 (relating to Commission meetings).

PUBLIC COMMENT. You may comment either in person at the public hearing on September 6, 2006, or by submitting written comments. You are encouraged to submit written comments before the public hearing to the Office of Chief Clerk, TCEQ, MC-105, P.O. Box 13087, Austin, Texas 78711-3087. Written comments should include: (1) your name, address, and daytime telephone number, and (2) the TCEQ docket number found at the top of this notice.

EVIDENTIARY HEARING. If requested by an affected person, either at or before the public hearing on September 6, 2006, the TCEQ may grant an evidentiary hearing on the Emergency Rate Increase Order. The Commission will determine if a person is an affected person in accordance with Texas Water Code § 5.115(a) and 30 TAC § 35.28. An evidentiary hearing is similar to a court trial, with each party afforded the opportunity to present sworn testimony and other legally admissible evidence and to ask questions of other witnesses. If an evidentiary hearing is held, the Commission's decision to grant or deny the application will be based on evidence introduced at the hearing and applicable law.

To request an evidentiary hearing, you must furnish the following: (1) your name (or for a group or association, an official representative), mailing address, daytime phone number, and fax number, if any; (2) applicant's name; (3) the statement: "[I/we] request an evidentiary hearing"; (4) a brief and specific description of how you would be affected by the application in a way not common to the general public. You may also submit your proposed adjustments to the Emergency Rate Increase Order that would satisfy your concerns.

Requests for an evidentiary hearing must be submitted in writing to the Office of the Chief Clerk at the address provided in the information section below. If you submit a written evidentiary hearing request to the Office of the Chief Clerk before the public hearing on September 6, 2006, you are encouraged to attend the public hearing to answer any questions the Commission may have.

If an evidentiary hearing is held, it shall be conducted under the Administrative Procedures Act (APA), Chapter 2001, Texas Government Code, and the procedural rules of the TCEQ and the State Office of Administrative Hearings, including 30 TAC Chapter 80 and 1 TAC Chapter 155.

HEARING TO SET FINAL RATE. In addition to the public hearing on September 6, 2006, and whether or not the Commission grants an evidentiary hearing on the Emergency Rate Increase Order, the TCEQ will schedule a hearing to establish final rates within 15 months after the date the emergency rate took effect. The additional revenues collected under the emergency rate increase are subject to refund if the Commission finds that the rate increase was larger than necessary to ensure continuous and adequate service.

INFORMATION. A copy of the application for the emergency rate increase may be obtained from the Office of the Chief Clerk, TCEQ, MC-105, P.O. Box 13087, Austin, Texas 78711-3087. For information concerning the hearing process, please contact the TCEQ Office of the Public Interest Counsel (MC 103), P.O. Box 13087, Austin, TX 78711-3087. For additional information, contact the TCEQ Water Supply Division, Utilities & Districts Section (MC 153), P.O. Box 13087, Austin, TX 78711-3087, telephone 512-239-4691 or Gabriel Soto, Staff Attorney, Environmental Law Division, TCEQ, MC-173, P.O. Box 13087, Austin, Texas 78711-3087, telephone (512) 239-0600. General information regarding the TCEQ can be found at our web site at www.TCEQ.state.tx.us.

(PERSONS WITH DISABILITIES WHO PLAN TO ATTEND THE TCEQ AGENDA AND WHO MAY NEED AUXILIARY AIDS OR SERVICES SUCH AS INTERPRETERS FOR PERSONS WHO ARE DEAF OR HEARING IMPAIRED, READERS, LARGE PRINT, OR BRAILLE ARE REQUESTED TO CONTACT OFFICE OF THE CHIEF CLERK AT (512) 239-3300 AT LEAST TWO (2) WORK DAYS PRIOR TO THE AGENDA, SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE. PERSONS WHO DESIRE THE ASSISTANCE OF AN INTERPRETER IN CONJUNCTION WITH THEIR ORAL PRESENTATION AT THIS TCEQ AGENDA ARE REQUESTED TO CONTACT THE OFFICE OF THE CHIEF CLERK AT (512) 239-3300 AT LEAST FIVE (5) WORK DAYS PRIOR TO THE AGENDA SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.)

TCEQ – Office of the Chief Clerk
Attn: Paul Mungia – MC 105
P.O. Box 13087
Austin, Texas

TCEQ Docket No. 2006-0860-UCR
Emergency Rate Increase
Set for 09/06/06 Commission Agenda

AFFIDAVIT OF NOTICE TO CUSTOMERS OF PUBLIC HEARING

STATE OF TEXAS

COUNTY OF TRAVIS

Before me, the undersigned authority, on this day personally appeared the affiant who being by me duly sworn, deposes and says:

My name is Bret Fenner, I am over eighteen years of age. I have personal knowledge of the facts stated herein, and they are all true and correct.

I am the Receiver for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County, appointed by the 201st Judicial District Court of Travis County, Texas. On August ____, 2006, I caused to be mailed to all of the Utility's affected customers the attached notice of public hearing. The notice was mailed by first class mail.

_____
Signature of Affiant

Subscribed and Sworn to before me on this _____ day of August, 2006, to certify which witness my hand and seal of office.

_____
Notary Public in and for the State of Texas

(SEAL)

_____
Print or Type Name of Notary

My Commission expires: ___/___/___

EXHIBIT
4

B&D ENVIRONMENTAL, INC.

UTILITY MANAGEMENT, OPERATIONS, AND CONSULTING

P.O. Box 90544
Austin, Texas 78709

Phone: (512) 264-9124
Fax: (512) 891-0740

August 22, 2006

Mr. Doug Holcomb, P.E., Section Manager
Texas Commission On Environmental Quality
Water Supply Division
Utilities & Districts Section, MC-153
P. O. Box 13088
Austin, Texas 78711-3088

Re: Mailing requirements for Notice of Public Hearing on Application by Bret Fenner, receiver for High Sierra Water System in Burnet County, Texas, Certificates of Convenience and Necessity No. 12855, TCEQ Docket No. 2006-0860-UCR: Application No. 35379-G

Dear Mr. Holcomb:

Per your letter of August 9, 2006, High Sierra Water System (High Sierra) was requested to mail notice to all affected customers of a public hearing on the Utility's Emergency Rate/Tariff Change Application. The notice included with your letter was incorrect. The proposed rates on the notice are not the rates proposed by the High Sierra but the Staff's recommended rates. High Sierra does not agree with the Staff's recommended rate and will request a hearing on these rates. Please send us a corrected notice to mailed to all affected customers.

Should you have any further questions concerning this application, please do not hesitate to contact me at (512) 264-9124.

Sincerely,

Bret W. Fenner, P.E.
Receiver for High Sierra Water System

RECEIVED
AUG 24 2006
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

cc: Andy Lutringer, TCEQ Receivership Coordinator

Kathleen Hartnett White, *Chairman*
Larry R. Soward, *Commissioner*
Glenn Shankle, *Executive Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 21, 2006

Ms. LaDonna Castañuela, Chief Clerk
TCEQ Office of the Chief Clerk
MC-105, P.O. Box 13087
Austin, Texas 78711-3087

Re: Application of Brett Fenner, Receiver for William A. Swinney, dba High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity ("CCN") No. 12855, for an Emergency Water Rate Increase in Burnet County, Texas; TCEQ Docket No. 2006-0860-UCR

Dear Ms. Castañuela:

Enclosed for filing is the original and eleven copies of the Supplemental Executive Director's Backup materials for the September 6, 2006, Commissioners' Agenda regarding the above-referenced matter. The original filing was made on August 18, 2006, and the Executive Summary and cover letter were inadvertently omitted. A copy of the August 18th filing is attached for convenience. Subject to the General Counsel's approval, the Executive Director would like to file the Applicant's Affidavits regarding notice of the rate increase and notice of agenda at a later date, not to exceed two days before agenda.

If you have any questions, please do not hesitate to contact me at (512) 239-3668.

Sincerely,

Brian MacLeod for Gabriel Soto
Staff Attorney
Environmental Law Division

Enclosures

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: Texas Commission on Environmental Quality Date: August 18, 2006

Through: LaDonna Castañuela
Chief Clerk

From: Environmental Law Division

Subject: Agenda Executive Summary; Application of Brett Fenner, Receiver for William A. Swinney, dba High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity ("CCN") No. 12855 in Burnet County, Texas, for an Emergency Water Rate Increase in Burnet County, Texas; TCEQ Docket No. 2006-0780-UCR.

APPLICANT: Brett Fenner, Receiver for William A. Swinney, dba High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity ("CCN") No. 12855 in Burnet County, Texas.

TYPE OF REQUEST: Emergency water rate increase.

AUTHORITY: Texas Water Code §§ 5.508 and 13.4133; 30 Texas Administrative Code § 35.202.

BACKGROUND: Brett Fenner (Fenner), Receiver for William A. Swinney, dba High Sierra Water System and P.K.C.C., L.P., operates a retail water utility service in Burnet County, Texas. Fenner requested the emergency rate increase because emergency plant repairs were needed due to damage to a pump house during a storm.. On July 11, 2006, the Executive Director approved the Emergency rate increase. A copy of the order is attached to the filed backup materials.

EMERGENCY RATE ORDER: The Executive Director issued an Emergency Rate Increase Order on July 11, 2006, without a hearing, approving emergency rates different than what were proposed by the Applicant. A copy of the Emergency Rate Order is attached to the backup materials and gives the details of the approved emergency rate.

STAFF RECOMMENDATION: Staff recommends approving the emergency order without modification.

HEARING TO SET FINAL RATE: In addition to the hearing required by Water Code § 5.504 and 30 Texas Administrative Code Chapter 35 to affirm, modify, or set aside the Emergency Rate Order, sections 5.508©) and 13.4133©) of the Water Code require the Commission to schedule a hearing to establish a final rate within 15 months after the date an emergency rate increase took effect. The additional revenues collected under the emergency rate increase are

subject to refund if the Commission finds that the rate increase was larger than necessary to ensure continuous and adequate service.

STAFF CONTACTS: Gabriel Soto, Environmental Law Division (239-0600)
Andy Lutringer, Water Supply Division (239-6179)
Doug Holcomb, Water Supply Division (239-6947)

TCEQ DOCKET NO. 2006-0860-UCR

EMERGENCY ORDER	§	BEFORE THE
APPLICATION OF BRETT FENNER,	§	
RECEIVER FOR WILLIAM A.	§	
SWINNEY, D.B.A HIGH SIERRA	§	TEXAS COMMISSION ON
WATER SYSTEM AND P.K.C.C., L.P.,	§	
IN BURNET COUNTY, CERTIFICATE	§	
OF CONVENIENCE NECESSITY NO.	§	ENVIRONMENTAL QUALITY
12855, APPLICATION NO. 35379-G	§	

AN ORDER TO AFFIRM AN EMERGENCY RATE INCREASE ORDER

On September 6, 2006, the Texas Commission on Environmental Quality ("TCEQ" or "Commission") considered whether to affirm, modify, or set aside an Emergency Rate Increase Order for Brett Fenner, Receiver for William A. Swinney, dba High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity ("CCN") No. 12855 in Burnet County, Texas. The Emergency Order was issued by the Executive Director without a hearing on July 11, 2006. The Commission considered the application by Bret Fenner under §§ 5.508 and 13.4133, Texas Water Code (Code), and 30 Texas Administrative Code ("TAC") § 35.202. The Commission finds that the Executive Director appropriately issued the Emergency Order and that Brett Fenner has satisfied the requirements for an Emergency Rate Increase Order under Subchapter L of Chapter 5 of the Code and Subchapter K of Chapter 13 of the Code.

THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS THAT:

The Emergency Order, attached as Exhibit A and incorporated into this Order by reference, is affirmed.

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

_____

For the Commission

Mailing List
Brett Fenner, Receiver for William A. Swinney,
dba High Sierra Water System and P.K.C.C., L.P.,
TCEQ Docket No. 2006-00860-UCR

FOR THE APPLICANT:
Brett Fenner
Receiver
High Sierra Water System
P.O. Box 90544
Austin, Texas 78709

FOR THE EXECUTIVE DIRECTOR:
Gabriel Soto, Staff Attorney
Texas Commission on Environmental Quality
Environmental Law Division, MC 173
P.O. Box 13087
Austin, Texas 78711-3087
Tel.: (512) 239-0600
Fax: (512) 239-0606

FOR THE PUBLIC INTEREST COUNSEL:
Blas J. Coy, Jr.
Texas Commission on Environmental Quality
Office of the Public Interest Counsel, MC 103
P.O. Box 13087
Austin, Texas 78711-3087
Tel.: (512) 239-6363
Fax: (512) 239-6377

FOR OFFICE OF PUBLIC ASSISTANCE:
Jodena Henneke, Director
Texas Commission on Environmental Quality
Office of Public Assistance, MC 108
P.O. Box 13087
Austin, Texas 78711-3087
Tel.: 512) 239-4085
Fax: (512) 239-4007

FOR ALTERNATIVE DISPUTE RESOLUTION:
Kyle Lucas
Texas Commission on Environmental Quality
Office of Alternative Dispute Resolution, MC 222
P.O. Box 13087
Austin, Texas 78711-3087
Tel.: 512) 239-4010
Fax: (512) 239-4015

FOR THE GENERAL COUNSEL:
Derek Seal
Texas Commission on Environmental Quality
Office of the General Counsel, MC 101
P. O. Box 13087
Austin, Texas 78711-3087
Tel.: (512) 239-5525
Fax: (512) 239-5533

FOR THE CHIEF CLERK:
LaDonna Castañuela, Chief Clerk
Texas Commission on Environmental Quality
Office of the Chief Clerk, MC 105
P. O. Box 13087
Austin, Texas 78711-3087
Tel.: (512) 239-3300
Fax: (512) 239-3311

Kathleen Hartnett White, *Chairman*
R. B. "Ralph" Marquez, *Commissioner*
Larry R. Soward, *Commissioner*
Glenn Shankle, *Executive Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 13, 2006

Mr. Bret W. Fenner, P.E., Receiver
High Sierra Water System
P.O. Box 90544
Austin, Texas 78709

Re: Emergency Rate Increase Application of Bret W. Fenner, Receiver for High Sierra Water System in Burnett County; CCN No. 12855; Application No. 35379-G
RN: 104711122; CN: 602260689

Dear Mr. Fenner:

Your emergency rate increase application for High Sierra Water System, received on May 31, 2006, has been approved by the Executive Director. As this application was approved without a hearing, the Texas Administrative Code, Section 35.27 requires a hearing to affirm, modify, or set aside the order to be held before the Commission as soon as practicable after the order is issued. You will be receiving correspondence shortly advising you of the date upon which the Commission will consider the Executive Director's approval of your emergency rate increase application.

Your new rates which are different from the requested increase may go into effect July 18, 2006. The attached notice of rate increase must be provided to the ratepayers as soon as possible.

A hearing to determine the final rates to be charged by this water system will be scheduled within fifteen months after the date of the emergency rate increase effective date. The utility is required to provide notice of this hearing to each customer. The additional revenues collected during the emergency rate increase are subject to refund if the commission finds the rate increase was larger than necessary to ensure continuous and adequate service.

If you have any further questions, please contact Ms. Elsie Pascua at (512) 239-5367or Mr. Brian Dickey at (512) 239-0963, or if by mail, include MC 153 in the letterhead address.

Sincerely,

Doug Holcomb

Doug Holcomb, P.E., Manager
Utilities & Districts Section
Water Supply Division

DH/ARL/ac

Enclosure

MAILING LIST
BRET W. FENNER, P.E.
RECEIVER FOR WILLIAM A. SWINNEY
d.b.a. P.K.C.C., L.P. AND d.b.a. HIGH SIERRA WATER SYSTEM
CCN NO. 12855; APPLICATION NO. 35379-G
TCEQ DOCKET No. 2006-0860-UCR

Bret W. Fenner, P.E.
Receiver
High Sierra Water System
P.O. Box 90544
Austin, Texas 78709

Debi Loockerman, C.P.A.
505 Country Lane
Dripping Spring, TX 78620

Texas Commission on Environmental Quality
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Docket Clerk, Office of Chief Clerk, MC 105

WILLAIM A. SWINNEY d.b.a. High Sierra Water System and P.K.C.C., L.P.
NOTICE TO CUSTOMERS OF EMERGENCY RATE INCREASE
EFFECTIVE JULY 18, 2006
TCEQ Docket No. 2006-0860-UCR

The Executive Director of the Texas Commission on Environmental Quality ("TCEQ" or "Commission") has issued an emergency order approving an emergency rate increase, effective July 18, 2006, pursuant to an application submitted by Bret Fenner, court appointed receiver by the 201st Judicial District Court of Travis County, Texas, for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County ("Utility"). This emergency rate increase has been approved by the TCEQ under authority granted by Texas Water Code § 5.508 and § 13.4133 to ensure the provision of continuous and adequate service to the Utility's customers. The Commission is also required to schedule a hearing to establish a final rate within 15 months after the date on which the emergency order takes effect. The utility is required to provide notice of the hearing to all customers at least 10 days before the date of the hearing. The additional revenues collected under this emergency rate are subject to refund if the Commission finds that the rate increase was larger than necessary to ensure continuous and adequate service. Because the emergency order was issued by the Executive Director, the Commission is also required to hold a hearing to affirm, modify, or set aside the emergency order as soon as practicable after the order is issued. Utility ratepayers will be provided notice of the time and place of the Commission hearing to affirm, modify, or set aside the emergency order at least 10 days before the date of the hearing.

The following rates are effective on July 18, 2006, for Utility ratepayers.

Bret Fenner, court appointed receiver by the 201st Judicial District Court of Travis County, Texas, for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County, may be contacted at:

Bret Fenner, receiver for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P.
P.O. Box 90605
Austin, Texas 78709
Office Phone: (512) 264-9124
Office Fax: (512) 894-3023

The Executive Director of the TCEQ approved the following staff recommended rates applicable to Utility ratepayers because they are necessary to ensure provision of continuous and adequate services to the utility's customers. The emergency surcharge fee was approved to allow the Utility to begin emergency plant repairs. Pursuant to Rule §35.202(f)(1) of title 30 of the Texas Administrative Code, the utility's previous rates are also listed:

CURRENT RATES

Monthly base rate including 0 gallons.

Meter Size: Residential
5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

Miscellaneous Fees
Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request--------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

PROPOSED RATES

Monthly base rate including 0 gallons.

Meter Size: Residential
5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

Emergency Plant Repairs Surcharge:

$23.49 per month for 12 months starting July 18, 2006 and ending June 18, 2007.

Miscellaneous Fees
Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request--------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges

TCEQ DOCKET NO. 2006-0860-UCR

EMERGENCY ORDER APPLICATION OF MR. BRET FENNER, COURT APPOINTED RECEIVER FOR WILLIAM A. SWINNEY d.b.a. HIGH SIERRA WATER SYSTEM AND P.K.C.C., L.P., IN, BURNET COUNTY; CERTIFICATE OF CONVENIENCE AND NECESSITY NO. 12855; APPLICATION NO. 35379-G	§ § § § § § § § §	BEFORE THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

EMERGENCY RATE ORDER

On July 11, 2006, the Executive Director ("ED") of the Texas Commission on Environmental Quality ("TCEQ" or "Commission") considered the application of Bret Fenner, court appointed receiver by the 201st Judicial District Court of Travis County, Texas, for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County, for an emergency water rate increase under §§ 5.508 and 13.4133, Texas Water Code, and 30 Texas Administrative Code § 35.202. The Commission has jurisdiction to consider this matter and the following findings of fact and conclusions of law are appropriate after examining the application and the supporting documentation:

FINDINGS OF FACT

1. Bret Fenner, as receiver appointed by the 201st Judicial District Court of Travis County for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., ("Utility") provides retail utility water service. The Utility is located in Burnet County Texas, and its mailing address is at P.O. Box 90605, Austin, Texas 78709. The Utility provides retail water service to approximately 33 customers; the Utility provides water service within the High Sierra Unit I and Unit II. No portion of the area served is within the corporate limits of any municipality.

2. On May 31, 2006, the Utility submitted an application requesting an emergency water rate increase. The application requested an emergency plant repairs surcharge for 12 months starting July 1, 2006 and ending June 1, 2007. The rate increase is requested to allow the

Utility to meet its revenue requirements during the pendency of the receivership with rates sufficient to meet the Utility's operating expenses.

3. The ED has reviewed the information included in the application and recommends approval of the staff's following emergency rate as necessary to ensure the provision of continuous and adequate water service to the Utility's customers:

The proposed water rate change will include an Emergency Plant Repairs Surcharge of $23.49 per month for 12 months starting July 18, 2006 ending June 18, 2007.

4. The effective date of the emergency water rate change should be July 18, 2006, which is to be effective on the first day of the next billing cycle. The termination of the emergency water rate change is June 18, 2007.

5. This Emergency Order will be scheduled for consideration by the Commission to affirm, modify, or set aside, on September 6, 2006.

CONCLUSIONS OF LAW

1. The Commission is authorized to regulate rates within the Utility's service area, which is outside the limits of any municipality.

2. Pursuant to §§ 5.508 and 13.4133(a) of the Texas Water Code, the Commission may approve an emergency rate for a utility for which a receiver has been appointed under §13.412 of the Water Code.

3. Section 5.501(c), Texas Water Code, authorizes the Commission to delegate its authority to issue emergency orders to the Executive Director. Section 35.202, 30 Texas Administrative Code, authorizes the Executive Director to approve an emergency rate increase pursuant to §§ 5.508 and 13.4133, Texas Water Code.

4. Notice to ratepayers of an emergency rate increase is governed by §§ 5.508(b) and 13.4133(b), Texas Water Code, and 30 Texas Administrative Code § 35.202(f).

5. Public hearings on an emergency rate increase are governed by §§ 5.508(c) and 13.4133(c), Texas Water Code.

6. The Executive Director's recommended emergency rate set forth in finding of Fact No. 3 is necessary to ensure the provision of continuous and adequate services to the Utility's customers.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY THAT:

1. The emergency rate increase requested by Bret Fenner , as receiver appointed by the 201st Judicial District Court of Travis County for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., is approved and shall be subject to the following conditions:

   a. The Executive Director's recommended emergency rate set forth in Finding of Fact No. 3 is approved for a period of twelve (12) months from its effective date, or until a final rate is set, whichever occurs sooner.

   b. The emergency rate is effective July 18, 2006 with a termination date of June 18, 2007.

   c. The emergency plant repairs surcharge shall be maintained by the receiver in a separate bank account to be used only for emergency plant repairs.

   d. The Utility shall refund to the customers any amounts collected in excess of the prior rate billed before the effective date or after the termination date of the emergency rate established in this order. This may be done by either a credit on future bills or by direct cash payment.

2. The ED further recommends that if feasible the Utility shall seek open bids or estimates in order to determine the reasonableness of all costs necessary to accomplish the emergency plant repairs. If it is determined that the emergency plant repairs can be completed through a means that is less costly than proposed in the request for an emergency order, then the Utility shall terminate the Emergency Plant Repairs Surcharge upon recoupment of surcharge funds needed for the emergency plant repairs.

3. Bret Fenner, as receiver appointed by the 201st Judicial District Court of Travis County for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., is directed to notify each ratepayer of the emergency rate increase as soon as possible, but not later than the effective date for the new rate, July 18, 2006, in accordance with 30 Texas Administrative Code § 35.202(f).

4. If the Utility began billing its proposed rate without authorization from the Commission, the Utility shall refund to the customers any amounts collected in excess of the prior rate billed before the effective date of July 18, 2006 or after the termination date of June 18, 2007 as prescribed by the emergency rate established in this order.

5. This Order was issued without a hearing. This Emergency Order will be scheduled for consideration by the Commission to affirm, modify, or set aside, on September 6, 2006.

6. The Chief Clerk of the Texas Commission on Environmental Quality shall forward a copy of this Order to all parties.

7. If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date: JUL 11 2006

TEXAS COMMISSION ON

ENVIRONMENTAL QUALITY

For the Commission

EMERGENCY APPLICATION FOR A RATE/TARIFF CHANGE (RECEIVERSHIP)

May, 2006

RECEIVED
MAY 31 2006
TEXAS COMMISSION
ON
ENVIRONMENTAL QUALITY

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EMERGE .CY APPLICATION FOR A RATE/TAR. CHANGE

SECTION IA - GENERAL INFORMATION

Applicant: Bret W. Fenner, Receiver for

(Individual, Corporation, or Other Legal Entity)

Utility Name: William A. Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P.

(If different than above)

RECEIVED
MAY 3 1 2006
UTILITIES & DISTRICTS SECTION

Legal form of Applicant:

	Individual
	Partnership
	Corporation. Provide Charter Number: _____
	Sub Chapter-S Corporation
X	Other: **Applicant was appointed per Order No. 97-11541 of the 201st Judicial District Court of Travis County, Texas (See Attached Copy of Order)**

Utility Address: P.O. Box 90605 (Street Address or Location) Austin (City) Texas (State) 78709 (Zip Code)

County(ies) where services are provided: Burnet CCN Number(s): 12855

Contact Person: Debi Loockerman, CPA Telephone Number: (512) 264-9124 (512) 894-3023

Position: Consultant/accountant Fax Number: (512) 894-3023

Address: P.O. Box 90544 (Street Address or Location) Austin (City) Texas (State) 78709 (Zip Code)

If the applicant is a corporation, please provide a copy of the corporation's "Certificate of Account Status" (regarding the payment of franchise taxes) from the State Comptroller's Office. This "Certificate of Account Status" can be obtained from:

Comptroller of Public Accounts, Office Management
P. O. Box 13528
Austin, Texas 78711
1-800-252-5555
or
http://ecpa.cpa.state.tx.us/coa/coaStart.html

SECTION IB - MISCELLANEOUS INFORMATION

A. How often and on what da are water meters typically read? L week of each Month

B. When are bills typically sent out? **First of the Month**

C. Do you serve customers within the corporate limits of a municipality? If No, Go to D. [ ] Yes [X] No.

If yes, which municipalities? _____

How many customers are within limits of the municipality? **None**

Have you filed a request to change rates with the municipality? [ ] Yes. [ ] No. If no, please explain:

_____

_____

D. Are you currently collecting the Regulatory Assessment Fee from your customers?
___X___Yes _____ No

If yes, are you current in your payment of the Regulatory Assessment Fee to the Texas Commission on Environmental Quality or the predecessor agency, Texas Water Commission, for assessments payable beginning January 1, 1992?
___X___Yes _____ No

E. *Water Utilities:* Please indicate the Public Water System Identification numbers for each of your systems:

System Name	TCEQ PWS ID #	County	Rate Increase Applicable?
High Sierra Water System	**0270113**	**Burnet**	**yes**

For each of the systems, please provide a copy of the most recent public water system annual inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies. **See Attachment A**

F. *Sewer Utilities:* Please indicate the discharge permit number for each Wastewater Treatment Plant you operate:

Wastewater Treatment Plant Name	TCEQ Discharge Permit Number	County	Rate Increase Applicable?

For each of the plants, please provide a copy of the most recent inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies.

SECTION II: OPERATIONAL INFORMATION - WATER

MANAGER (or owner if services are routinely provided to the utility)

Name: Bret W. Fenner, Receiver Relationship to owner: None

Job description: Manages all utility issues, responds to billing inquiries, obtains funding, manages all regulatory requirements, TCEQ issues, authorizes disbursements, retains and manages operator. Non-routine special projects billed extra.

Approximate number of hours per week this person works for the company: 10

Salary: $400 ( ) Hourly - ( ) Weekly - (X) Monthly - ( ) Annual

Contract Services

Name: Debi Loockerman, CPA Relationship to owner: None

Short job description: Billing, billing questions, reconciliations, accounts payable, accounts receivable, monthly financial reports, TCEQ, disconnect notices, general ledger preparation, makes deposits. Additional responsibilities, expenses billed separately. Automobile mileage reim.

Approximate number of hours per week this person works for the company: 6

Salary: $350+ ( ) Hourly - ( ) Weekly - (X) Monthly - ( ) Annual

Name: Relationship to owner:

Short job description:

Approximate number of hours per week this person works for the company:

Amount pd ( ) Hourly - ( ) Weekly - ( ) Monthly - ( ) Annual

Contract Services

Name: Professional Gen. Management Svc., Inc. Relationship to owner: None

Short job description: System operations, reads meters, repairs and maintenance, responds emergencies, additional contracting for extraordinary repairs, testing. Non-routine maintenance and special projects charged extra.

Approximate number of hours per week this person works for the company: 10

Amount paid for services: $ 500 ( ) Hourly - ( ) Weekly - (X) Monthly - ( ) Annual

Please provide the names and classifications of the utility's certified operators:

Certified Operator's Name / Classification	Certified Operator's Name / Classification
PGMS - Corporate License #9	

-Attach additional sheet(s) if necessary-

SECTION III. PLANT & EQUIPMENT INFORMATION - WATER

A. CUSTOMER CONTRIBUTIONS

If any of the items included in your plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., you may not include depreciation or return on those items in your cost of service. However, if those customer contributions did not cover the entire cost of the asset, you may include the amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate amount that the customers contributed for each item.

Table III. A.

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E] = [C] - [D]
				①
				①
				①

- Attach additional sheet(s) if necessary -

① If any amount in this column is greater than zero, enter that item in the appropriate category in **Table III. B.**

B. ORIGINAL COST & DEPRECIATION SCHEDULE - WATER

Please provide the following inve ry of the water utility plant being used provide water service at the end of the test year. You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. **Amounts should be computed as of the end of the "test year."**

Table III. B. See attached schedule

[A] Item	[B] Date of Installation	[C] Service Life (yrs) *	[C] Service Life (yrs) **	[D] Original Cost when installed ($)	Depreciation: Years in Service Yrs ①	Years in Service Mos ②②	Years in Service Days ③③③	[E] = [D]/[C] Annual ($)	[F] Accumulated ($)	[G] = [D]-[F] Net Book Value ($)
Land		n/a								
Wells		50								
Well Pumps:				**See Attachment**	**B**					
5 hp or less		5								
greater than 5 hp		10								
Booster Pumps:										
5 hp or less		5								
greater than 5 hp		10								
Chlorinators		10								
Structures:										
Wood		15								
Masonry		30								
Storage Tanks		50								
Pressure Tanks		50								
Distribution System (mains and lines)		50								
Meters and Service (taps not covered by fees)		20								
Office Equipment		10								
Vehicles		5								
Shop Tools		15								
Heavy Equipment		10								
Fencing		20								
Other: (Please list)										
Total								①	②	③

* TNRCC Suggested Service Life ** Other Service Life

① Enter this number in Table VI. A., Line [O], Column ① ② If [F] is greater than [D], enter the total for [D]

③ Enter this number in Table IV. E., Line [A]

-Attach additional sheet(s) if necessary-

C. DEVELOPER CONTRIBUTIONS - WATER

If any of the Items listed in the Depreciation Schedule were contributed by a developer, please list those items and the associated cost below.

Table III. C.

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III. B.)
None				
Total				①

① Insert this amount in **Table IV. E., Line [E]**

- Attach additional sheet(s) if necessary -

SECTION IV - LONG TERM DEBT & EQUITY INFORMATION - WATER

C. EQUITY

How much equity or total capital does the company have in the utility? 45,346

Enter also in **Table IV. D., Box ③** below

D. RATE OF RETURN

What rate of return (profit) on investment in plant (equity) is expected? 12 %

Enter also in **Table IV. D., Box ④** below

NOTE: You may choose

- an average equity return established by the staff each year and included with the Annual Report Instructions **OR**
- an interest rate that you think is fair that is less than the rate established by the staff **OR**
- to use the Rate of Return Worksheet which is attached to the Instructions.

E. BANKRUPTCY

Has the utility or utility owner filed bankruptcy within the last seven years? __X__ YES ____ NO

If YES, explain status of applicant at this time. Applicant is court appointed receiver (Order No. 97-11541 of the 201st Judicial District Court of Travis County, Texas)

F. NOTES PAYABLE - WATER

List the following informa concerning debt and equity of the uti and attach copies of notes payable:

Round all percentages to two (2) decimal places.

Table IV. D.

[A] Name of Bank/Lender	[B] Date of Issue	[C] Date of Maturity	[D] Original Amount of Loan	[E] Outstanding or Unpaid Balance - **End of Test Year**	[F] Interest Rate	[G] Weighted Average [E]÷ ⑤*[F]
Part 1 - Debt						
None			$	$	%	%
			$	$	%	%
			$	$	%	%
			$	$	%	%
			$	$	%	%
Total			$ ①	$ ②		%⑥
Part 2 - Investment/Equity				$ **45,346** ③	**12%**④	**12%**⑦
Total Debt & Equity				$ **45,346** ⑤		
					Rate of Return:	**12%**⑧

① Total amount of original loans
② Total amount of the outstanding balance on the loans
③ Equity in the utility - From **Section IV. A.**
④ Return on Equity - From **Section IV. B.**
⑤ Total of ② + ③
⑥ Total weighted average of debt - To **Table V, Line [C]**
⑦ Weighted average of Investment/Equity ③÷ ⑤*④
⑧ Sum of ⑥ + ⑦ - To **Table IV. E., Line [G]**

G. INVESTED CAPITAL & RETURN - WATER

Table IV. E.

Net Book Value - From **Table III. B., Box ②**Attachment	[A]	$	45,346
Working cash allowance - (Amount From **Table VI. A., Line [L] Column ③, Box ⑦** (÷ 8)	[B]	$	3,419
	[C]	$	
Subtotal - Sum of [A] thru [C]	[D]	$	48,765
Developer Contributions - From **Table III. C., Box ①**	[E]	$	
Total invested capital [D] - [E]	[F]	$	48,765
Rate of return - From **Table IV. D., Box ⑧**	[G]		12%
Return/Interest - If [F] is greater than -0-, then enter [F] * [G]. If [F] is less than -0-, enter -0-. Enter this amount in **Table V., Line [A] and Table VI. A., Line [Q], Column ②**	[H]	$	5,852

SECTION V - INCOME TAX CALCULATION - WATER

Use the following table to determine the amount of income tax that can be included in your revenue requirement. **See Attachment C**

Table V.

Return - From **Table IV. E., Line [H]**	[A]	$	
Interest Calculation			
Total Invested Capital - From **Table IV. E., Line [F]**	[B]	$	
Weighted Cost of Debt Capital - Percentage From **Table IV. D., Box ⑥**	[C]		%
Interest [B]*[C]	[D]	$	
Taxable Income [A] - [D]	[E]	$	
Enter Income Tax from Tax Table (**Appendix A**)	[F]	$	①

①To **Table VI. A., Line [P], Column ②**

SECTION VI - UTILITY INCOME & EXPENSE INFORMATION - WATER

A. REVENUE REQUIREMENT

Please provide the following information regarding the cost to the utility of providing water utility service over your selected twelve month "test year."

Note 1 - Instead of using the percentages listed, you may take the Total Cost and multiply it by 67% to determine the fixed portion and 33% for the variable portion.

TABLE VI. A.

Test Year 01/01/05 to12/31/05	Line	12 Month "test year" per books	Known and Measurable Changes	Revenue Requirement for next yr	% of ③ that is fixed (Note 1) Rec.	Act.	Fixed Expenses (Note 1)	Variable Expenses (Note 1)
		①	②	③=①+②	④		⑤=(③*④)/10	⑥=③-⑤
Salaries and Wages	[A]				50			
Contract Labor	[B	12,925	(925)	12,000	90		10,800	1,200
Purchased water	[C]				0			
Chemicals for treatment	[D]	672		672	0			672
Utilities (electricity)	[E]	2,141	241	2,382	0			2,382
Repairs/maintenance/supplies	[F]	2,928		2,928	50		1,464	1,464
Office expenses	[G]	1,564		1,564	50		782	782
Accounting & Legal fees	[H]	4,552		4,552	100		4,552	
Insurance	[I]				100			
Rate case expense	[J]	2,019	(269)	1,750	100		1,750	
Miscellaneous	[K]	1,760	(260)	1,500	50		750	750
Subtotal - Sum of Line [A] thru Line [K]	[L]	28,561	(1,213)	27,348 ⑦			20,098	7,250
Payroll Taxes	[M]				50			
Property and other taxes	[N]				100			
Annual Depreciation and Amortization - From Table	[O]		2,480	2,480	100		2,480	
Income Taxes - From Table V, Line [F]	[P]		852	852	100		852	
Return - From Table IV. E., Line [H]	[Q]		5,852	5,852	100		5,852	
Subtotal - Sum of Line [L] thru Line [Q]	[R]	28,561	7,971	36,532			29,282	7,250
Other Revenues	[S]	1,023	0	1,023	100		1,023	
Total Cost = Line [L] + Line [R] - Line [S]	[T]	27,538	7,971	35,509 ⑧			28,259	7,250 ⑩
Alternative Allocation between Fixed and	[U]			⑧	67		⑨	

⑦ Divide this amount by 8 and enter the result in Table IV. E., Line [B] ⑧ To Table X. A., Line [D] ⑨ To Table IX. B., Line [A] ⑩ To Table IX. A., Line [A]

B. KNOWN & MEASURABLE

If you listed anything in T LE VI. A. above as an increase/decre expected in the next 12 months, please provide a short explanation by item why there will be a change and how you projected the cost. Changes in cost must be known and measurable and supported by invoices or other documentation.

This emergency rate/tariff change application is to request a surcharge for necessary repairs. The system's well pump failed and was replaced in April, 2006. In early May, 2006, a wind storm destroyed the system's pump house. Thus, this surcharge is recover the cost of these needed repairs. Since this system is operated by a receiver, the utility has no other way to generate the funds necessary to make these repairs other the through a customer surcharge.

-Attach additional sheet(s) or a separate listing for sewer service if necessary-

SECTION VII - CUSTOMER INFORMATION - WATER

NUMBER OF CUSTOMERS

How many customers (active connections) did you have at the beginning and at the end of the twelve month test year?

TABLE VII

Connection Type	Line	Beginning of period ①	End of period ②	Equivalency Factor ③	Meter Equivalents ④=②*③
Non-Metered Connections:					
Residential	[A]			1	
Commercial	[B]			1	
Standby	[C]			1	
Metered Connections:					
⅝" x ¾"	[D]	33	33	1	33
¾"	[E]			1.5	
1"	[F]			2.5	
1½"	[G]			5	
2"	[H]			8	
3"	[I]			15	
Other:	[J]				
Total	[K]	33	33		33⑤

⑤ To Table IX. B., Line [B] AND Table X. A., Line [F]

SECTION VIII - PRODUCTION / CONSUMPTION INFORMATION - WATER

Please provide the following information regarding water utility operations over your selected twelve month "test year".

Table VIII

Total number of gallons pumped (total master meter reading for the year)	[A]	N/A	gallons
Total number of gallons purchased from another source for sale to customers (if any)	[B]		gallons
Total number of gallons provided to customers [C]=[A]+[B]	[C]	3,537,883 EST	gallons
Total number of gallons billed to your customers (total customer consumption)	[D]	3,076,420* ①	gallons
System losses: $\frac{([C] - [D])}{[C]}$ x 100% = [E]	[E]	15% EST	%
Source of Purchased water	N/A		

① To **Table IX. A., Line [B]** and **Table X. A., Line [B]**

SECTION IX - RATE DESIGN - \ TER

A. VARIABLE RATE CALCULATIONS

Table IX. A.

	Line		Instructions
Total Variable Costs	[A]	$ 7,250	From **Table VI. A., Line [T], Box ⑩** or **Line [U], Box ⑩**
Total # of Gallons Billed to Customers	[B]	3,076,420	From **Table VIII, Line [B]**
Total # of 1,000 Gallons billed	[C]	3,076	Divide Line [B] by 1,000
Variable Cost per 1,000 gallons	[D]	$ 2.36	Divide Line [A] by Line [C] Transfer to **Table IX. B., Lines [E] through [J], Box ⑥**

A. BASE RATE CALCULATIONS

Table IX. B.

		Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost to be added to base rate	Total base rate per meter size
			①	②	③	④=②*③	⑤=①+④
Total fixed costs - From **Table VI. A., Line [T], Box ⑨** or **Line [U], Box ⑩**		[A]	$ 28,259				
Total meter equivalents at end of test year - From **Table VII, Line [K], Box ⑤**		[B]	33				
Base charge per meter equivalent or for each unmetered connection [A]÷[B] and then divide by 12		[C]	$ 71.36				
Base charge per meter size							
⅝" x ¾" or unmetered	Multiply [C] by 1	[D]	$ 71.36		0 ⑥		$ 71.36
¾"	Multiply [C] by 1.5	[E]	107.04		⑥		107.04
1"	Multiply [C] by 2.5	[F]	178.40		⑥		178.40
1½"	Multiply [C] by 5.0	[G]	356.80		⑥		356.80
2"	Multiply [C] by 8.0	[H]	570.88		⑥		570.88
3"	Multiply [C] by 15.0	[I]	1,070.40		⑥		1,070.40
Other:		[J]			⑥		

⑥ From Table IX. A., Line [D]

SECTION X - ALTERNATE METHOD OF RATE DESIGN - WATER

After you have performed the calculations in **SECTION IX,** you may find that the cost per 1,000 gallons is not what you think your customers will approve. If that is the case, then the following will allow you to calculate a rate structure that still recovers your revenue requirement, but with rates that you think may be more appropriate for your customers.

Table X. A.

	Line		
Cost per 1,000 gallons	[A]	$	This is the rate that you think is appropriate Enter in Table X. B., Column ③, Lines [B] through [H]
Total # of 1,000 Gallons billed	[B]		From **Table IX. A., Line [C]**
Total Cost to be recovered through gallonage charge	[C]	$	Multiply Line [A] times Line [B]
Total Revenue Requirement	[D]	$	From **Table VI. A., Line [T] Box ⑧**
Total to be recovered through base rate	[E]	$	Subtract Line [C] from Line [D]
Total number of meter equivalents	[F]		From **Table VII, Line [K], Box ⑤**
Base rate per meter equivalent	[G]	$	Divide Line [E] by Line [F] & then divide by 12months Enter this in **Table X. B, Line [A] Column ①**

		Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost added to base	Total base bill per meter size
			①	②	③	④=②*③	⑤=①+④
Base charge per meter equivalent or for each unmetered connection From **Table X. A, Line [G]**		[A]	$				
Base rate per meter size							
⅝" x ¾" **or** unmetered	Multiply [A] ① by 1	[B]			⑥		
¾"	Multiply [A] ① by 1.0	[C]		0	0 ⑥	0	
1"	Multiply [A] ① by 2.5	[D]		0	0 ⑥	0	
1½"	Multiply [A] ① by 5.0	[E]		0	0 ⑥	0	
2"	Multiply [A] ① by 8.0	[F]		0	0 ⑥	0	
3"	Multiply [A] ① by 15.0	[G]		0	0 ⑥	0	
Other:		[H]			⑥		

⑥ From **Table X. A., Line [A]**

AFFIDAVIT

FOR WATER EMERGENCY

RATE/TARIFF CHANGE

STATE OF TEXAS

COUNTY OF TRAVIS

I, Bret W. Fenner, being duly sworn, file this NOTICE OF PROPOSED EMERGENCY RATE CHANGE as receiver of this utility (indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

I further represent that a copy of the attached notice was provided by United States Mail to (mail or hand delivery) each customer or other affected party on or about June 1, 2006.

Affiant (Utility's Authorized Representative)

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

Subscribed and sworn to before me this the 31st day of MAY, 2006, to certify which witness my hand and seal of office.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

SEAL

DIANE K. MILLER
Notary Public
STATE OF TEXAS
My Comm. Exp. 02-22-2009

DIANE K MILLER
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 2/22/09

NOTICE OF RATE/TARIFF CHANGE

TO BE PROVIDED TO CUSTOMERS

Bret W. Fenner, Receiver for William A. Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P.	12855
Company Name	CCN Number

has submitted an emergency rate change application to the Texas Commission on Environmental Quality (Commission). The proposed rates listed on the next page will apply to service received after the effective date provided below. This emergency rate increase has been allowed by the Commission under authority granted by the Texas Water Code, sections 5.508 and 13.4144, to ensure the provision of continuous and adequate service to the utility's customers. The Commission is also required to schedule a hearing to establish a final rate within 15 months after the date on which the emergency rates take effect. The utility is required to provide notice of the hearing to all customers at least 10 days before the date of the hearing. The additional revenues collected under this emergency rate increase are subject to refund if the commission finds that the rate increase was larger then necessary to ensure continuous and adequate service. Please read the followig information carefully.

High Sierra Units I and II

Subdivisions or Systems Affected by Rate Change

P.O. Box 90605	Austin	Texas	78709	1-512-755-5721
Company Address	City	State	Zip	Telephone

Surcharge, increase of $12,302	June 1, 2006
Annual Revenue Increase	Date Customer Notice Mailed
December 4, 2004	Last week of the month
Date of Last Rate Change	Date Meters Typically Read

EFFECTIVE DATE OF PROPOSED INCREASE: July 1, 2006

BILLING COMPARISON

Water:	Existing	10,000 gallons:	$ 90.50/mo	Existing	30,000 gallons:	$ 135.50/mo
	Proposed	10,000 gallons:	$ 121.50 /mo	Proposed	30,000 gallons:	$ 166.50 /mo

The proposed rates will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 to 45 days after the effective date.

In the event that the application is set for hearing, the specific rates requested by the utility may be decreased or increased by order of the Commission. If the Commission orders a lower rate to be set, the utility may be ordered to refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest. You may inspect a copy of the rate change application at your utility's office or at the Commission's office at Park 35 - Building F, 12015 Park 35 Circle, Suite 3101, Austin, Texas, west side of IH-35, south of Yager Lane. Additional information about the application can be obtained by contacting the Utilities and Districts Section at 512/239-4691. Information about how you can participate in the rate setting process can be obtained by contacting the Public Interest Counsel at 512/239-6363. Si desea informacion en Espanol, puede llamar al 512-239-0200.

CURRENT RATES

Monthly base rate including ___0__ gallons

Meter Size: Residential

⅝" or ¾"	$ 56.00
1"	$ 140.00
1½"	$ 280.00
2"	$ 448.00
3"	$ 840.00

Gallonage Charge:

$ 2.25 for each additional 1000 gallons over the minimum

Receivership Surcharge:

$ 12.00 for the life of the Receivership

Miscellaneous Fees

Tap fee	$ 500.00
Reconnection fee	$ 25.00
Non-payment (Maximum - $25.00)	$ 25.00
Customer's request	$ 25.00
Transfer fee	$ 25.00
Late charge	$ 5.00
Returned check charge	$ 25.00
Deposit	$ 50.00
Meter test fee	$ 25.00

PROPOSED RATES

Monthly base rate including ___0_____ gallons

Meter Size: Residential

⅝" or ¾"	$ 56.00
1"	$ 140.00
1½"	$ 280.00
2"	$ 448.00
3"	$ 840.00

Gallonage Charge:

$ 2.25 for each additional 1000 gallons over the minimum

Receivership Surcharge:

$ 12.00 for the life of the Receivership

Emergency Plant Repairs Surcharge:

$ 31.00 per month for 12 months starting July1, 2006 and ending June 1, 2007

Miscellaneous Fees

Tap fee	$ 500.00
Reconnection fee	$ 25.00
Non-payment (Maximum - $25.00)	$ 25.00
Customer's request	$ 25.00
Transfer fee	$ 25.00
Late charge (Indicate either $5.00 or 10%)	5.00
Returned check charge	$ 25.00
Deposit (Maximum $50.00)	$ 50.00
Meter test fee	$ 25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges

WATER & SEWER
TARIFF PAGES

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

Monthly base rate including ____0____ gallons

Meter Size: Residential

⅝" or ¾"	$ 56.00
1"	$ 140.00
1½"	$ 280.00
2"	$ 448.00
3"	$ 840.00

Gallonage Charge: $ 2.25 for each additional 1000 gallons over the minimum

Receivership Surcharge: $ 12.00 for the life of the Receivership

Emergency Plant Repairs Surcharge: $ 31.00 per month for 12 months starting July1, 2006 and ending June 1, 2007

Regulatory Assessment Fee 1%

A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER

Section 1.02 - Miscellaneous Fees

TAP FEE .....$ 500.00

TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF ⅝" X ¾" METER.

RECONNECTION FEE

THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEE DISCONNECTED FOR THE FOLLOWING REASONS:

a) Non payment of bill (Maximum $25.00) ..... $ 25.00
b) Customer's request ..... $ 25.00
Or other reasons listed under Section 20CF of this tariff

TRANSFER FEE ..... $ 25.00

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

LATE CHARGE (Not more than $5.00 or 10%)(Indicate one) ..... $ 5.00

A ONE TIME PENALTY 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 (Maximum $50) ..... $ 50.00

METER TEST FEE (actual cost of testing the meter up to) ..... $ 25.00

THIS FEE 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.

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

Receivership Order

NO. 97-11541

STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
	§	
Plaintiff,	§	
	§	
V.	§	TRAVIS COUNTY, TEXAS
	§	
WILLIAM A. SWINNEY, individually and d/b/a P.K.C.C., L.P., and d/b/a HIGH SIERRA WATER SYSTEM; and P.K.C.C., L.P.,	§	
	§	
	§	
	§	
	§	
Defendants.	§	201st JUDICIAL DISTRICT

105 JUN -2 PM 1:

DISTRICT CLERK
TRAVIS COUNTY, TEXAS

AGREED ORDER APPOINTING RECEIVER

Now come Plaintiff State of Texas and Defendants Willliam A. Swinney, individually, and P.K.C.C., L.P., a partnership, and represent to the Court that the parties have reached an agreement regarding a temporary injunction and the appointment of a Receiver to collect the assets of and carry on the business of the water utility that serves the High Sierra Subdivision in Burnet County, Texas.

The parties represent the following to the Court:

(1) that Plaintiff contends that Defendants own the public drinking water system that serves the High Sierra Subdivision in Burnet County, Texas County, Texas, and the lot in that subdivision that that water system occupies, but that Defendants contend that neither of them has any ownership interest in those properties;

(2) that Defendants are nevertheless willing to sign this agreed order consenting to the appointment of a Receiver; and

DISTRICT COURT OF TRAVIS COUNTY TEXAS

(3) that the said water utility assets consist of a well, a master water meter on the discharge line of that well, a chlorination system, a ground storage tank, two service pumps, a pressure tank, water distribution lines in the said High Sierra Subdivision, and the realty identified in the legal description attached to this agreed order as Exhibit A, which is incorporated as if set forth here in full.

All parties request that pursuant to TEX. WATER CODE §13.412, the Court appoint a Receiver for the said water utility to ensure that customers of that utility receive continuous and adequate water service. The Court, having read the pleadings and the papers on file, is of the opinion that this Agreed Order Appointing Receiver should be granted, and orders as follows:

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that Defendants William A. Swinney and P.K.C.C., L.P. are hereby mandatorily enjoined to turn over to the Receiver appointed herein such possession and control as they may have of all of the following assets:

(a) the said High Sierra public water system, Public Water System I. D. No. 0270113, located in Burnet County, Texas, including the realty identified in the legal description attached to this agreed order as Exhibit A, which is incorporated as if set forth here in full;

(b) all easements, wells, tanks, treatment facilities, pipes, fittings, chlorinators, housings, and other appurtenances and other property attached to or used in the said water system; all monies generated by the said water system, including all bank accounts and all accounts payable; and all other assets that in any way are produced by or used in connection with the said water system, including all records of customer bills and

payments, all records of accounts receivable or payable, all lists of customers, and all maps showing the location of pipelines or customers' water meters;

(c) all Certificates of Convenience and Necessity ("CCNs") that may have been issued by the Commission in connection with the said water system and any CCN application or documents related to such an application that may exist; and

(d) current accounts receivable and future accounts receivable as they come due for services provided by the said water system.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants William A. Swinney and P.K.C.C., L.P., are hereby prohibitorily enjoined not to interfere in any way with the Receiver's right of possession and control of any of the assets hereby ordered to be turned over to the Receiver.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Bret W. Fenner, P.E., is hereby appointed Receiver of all property described above in this Order and that upon filing the bond and taking the oath required by law the Receiver shall be authorized, subject to the control of the Court, to do any and all acts necessary to the proper and lawful conduct of the receivership, including, but not limited to, the following:

(1) collect the assets (including, but not limited to, all easements, wells, tanks, treatment facilities, pipes, fittings, chlorinators, housings, and other appurtenances and other property attached to or used in the said water system; all monies generated by the said water system, including all bank accounts and all accounts payable, and all water and other assets that in any way are produced by or used in connection with the said water system, including all records of customer bills and payments, all records of accounts receivable or payable, all lists of customers, all maps showing the location of pipelines, valves, or water meters, and all CCNs issued by the Commission in connection with the said water system and utility) and carry on the business of the water system and utility;

(2) provide continuous and adequate water utility service to customers; hire a certified operator(s) for the system and pay the operator(s) and all other reasonably necessary operating expenses out of income from the water system at a reasonable rate as wages or bills come due; and bill and collect monies for water service;

(3) hire accountants, attorneys, engineers, consultants, or others, as necessary, and pay them out of income from the water system as their bills come due; and have performed any necessary evaluation, maintenance, improvement, or repair on the said water system;

(4) accept and receive funds for the continuation of utility service, open and close bank accounts, and take measures necessary to designate or change signatories on any such accounts;

(5) receive all payments due and owing for water service provided to customers;

(6) file and pursue applications for all necessary permits, licenses, and certificates as required by law, including, but not limited to, CCNs under Chapter 13 of the Texas Water Code;

(7) incur risks, liabilities, and obligations ordinarily incurred by owners, managers, and operators of similar business enterprises; no such risk, liability, or obligation shall be the personal risk, liability, or obligation of the Receiver, but rather a risk, liability, or obligation of the receivership estate; and

(8) perform such other duties as may be prescribed by the Court.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that any money coming into the possession of the Receiver and not expended for any of the purposes authorized herein shall be held by the Receiver subject to such orders as this Court may hereafter issue.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Receiver, within thirty (30) days after taking his oath, shall file in this cause an inventory of all property of the receivership estate of which he shall have possession, and if the Receiver comes into possession of additional property, he shall file a supplemental inventory as soon as practicable.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that within thirty (30)

days after taking his oath, the Receiver shall notify in writing all known customers and creditors of the water system that he has been appointed Receiver. This notice shall include a telephone number and address where the Receiver can be contacted.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that on or before the 30th day of each month, the Receiver shall file with the Clerk of this Court a complete report for the prior month's activities. The first such report shall be due on June 30, 2005. Each monthly report shall contain, at a minimum, records of all business transacted in relation to the water systems and the status of all accounts. When the Receiver files each monthly report he shall simultaneously mail a copy of the report to Plaintiff's attorney of record and to the TCEQ Receivership Coordinator.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Receiver shall limit expenditures to those reasonably necessary to accomplish the Receiver's duties and that the Receiver is not obligated to pay bills, debts, or claims associated with the water system or utility that accrued before the date this Order is signed by the Court.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Receiver's bond shall be set in the amount of $10,000.00.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Receiver's compensation shall consist of a monthly fee of $400.00.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that all payments that the Receiver makes to himself before a final accounting and the Court's approval and discharge of the Receiver shall be materially less than the actual value of his services.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Receiver shall

not make and this Court will not approve any claim against the State of Texas or any of its agencies, agents, servants, or employees, for any fees, costs, expenses, or any other monetary claims incurred in relation to this receivership.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Plaintiff is allowed such writs and processes as may be needed for the enforcement of this Order.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this receivership shall continue until further order of the Court. The Court retains jurisdiction of this cause and may make other orders as warranted.

SIGNED this 2nd day of June, 2005.

JUDGE PRESIDING

AMALIA RODRIGUEZ-MENDOZA, District Clerk, Travis County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal 6-2-05

AMALIA RODRIGUEZ-MENDOZA
DISTRICT CLERK
By Deputy

AGREED AND APPROVED AS TO FORM AND SUBSTANCE:

WILLIAM A. SWINNEY, Defendant Pro Se
16070 Pearce Lane
Del Valle, Texas 78617

P.K.C.C., L.P., Defendant, by its General Partner,
William A. Swinney

GREG ABBOTT
Attorney General of Texas

BARRY McBEE
First Assistant Attorney General

EDWARD D. BURBACH
Deputy Attorney General for Litigation

KAREN W. KORNELL
Chief, Natural Resources Division

GRANT GURLEY
Assistant Attorney General
State Bar No. 08629000

Natural Resources Division
P. O. Box 12548, Capitol Station
Austin, Texas 78711-2548
Tel: (512) 463-2012
Fax: (512) 320-0911

ATTORNEYS FOR PLAINTIFF
STATE OF TEXAS

BRET W. FENNER, P.E., RECEIVER

AGREED AND APPROVED AS TO FORM AND SUBSTANCE:

WILLIAM A. SWINNEY, Defendant Pro Se
16070 Pearce Lane
Del Valle, Texas 78617

P.K.C.C., L.P., Defendant, by its General Partner,
William A. Swinney

GREG ABBOTT
Attorney General of Texas

BARRY McBEE
First Assistant Attorney General

EDWARD D. BURBACH
Deputy Attorney General for Litigation

KAREN W. KORNELL
Chief, Natural Resources Division

GRANT GURLEY
Assistant Attorney General
State Bar No. 08629000

Natural Resources Division
P. O. Box 12548, Capitol Station
Austin, Texas 78711-2548
Tel: (512) 463-2012
Fax: (512) 320-0911

ATTORNEYS FOR PLAINTIFF
STATE OF TEXAS

BRET W. FENNER, P.E., RECEIVER

Exhibit A

One certain fenced area (6' chain link) approximately 100 feet X 100 feet, located in the extreme south corner of the following described tract, whereupon is located a water system, that said tract:

BEING 5.000 acres of land out of the Guadelupe College Survey, Abstract No. 347, Burnet County, Texas; being a portion of that same 103.06 - acre tract conveyed to P. K. C. C. Limited Partnership, from Ascarate Corporation, by deed recorded in Volume 683, Page 563 et seq, Real Property Records, Burnet County, Texas; said 5.000 acres being known as "Tract 1 of High Sierra, Unit 1", an unplatted subdivision of Burnet County, Texas; and, being more particularly described as follows:

BEGINNING at an iron rod found on the Northeast limit of Burnet County Road No. 274, said iron rod bearing North 47 Degrees 54 Minutes 34 Seconds West, a distance of 4.043.01 feet, from the intersection of the Northwest Right - of - Way limit of Burnet County Road No. 276, and the Northeast Right - of - Way limit of said Burnet County Road No. 274, said iron rod marking also the Northwest corner of said 103.06 - acre tract;

THENCE South 53 Degrees 33 Minutes 18 Seconds East, as fenced for use, a distance of 35.99 feet, to an iron rod found in the Northeast Right - of - Way limit of said Burnet County Road No. 274, said iron rod marking a point for corner in the Westerly-most boundary hereof;

THENCE North 69 Degrees 58 Minutes 56 Seconds East, at 23.99 feet pass a point in the Easterly-most limit of a 20.00' Utility Easement, in all a distance of 957.50 feet, to an iron rod found for an intermediate corner in the Southerly-most boundary hereof;

THENCE South 39 Degrees 04 Minutes 41 Seconds East, a distance of 250.03 feet, to an iron rod found marking the Southerly-most South corner hereof;

THENCE North 69 Degrees 55 Minutes 24 Seconds East, a distance of 710.15 feet, to an iron rod found in the Easterly-most boundary of said 103.06 - acre tract, said iron rod marking the Easterly-most South corner hereof;

THENCE North 33 Degrees 04 Minutes 41 Seconds West, with said boundary of said 103.06 - acre tract, as fenced for use, a distance of 281.00 feet, to an iron rod found marking the Northeast corner of said 103.06 - acre tract; and, the Easterly-most North corner hereof;

THENCE South 69 Degrees 58 Minues 56 Seconds West, with the Northerly-most boundary of said 103.06 - acre tract, as fenced for use, at 1,653.43 feet, pass a point in said 20.00' Utility Easement, in all a distance of 1,677.42 feet, to the POINT OF BEGINNING; and, containing some 217,805 square feet, or 5.000 acres of land, more or less

Attachment A

PWS/0270113/CO

Texas Commission on Environmental Quality
Investigation Report
HIGH SIERRA WATER SYSTEM

HIGH SIERRA WATER SYSTEM
RN101237733

Investigation # 272806
Investigator: HERSCHEL JANUS

Incident #

Site Classification
GW <=50 CONNECTION

No Industry Code Assigned

Conducted: 05/10/2004 -- 05/10/2004
Program(s): PUBLIC WATER SYSTEM/SUPPLY

Investigation Type : Compliance Investigation

Location : 2000 CR 274 IN BERTRAM TEXAS

Additional ID(s) : 0270113

Address: 2000 COUNTY ROAD 274; BERTRAM, TX 78605

Activity Type : PWS CCI GW/PW - Discretionary comprehensive compliance investigation for standard groundwater, purchased water or re-pressurization facilities

Principal(s) :

Role	Name
RESPONDENT	HIGH SIERRA WATER SYSTEM

Contact(s) :

Role	Title	Name	Phone	
Regulated Entity Contact	OPERATOR	MIKE OLSEN	Home	(512) 355-3035
			Work	(512) 355-3897
			Other	(512) 974-5471
				(512) 802-4941

Other Staff Member(s) :

Role	Name
QA REVIEWER	JASON BRIAN
SUPERVISOR	CAROLYN RUNYON

Associated Check List

Checklist Name	Unit Name
PWS INVESTIGATION TYPES FY04	High Sierra
PWS GENERIC VIOLATIONS	High Sierra
PWS GENERIC VIOLATIONS	High Sierra Additional
PWS GENERIC VIOLATIONS	High Sierra Additional 2
PWS GENERIC VIOLATIONS	High Sierra Additional 3

RECEIVED
SEP 17 2004
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Investigation Comments :

INTRODUCTION:

On 05/10/2004 at approximately 9:20 hrs., Herschel Janus, Investigator in the Austin Region 11 Office met with a representative of the High Sierra Water System (WS) in order to conduct a routine comprehensive compliance investigation (CCI). Mr. Mike Olsen, President for the High Sierra Home Owners Association (HOA) participated in the investigation. The CCI was scheduled on 4/20/2004 to be conducted during the week of April 26, but due to scheduling conflicts, the CCI date was established for 5/10/2004. Mr. Olsen was informed of the initial investigation findings at the time of

The High Sierra WS has one well that produces approximately 25 gallons per minute (gpm). The water is disinfected with a liquid chlorine injector system. The water goes into a 25,000 gallon ground storage tank (GST) then through a 900 gallon pressure tank (PT). The system has two 40 GPM service pumps that sends the water through the distribution system to approximately 32 connections.

BACKGROUND:

Based on information in the file, the system was installed in 1996. An investigator in this office heard about the High Sierra Subdivision from a radio station. At the time of the initial investigation, the system did not have 15 connections, therefore was not considered a regulated public water supply (PWS). The system later went on to have enough connections to become a PWS. However, the system had never received approval to operate as a PWS. Also, the system never submitted application to became a public utility. A notice of violation (NOV) dated 3/27/97 was sent to the owner, Mr. Bill Swinney. A copy of a contract with the property owners is in the file and indicates that the developer, Swinney, would operate the system until 9/1/97 and then the system would become the property of the first 30 land owners. It appears on 9/30/97, the case was referred to the Attorney Generals's (AGs) Office. It appears that Mr. Swinney operated the system until 7/29/1999. During the period from 9/1/1997 to 7/29/1999 it appears that Mr. Swinney was working with the AGs office to get the system approved including drilling a new well. The system received partial approval on 5/7/1998. However, the existing well would not be approved with filters as proposed. On 9/29/98, an approval was provided for the well as long as a new well was constructed and the old well was properly plugged. The new well was drilled in July 1999. Mr. Swinney filed for bankruptcy protection in 8/26/1999. It appears that actions against Mr. Swinney ended at this point.

It appears that the home owners got together on or around August 1999 and decided to operate the system. Between that period and October of 2000, it is not clear who operated the system. As of 10/5/2000, Mr. Mike Olsen notified the agency that he was the President of the High Sierra HOA and would be operating the system. He indicated they had enacted a tariff and was collecting fees. However, High Sierra still had not applied for a certificate of convenience and necessity (CCN) as required for a utility. On 2/20/2002 a CCI was conducted and an NOV dated 4/26/2002 was sent to Mr. Olsen for failure to have a flush valve on a dead end main, lack of record keeping, use of a non-approved National Safety Foundation (NSF) approved bleach, ownership sign at the plant, and tank inspection reports. A response was not received by the compliance due date and a letter was sent dated 9/25/2003 for failure to respond. It does not appear that a response was received by this office since that time. A number of violations listed on the database have been addressed once the system received approval, the new well drilled, and other upgrades had been completed. The appropriate violations are being resolved with this investigation.

ADDITIONAL INFORMATION:

The PDW Section notified this office that they had not received monthly monitoring data from the system in several months. Based on that and lack of response for the findings during the 2/20/2002 CCI, this investigation was scheduled.

Mr. Olsen was met at the system site. The fencing around the site was secure, but in disrepair. The site had not been mowed and was slightly grown up. There was an empty 5 gallon gas can near the well head. Peripheral parts were scattered around by the pump room. However, the well and tanks seemed to be in good shape and operating properly. Mr. Olsen was using an NSF approved liquid bleach.

Mr. Olsen indicated that he no longer desired to operate the system and had quit taking the monthly samples and weekly chlorine residual samples. He indicated that his D water license had expired. He indicated that there were a couple of other people that had licenses in the neighborhood who would help him when a repair was needed, but that essentially, the system was no longer being operated. No one else in the neighborhood was willing to assume control as operator.

The current apparent violations observed were: Based on information in the file, no monthly bacteriological (bacti) samples have been collected since as far back as May 2003 (30 Tex. Admin. Code Section 290.46(b)). As reported, no flush

Tex. Admin. Code Section 290.44(d)(6)). No flushing of mains was being conducted (30 Tex. Admin. Code Section 290.46(l)). There is no plant operations manual (30 Tex. Admin. Code Section 290.42(l)). No chlorine residual samples were being conducted (30 Tex. Admin. Code Section 290.46(d)(1)). The security fence was in disrepair (30 Tex. Admin. Code Section 290.46(m) and the top wires were not at a 45 degree angle. No documented customer service inspections (CSI) have been conducted (30 Tex. Admin. Code Section 290.46(f)). No ownership sign were posted (30 Tex. Admin Code Section 290.46(t)). No tank inspections have been conducted for the GST and PT (30 Tex Admin Code Section 290.46(m)(1)). The chlorine residual at 598 High Sierra Road was 0.05 below the minimum 0.20 requirement (30 Tex Admin Code Section 290.110(b)(4). Lastly, the system does not have a licensed operator (30 Tex. Admin. Code Section 290.46(e)(4)(A)).

Based on the information from this investigation, the system does not have an operator and is non-compliant with listed operational issues. A water supply corporation was never formed and the "board" members were voluntary with a voluntary president. The system never obtained a CCN, therefore, never was established as a utility, though fees have been collected. The significant issues of concern are that there is no operator, the system is not being maintained including chlorine residual in the lines, and samples are not being collected. This system will be referred to the Enforcement Division for possible temporary management/receivership operation as an abandoned system. The agency's Receivership Coordinator has been notified along with enforcement staff.

ALLEGED NONCOMPLIANCES NOTED AND RESOLVED

Track No: 487 Resolution Date: 5/25/04

30 TAC Chapter 290.42(i)

Alleged Violation:
Investigation: 152177 Comment Date: 09/22/2003

At the time of the investigation, the operator was using Clorox brand bleach for chlorinating the system. Clorox brand bleach is not a National Sanitation Foundation (NSF) approved bleach.

Investigation: 272806 Comment Date: 05/25/2004

Failure to use an NSF approved bleach.

Investigation: 406 Comment Date: 05/11/2002

At the time of the investigation, the operator was using Clorox brand bleach for chlorinating the system. Clorox brand bleach is not a National Sanitation Foundation (NSF) approved bleach.

Recommended Corrective Action: To achieve compliance submit to TCEQ's Austin Region office documentation demonstrating that the system is being chlorinated by an NSF approved media.

Resolution: An NSF approved bleach was in use.

Track No: 101833 Resolution Date: 5/25/04

30 TAC Chapter 290.39(d)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004

Failed to submit plans for approval prior to placing High Sierra WS into service.

Investigation: IE0011724001001 Comment Date: 08/06/2003

No plans submitted.

Recommended Corrective Action:

Resolution: Plans were submitted and approved. A new well has been drilled.

Resolution Date: 5/25/04

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004
No well completion data was available.

Investigation: IE0011724001001 Comment Date: 08/06/2003
No well completion data

Recommended Corrective Action:

Resolution: As part of the enforcement action requirements, a new well was completed and documentation has been provided for the file. The old well has been plugged.

Track No: 101835 Resolution Date: 5/25/04
30 TAC Chapter 290.41(c)(3)(K)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004
Failed to provide an adequate casing vent.

Investigation: IE0011724001001 Comment Date: 08/06/2003
No well casing vent.

Recommended Corrective Action:

Resolution: This violation applied to the now plugged well and was included in the on going enforcement action.

Track No: 101836 Resolution Date: 5/25/04
30 TAC Chapter 290.41(c)(3)(J)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004
Failed to have an appropriate sealing block.

Investigation: IE0011724001001 Comment Date: 08/06/2003
No sealing block.

Recommended Corrective Action:

Resolution: The well was plugged as part of the on going enforcement action.

Track No: 101837 Resolution Date: 5/25/04
30 TAC Chapter 290.41(c)(3)(N)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004
There was no flow meter on the well.

Investigation: IE0011724001001 Comment Date: 08/06/2003
No flow mtr.

Recommended Corrective Action:

Resolution: The violation was for the plugged well, so it is no longer a violation.

Track No: 101838 Resolution Date: 5/25/04
30 TAC Chapter 290.41(c)(3)(K)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004

Failed to have a proper seal.

Investigation: IE0011724001001 Comment Date: 08/06/2003

Wellhead not sealed.

Recommended Corrective Action:

Resolution: This violation applied to the plugged well.

Track No: 101839 Resolution Date: 5/25/04
30 TAC Chapter 290.41(c)(3)(M)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004

Failed to have a sampling tap.

Investigation: IE0011724001001 Comment Date: 08/06/2003

No sampling tap.

Recommended Corrective Action:

Resolution: This violation applied to the plugged well.

Track No: 101840 Resolution Date: 5/25/04
30 TAC Chapter 290.41(c)(3)(P)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004

Failed to have an all weather access road.

Investigation: IE0011724001001 Comment Date: 08/06/2003

No access road.

Recommended Corrective Action:

Resolution: An all weather access road is present.

Track No: 101841 Resolution Date: 5/25/04
30 TAC Chapter 290.43(c)(9)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004

GST not to standards.

Investigation: IE0011724001001 Comment Date: 08/06/2003

GST not AWWA standards

Recommended Corrective Action:

Resolution: Since this violation was written, the system has been approved.

Track No: 101842 Resolution Date: 5/25/04
30 TAC Chapter 290.43(c)(9)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004

GST was not to AWWA standards.

Investigation: IE0011724001001 Comment Date: 08/06/2003

GST not AWWA standards

Resolution: Since the violation was observed, the system has been approved.

Track No: 101843 Resolution Date: 5/25/04
30 TAC Chapter 290.43(c)(8)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004
Gst not properly coated.

Investigation: IE0011724001001 Comment Date: 08/06/2003
GST not properly coated.

Recommended Corrective Action:

Resolution: The system has been approved since the violation was written.

Track No: 101844 Resolution Date: 5/25/04
30 TAC Chapter 290.43(c)(2)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004
GST roof hatch not locked.

Investigation: IE0011724001001 Comment Date: 08/06/2003
GST roof hatch not locked.

Recommended Corrective Action:

Resolution: The violation was not observed on the previous CCI.

Track No: 101845 Resolution Date: 5/25/04
30 TAC Chapter 290.43(c)(5)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004
Improper inlet/outlet connection.

Investigation: IE0011724001001 Comment Date: 08/06/2003
Improper inlet outlet connections on GST.

Recommended Corrective Action:

Resolution: The system has been approved since the violation was written.

Track No: 101846 Resolution Date: 5/25/04
30 TAC Chapter 290.42(e)(2)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004
Chlorine injection point inadequate.

Investigation: IE0011724001001 Comment Date: 08/06/2003
CL2 point of application improper

Recommended Corrective Action:

Resolution: Since the violation was written, the system has a been approved.

Track No: 101847 Resolution Date: 5/25/04
30 TAC Chapter 290.43(d)(2)

Alleged Violation:

Investigation: 272806 Comment Date: 05/25/2004

Chlorine point of application inproper.

Investigation: IE0011724001001 Comment Date: 08/06/2003

CL2 Point of Application Improper

Recommended Corrective Action:

Resolution: The violation was issued prior to system approval. The system was approved and meets most requirements.

Track No: 101848 Resolution Date: 5/25/04

30 TAC Chapter 290.43(d)(2)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004

No pressure relief device on the pressure tank.

Investigation: IE0011724001001 Comment Date: 08/06/2003

No pressure release device on pt

Recommended Corrective Action:

Resolution: The system was approved and upgraded after the violation was alleged.

Track No: 101849 Resolution Date: 5/25/04

30 TAC Chapter 290.46(f)(1)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004

Chlorine equipment not being operated.

Investigation: IE0011724001001 Comment Date: 08/06/2003

CL2 equipment not being operated

Recommended Corrective Action:

Resolution: The equipment has been operated.

Track No: 101851 Resolution Date: 5/25/04

30 TAC Chapter 290.46(n)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004

No distribution map.

Investigation: IE0011724001001 Comment Date: 08/06/2003

No distribution map

Recommended Corrective Action:

Resolution: Reportedly, a distribution map is available.

Track No: 101852 Resolution Date: 5/25/04

30 TAC Chapter 290.44(a)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004

Water lines improperly installed.

Water lines improperly installed

Recommended Corrective Action:

Resolution: The system has been approved since the violation was alleged.

Track No: 101853 Resolution Date: 5/25/04
30 TAC Chapter 290.42(e)(8)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004
Chlorine solution tank not covered.

Investigation: IE0011724001001 Comment Date: 08/06/2003
CL2 Solution container not covered

Recommended Corrective Action:

Resolution: The tank has been covered.

Track No: 101857 Resolution Date: 5/25/04
30 TAC Chapter 290.45(b)(1)(B)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004
Insufficient well, service pump, and pressure tank capacity.

Investigation: IE0011724001001 Comment Date: 08/06/2003
Insufficient well, service pump, pt capacities

Recommended Corrective Action:

Resolution: The violation has been resolved and the system received approval.

Track No: 101858 Resolution Date: 5/25/04
30 TAC Chapter 290.46(f)(1)
30 TAC Chapter 290.46(f)(2)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004
No DPD test kit.

Investigation: IE0011724001001 Comment Date: 08/06/2003
No DPD Test kit

Recommended Corrective Action:

Resolution: A test kit is available.

OUTSTANDING ALLEGED VIOLATIONS

Track No: 466 Compliance Due Date: 12/1/03
30 TAC Chapter 290.44(d)(6)

Alleged Violation:
Investigation: 152177 Comment Date: 09/22/2003
At the time of the investigation, one of the dead ends did not have a flush valve.

Investigation: 272806 Comment Date: 05/25/2004
No flush valves were installed at dead end main.

Investigation: 406

At the time of the investigation, one of the dead ends did not have a flush valve.

Recommended Corrective Action: Compliance to be determined by the Enforcement Division.

Resolution:

Track No: 485 Compliance Due Date: No Date Entered

30 TAC Chapter 290.46(f)

Alleged Violation:
Investigation: 152177 Comment Date: 09/22/2003

At the time of the investigation, monthly operating reports were not being conducted. The operator reported that he was unaware the MOR's were to be conducted.

Investigation: 272806 Comment Date: 05/25/2004

There are no monthly reports for chemicals used, volume treated, flush reports, disinfectant residuals, bacti's, calibration records, general maintenance, and repair records.

Investigation: 406 Comment Date: 05/11/2002

At the time of the investigation, monthly operating reports were not being conducted. The operator was unaware that MOR's were to be conducted.

Recommended Corrective Action: Corrective action to be determined by the Enforcement Division.

Resolution:

Track No: 488 Compliance Due Date: No Date Entered

30 TAC Chapter 290.46(t)

Alleged Violation:
Investigation: 152177 Comment Date: 09/22/2003

At the time of the investigation, the system did not have an ownership sign. Mr. Mike Olsen reported that a sign was in the process of being made.

Investigation: 272806 Comment Date: 05/26/2004

No ownership sign was displayed.

Investigation: 406 Comment Date: 05/11/2002

At the time of the investigation, the system did not have an ownership sign. Mr. Mike Olsen reported that a sign was in the process of being made.

Recommended Corrective Action: Compliance to be determined by the Enforcement Division.

Resolution:

Track No: 490 Compliance Due Date: No Date Entered

30 TAC Chapter 290.46(m)(1)

Alleged Violation:
Investigation: 152177 Comment Date: 09/22/2003

At the time of the investigation, the pressure tank was not being inspected annually.

Investigation: 272806 Comment Date: 05/25/2004

Failed to inspect the pressure tank annually.

At the time of the investigation, the pressure tank was not being inspected annually.

Recommended Corrective Action: To be determined by the Enforcement Division.

Resolution:

Track No: 500 Compliance Due Date: No Date Entered
30 TAC Chapter 290.46(m)

Alleged Violation:
Investigation: 152177 Comment Date: 09/22/2003

At the time of the investigation, ground storage tank inspections were not being conducted annually.

Investigation: 272806 Comment Date: 05/25/2004

The 25,000 gallon GST and have not been inspected annually.

Investigation: 406 Comment Date: 05/11/2002

At the time of the investigation, tank inspections were not being conducted.

Recommended Corrective Action: Complete requirements as established by the Enforcement Division.

Resolution:

Track No: 101850 Compliance Due Date: No Date Entered
30 TAC Chapter 290.46(i)

Alleged Violation:
Investigation: 272806 Comment Date: 06/02/2004

Failed to flush the dead end mains. Part of ongoing enforcement actions.

Investigation: IE0011724001001 Comment Date: 08/06/2003

Not flushing dead end mains

Recommended Corrective Action:

Resolution:

Track No: 101854 Compliance Due Date: No Date Entered
30 TAC Chapter 290.46(b)

Alleged Violation:
Investigation: 272806 Comment Date: 06/02/2004

Bacteriological (Bacti's) have not been collected since at least May 2003. Part of ongoing enforcement actions.

Investigation: IE0011724001001 Comment Date: 08/06/2003

Not collecting/submitting Bact samples

Recommended Corrective Action:

Resolution:

Track No: 101855 Compliance Due Date: No Date Entered
30 TAC Chapter 290.46(e)

Alleged Violation:
Investigation: 272806 Comment Date: 05/25/2004

There is no certified operator. Mr. Olsen has allowed his operators license to lapse and has not been running the system.

Investigation: IE0011724001001 Comment Date: 08/06/2003

No certified operator

Recommended Corrective Action:

Resolution:

Track No: 101856 Compliance Due Date: No Date Entered
30 TAC Chapter 290.46(i)

Alleged Violation:
Investigation: 272806 Comment Date: 05/26/2004

High Sierra does not have a customer service program.

Investigation: IE0011724001001 Comment Date: 08/06/2003

No customer service agreements

Recommended Corrective Action:

Resolution:

Track No: 161994 Compliance Due Date: No Date Entered
30 TAC Chapter 290.42(l)

Alleged Violation:
Investigation: 272806 Comment Date: 05/26/2004

Failed to have a plant operations manual.

Recommended Corrective Action: To be determined by the Enforcement Division.

Resolution:

Track No: 162019 Compliance Due Date: No Date Entered
30 TAC Chapter 290.46(d)(1)

Alleged Violation:
Investigation: 272806 Comment Date: 05/27/2004

Failed to collect weekly chlorine residual.

Recommended Corrective Action: To be determined by the Enforcement Division.

Resolution:

Track No: 162021 Compliance Due Date: No Date Entered
30 TAC Chapter 290.46(m)

Alleged Violation:
Investigation: 272806 Comment Date: 05/27/2004

The security fencing was in disrepair and the barbed wire was not at a 45 degree angle.

Recommended Corrective Action: To be determined by the Enforcement Division.

Resolution:

Track No: 162024 Compliance Due Date: No Date Entered
30 TAC Chapter 290.110(b)(4)

Alleged Violation:
Investigation: 272806 Comment Date: 05/27/2004

Failed to maintain adequate chlorine residual. The residule at 598 High Sierra Rd. [illegible] The minimum requirement is 0.2 ppm.

Recommended Corrective Action: To be determined by the Enforcement Division.

Resolution:

Signed _____ Environmental Investigator Date 6/2/04

Signed _____ Supervisor Date 6/3/04

Attachments: (in order of final report submittal)

X Enforcement Action Request (EAR)
___ Letter to Facility (specify type) : _____
Investigation Report
___ Sample Analysis Results
___ Manifests
___ NOR

X Maps, Plans, Sketches
X Photographs
X Correspondence from the facility
X Other (specify) :
IOM to Enforcement

Attachment B

Section III. B. Original Cost & Depreciation Schedule - Water

High Sierra Water System

Test Period Ends: 31-Dec-05

Item Description	Installation Date	Original Cost	Expected Service Life	Remaining Life	Annual Deprec. Expense	Total Accum. Deprec.	Net Book Value
Wood Structure	1-Jul-96	$492	20	10	$25	$234	$258
Well	1-Jul-99	$16,569	30	23	$552	$3,594	$12,975
Well Pump	1-Jul-99	$2,466	10	3	$247	$1,605	$861
Booster Pump - 7.5 hp.	1-Jul-02	$1,296	10	0	$130	$1,232	$64
Booster Pump - 7.5 hp.	1-Jul-03	$1,305	10	7	$131	$327	$978
Chl. Equipment	21-Jul-04	$396	10	9	$40	$57	$339
Compressor	1-Jul-02	$1,350	10	6	$135	$473	$877
GST - 25,000 gal.	1-Jul-96	$11,636	50	40	$233	$2,212	$9,424
PST - 800 gal.	1-Jul-99	$2,466	50	43	$49	$321	$2,145
Distribution System - PVC	1-Jul-96	$11,958	50	40	$239	$2,274	$9,684
Meters	1-Jul-96	$1,986	20	10	$99	$944	$1,042
Fencing	1-Jul-96	$4,028	20	10	$201	$1,915	$2,113
Electrical Controls	1-Jul-02	$500	10	6	$50	$175	$325
Totals:		**$56,448**			**$2,130**	**$15,362**	**$41,086**

Attachment C

Section VI., B: Known & Measurable Changes

Table VI. A., Column (2)

Line [B] **Contract Labor**	Water
Adjustments to an actual year	
Receivership fee approved by court - $400/month x 12	$ 4,800
Operator fees - $600/month x 12 months	7,200
Total	$ 12,000
Less: Total paid during test period	(12,925)
Known & measurable change - decrease	$ 925

Line [E] **Utilities**	
Utilities paid, include only 11 months of bills; $241 added for final month paid in 2006	$ 2,141
Add: December 2005 payment made in Jan 2006 (change)	241
Known & measurable Utilities expense	$ 2,382

Line [J] **Rate case expense**	
Rate case expense charged by consultants	$ 3,500
Amortized over a two year period;	
Known and measurable Rate case expense	$1,750

Line [K] **Miscellaneous**	
Bad debts estimated for year of 2006	$ 1,500
Known and measurable change - decrease	$ (260)

Line [O] **Annual Depreciation and Amortization**
Increase in depreciation and amortization is calculated from Table III. B.

Line [P] **Income Taxes**	
Revenue requirement	$35,509
Less: Operations & maintenance	(27,348)
Depreciation & amortization	(2,480)
Other Taxes	(0)
Taxable income	$ 5,681
Tax factor:	15%
Taxes included in cost of service	$ 852

Line [Q] **Return**
See Table IV. E., Line (H)

Line [S] **Other Revenues**
No new taps expected.

Proposed Surcharge

Proposed Plant and Equipment Replacement Surcharge:

Invoice No. 038-022: May 9, 2006		
Well Pump Replacement		$ 3,886.10
Estimate: May 19, 2006		
Replace Pump House		$ 8, 415.00
	Subtotal:	$ 12,301.10
Divided by 33 current customers		÷ 33
	Subtotal:	$ 372.76
Divided by 12 months		÷ 12
	Total:	**$ 31.06**

Proposed surcharge of $ 31.00 per month per customer for 12 months

Professional General Management Services, Inc.
1600 Stagecoach Ranch Road
Dripping Springs, Texas 78620

Invoice

Date	Invoice #
5/9/2006	038-022

Bill To:

High Sierra Water System
Attn: Bret Fenner
P.O. Box 90544
Austin, TX 78709-0704

Terms
Net 15

WO#	Qty	Item Code	Description	Price Each	Amount
April 2006 Services		Routine Water Ope...		0.00	0.00
	1	BAC T Sample		25.00	25.00
	20	Chemicals		2.47	49.40
W.O. No. 0604-036	2	Operator	well motor down	35.00	70.00
	6	Operator		52.50	315.00
	8	Service Truck		15.00	120.00
		Reimb Group	Total Reimbursable Expenses		3,056.70
			Apex Drilling/ new pump, motor		
W.O. No. 0604-039	5	Operator	low psi/well tripped, reset; called technician	35.00	175.00
	5	Service Truck		15.00	75.00

3000 on paid #207 5/15/06

Thank you for allowing PGMS, Inc. provide your professional water utility needs!

Total	$3,886.10
Balance Due	$3,886.10

Phone #	Fax #	E-Mail	Web Site
(866) 643-3472	(512) 264-3473	pck@pgms.net	www.pgms.net

CW 8/6/10

Professional General Management Services, Inc.
Utility district management, Project Management
Planning, Training, Consulting
1600 Stagecoach Ranch Road * Dripping Springs, Texas 78620 * (512) 264-3472 * fax (512) 264-3473

May 19, 2006

Bret Fenner, Receiver
High Sierra Water System
P. O. Box 90544
Austin, Texas 78709-0704

Re: High Sierra Water System/ Damage to Faculties on or about April 29, 2006

Dear Mr. Fenner:

As you are informed, the High Sierra Water System sustained catastrophic damage due to weather on or about April 29, 2006. Our crews responded to find the pump house to be substantially destroyed.

Working with existing components that could be salvaged and a minimum of additional parts, our crews were able to get the system to provide water for the short term. This was accomplished by connecting one existing pump directly to the system pipe works and bypassing the controls to allow one pump to work. Without control units, the pump is now working on a continuous basis. Although this appears to be working in the short term, this is a stopgap measure and will require additional remedial action to render the system dependable.

The following items will need to be performed. I have provided the associated estimated costs of each item.

1.	Rebuild pump housing	$3,500.00
2.	Rebuild pump works @ booster pumps	$2,200.00
3.	Rebuild control units @ rewire facility	$1,950.00
	Subtotal ----------	$7,650.00
4.	Contingency (10%)	$ 765.00
	Total estimated costs.....	$8,415.00

At this time, we are unsure if both of the existing booster pumps are continuing to operate properly, but believe they will. Once the electrical and control units are replaced we will be able to assess this issue.

Please let us know how you wish to proceed. If I may provide additional information, please do not hesitate to contact me by calling (512) 264-3472.

Sincerely,

Patrick C. King, Principal
Professional General Management Services, Inc.

Cc: file

Existing Tariff

WATER UTILITY TARIFF
FOR

William A. Swinney dba High Sierra Water System
(Utility Name)

P.O. Box 90544
(Business Address)

Austin , Texas 78709
(City, State, Zip Code)

(512) 264-9124
(Area Code/Telephone)

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

12855

This tariff is effective in the following county:

Burnet

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

None

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

High Sierra Water System: PWS ID # 0270113

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

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SECTION 3.0 -- EXTENSION POLICY 11

SECTION 4.0 -- DROUGHT CONTINGENCY PLAN 16

APPENDIX A -- SAMPLE SERVICE AGREEMENT

APPENDIX B -- APPLICATION FOR SERVICE

TEXAS COMM. ON ENVIRONMENTAL QUALITY

CCN 1 ... 01 '05

APPROVED TARIFF BY SP/BD

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Meter Size	Monthly Minimum Charge	Gallonage Charge
5/8" or 3/4"	$56.00 (Includes 0 gallons)	$2.25 for each additional 1000 gallons
1"	$140.00	
1 ½"	$280.00	
2"	$448.00	
3"	$840.00	

Surcharge of $12.00 per month per connection for the life of the Receivership.

FORM OF PAYMENT: The utility will accept the following forms of payment:
Cash X, Check X, Money Order X, Credit Card____, Other (specify)____

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

REGULATORY ASSESSMENT 1.0%

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

Section 1.02 - Miscellaneous Fees

TAP FEE $500.00

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

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 THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

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

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

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.

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

TEXAS COMM. ON ENVIRONMENTAL QUALITY
CCN ... 01 '05
APPROVED TARIFF BY SP/BD

SECTION 1.0 -- RATE SCHEDULE (Continued)

RECONNECTION FEE

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

a) Non payment of bill (Maximum $25.00) $25.00
b) Customer's request that service be disconnected $25.00

TRANSFER FEE $25.00

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

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

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

RETURNED CHECK CHARGE $25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum $50) $50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT ..... 1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

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

TEXAS COMM. ON ENVIRONMENTAL QUALITY
CON 1 2 ... 01 '05
APPROVED TARIFF BY SP/BD

EXHIBIT - B

NOTICE OF PUBLIC HEARING
EMERGENCY WATER RATE INCREASE
TCEQ Docket No. 2006-0860-UCR

APPLICATION. Bret Fenner, as Receiver appointed by the 201st Judicial District of Travis County for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity No. 12855 ("Utility"), applied to the Texas Commission on Environmental Quality ("TCEQ" or "Commission") for an emergency water rate increase (Application No. 35379-G). The emergency rate increase was approved by the Executive Director ("ED") on July 11, 2006, without a hearing. The Emergency Rate Increase Order ("Emergency Order") authorized a rate increase for sewer rates as follows:

PREVIOUS RATES

Monthly base rate including 0 gallons.

Meter Size: Residential
5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

Miscellaneous Fees
Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request---------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge-----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

RECEIVER-REQUESTED EMERGENCY RATES

Monthly base rate including 0 gallons.

Meter Size: Residential
5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

Emergency Plant Repairs Surcharge:

$31.00 per month for 12 months starting July 18, 2006 and ending June 18, 2007.

Miscellaneous Fees
Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request---------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge-----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

ED-APPROVED EMERGENCY RATES*

Monthly base rate including 0 gallons.

Meter Size: Residential
5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

Emergency Plant Repairs Surcharge:

$23.49 per month for 12 months starting July 18, 2006 and ending June 18, 2007.

Miscellaneous Fees
Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request---------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge-----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges

* The ED-Approved Emergency Rates are the current rates authorized to be charged in accordance with the Emergency Order issued on July 11, 2006, until the Commission convenes for hearing to affirm, modify, or set aside the order.

The ED approved, by Emergency Order issued on July 11, 2006, a water rate change for an Emergency Plant Repairs Surcharge for $23.49 per month for 12 months starting July 18, 2006 ending June 18, 2007. At this time the Receiver may charge the $23.49 per month surcharge pursuant to the Emergency Order. The Emergency Order did not authorize the Receiver's requested surcharge of $31.00 per month. However, the Commission will convene for a public hearing on October 4, 2006 to affirm, modify, or set aside the Emergency Order.

The surcharge fee was approved to allow the Utility to begin emergency plant repairs. Receiver, Bret Fenner, requested an emergency rate increase to allow the Utility to continue to provide continuous and adequate services to its customers.

The Utility provides service to approximately 33 customers in Burnet County, Texas. None of its customers are in the corporate limits of any municipality, therefore the Commission has jurisdiction to set emergency rates for all of the Utility's customers. The Utility is located in Burnet County, Texas, and its mailing address is at P.O. Box 90605, Austin, Texas 78709. Bret Fenner was appointed receiver of the Utility by the 201st Judicial District of Travis County.

PUBLIC HEARING. The Commission will conduct a public hearing to affirm, modify, or set aside the Emergency Order at:

9:30 a.m. – October 4, 2006
Texas Commission on Environmental Quality
Room 201S, Building E
12100 Park 35 Circle
Austin, Texas 78753-1808

The public hearing will be conducted in accordance with Title 30, Texas Administrative Code (TAC), Chapter 10 (relating to Commission meetings).

PUBLIC COMMENT. You may comment either in person at the public hearing on October 4, 2006, or by submitting written comments. You are encouraged to submit written comments before the public hearing to the Office of Chief Clerk, TCEQ, MC-105, P.O. Box 13087, Austin, Texas 78711-3087. Written comments should include: (1) your name, address, and daytime telephone number, and (2) the TCEQ docket number found at the top of this notice.

EVIDENTIARY HEARING. If requested by an affected person, either at or before the public hearing on October 4, 2006, the TCEQ may grant an evidentiary hearing on the Emergency Rate Increase Order. The Commission will determine if a person is an affected person in accordance with Texas Water Code § 5.115(a) and 30 TAC § 35.28. An evidentiary hearing is similar to a court trial, with each party afforded the opportunity to present sworn testimony and other legally admissible evidence and to ask questions of other witnesses. If an evidentiary hearing is held, the Commission's decision to grant or deny the application will be based on evidence introduced at the hearing and applicable law.

To request an evidentiary hearing, you must furnish the following: (1) your name (or for a group or association, an official representative), mailing address, daytime phone number, and fax number, if any; (2) applicant's name; (3) the statement: "[I/we] request an evidentiary hearing"; (4) a brief and specific description of how you would be affected by the application in a way not common to the general public. You may also submit your proposed adjustments to the Emergency Rate Increase Order that would satisfy your concerns.

Requests for an evidentiary hearing must be submitted in writing to the Office of the Chief Clerk at the address provided in the information section below. If you submit a written evidentiary hearing request to the Office of the Chief Clerk before the public hearing on October 4, 2006, you are encouraged to attend the public hearing to answer any questions the Commission may have.

If an evidentiary hearing is held, it shall be conducted under the Administrative Procedures Act (APA), Chapter 2001, Texas Government Code, and the procedural rules of the TCEQ and the State Office of Administrative Hearings, including 30 TAC Chapter 80 and 1 TAC Chapter 155.

HEARING TO SET FINAL RATE. In addition to the public hearing on October 4, 2006, and whether or not the Commission grants an evidentiary hearing on the Emergency Rate Increase Order, the TCEQ will schedule a hearing to establish final rates within 15 months after the date the emergency rate took effect. The additional revenues collected under the emergency rate increase are subject to refund if the Commission finds that the rate increase was larger than necessary to ensure continuous and adequate service.

INFORMATION. A copy of the application for the emergency rate increase may be obtained from the Office of the Chief Clerk, TCEQ, MC-105, P.O. Box 13087, Austin, Texas 78711-3087. For information concerning the hearing process, please contact the TCEQ Office of the Public Interest Counsel (MC 103), P.O. Box 13087, Austin, TX 78711-3087. For additional information, contact the TCEQ Water Supply Division, Utilities & Districts Section (MC 153), P.O. Box 13087, Austin, TX 78711-3087, telephone 512-239-4691 or Gabriel Soto, Staff Attorney, Environmental Law Division, TCEQ, MC-173, P.O. Box 13087, Austin, Texas 78711-3087, telephone (512) 239-0600. General information regarding the TCEQ can be found at our web site at www.TCEQ.state.tx.us.

(PERSONS WITH DISABILITIES WHO PLAN TO ATTEND THE TCEQ AGENDA AND WHO MAY NEED AUXILIARY AIDS OR SERVICES SUCH AS INTERPRETERS FOR PERSONS WHO ARE DEAF OR HEARING IMPAIRED, READERS, LARGE PRINT, OR BRAILLE ARE REQUESTED TO CONTACT OFFICE OF THE CHIEF CLERK AT (512) 239-3300 AT LEAST TWO (2) WORK DAYS PRIOR TO THE AGENDA, SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE. PERSONS WHO DESIRE THE ASSISTANCE OF AN INTERPRETER IN CONJUNCTION WITH THEIR ORAL PRESENTATION AT THIS TCEQ AGENDA ARE REQUESTED TO CONTACT THE OFFICE OF THE CHIEF CLERK AT (512) 239-3300 AT LEAST FIVE (5) WORK DAYS PRIOR TO THE AGENDA SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.)

TCEQ – Office of the Chief Clerk
Attn: Paul Mungia – MC 105
P.O. Box 13087

TCEQ Docket No. 2006-0860-UCR.
Emergency Rate Increase
Set for 10/04/06 Commission Agenda

CHIEF CLERK'S OFFICE

AFFIDAVIT OF NOTICE TO CUSTOMERS OF PUBLIC HEARING

STATE OF TEXAS

COUNTY OF TRAVIS

Before me, the undersigned authority, on this day personally appeared the affiant who being by me duly sworn, deposes and says:

My name is Bret Fenner, I am over eighteen years of age. I have personal knowledge of the facts stated herein, and they are all true and correct.

I am the Receiver for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County, appointed by the 201st Judicial District Court of Travis County, Texas. On September 21, 2006, I caused to be mailed to all of the Utility's affected customers the attached notice of public hearing. The notice was mailed by first class mail.

Signature of Affiant

Subscribed and Sworn to before me on this 25 day of September, 2006, to certify which witness my hand and seal of office.

Notary Public in and for the State of Texas

NOTARY PUBLIC STATE OF TEXAS
JACK JEANES
Notary Public
STATE OF TEXAS
My Comm. Exp. 02-22-2009

JACK JEANES
Print or Type Name of Notary

My Commission expires: 2/22/2009

WILLIAM A. SWINNEY d.b.a. High Sierra Water System and P.K.C.C., L.P.
NOTICE TO CUSTOMERS OF EMERGENCY RATE INCREASE
EFFECTIVE JULY 18, 2006
TCEQ Docket No. 2006-0860-UCR

The Executive Director of the Texas Commission on Environmental Quality ("TCEQ" or "Commission") has issued an emergency order approving an emergency rate increase, effective July 18, 2006, pursuant to an application submitted by Bret Fenner, court appointed receiver by the 201st Judicial District Court of Travis County, Texas, for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County ("Utility"). This emergency rate increase has been approved by the TCEQ under authority granted by Texas Water Code § 5.508 and § 13.4133 to ensure the provision of continuous and adequate service to the Utility's customers. The Commission is also required to schedule a hearing to establish a final rate within 15 months after the date on which the emergency order takes effect. The utility is required to provide notice of the hearing to all customers at least 10 days before the date of the hearing. The additional revenues collected under this emergency rate are subject to refund if the Commission finds that the rate increase was larger than necessary to ensure continuous and adequate service. Because the emergency order was issued by the Executive Director, the Commission is also required to hold a hearing to affirm, modify, or set aside the emergency order as soon as practicable after the order is issued. Utility ratepayers will be provided notice of the time and place of the Commission hearing to affirm, modify, or set aside the emergency order at least 10 days before the date of the hearing.

Bret Fenner, court appointed receiver by the 201st Judicial District Court of Travis County, Texas, for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County, may be contacted at:

Bret Fenner, receiver for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P.
P.O. Box 90605
Austin, Texas 78709
Office Phone: (512) 264-9124
Office Fax: (512) 894-3023

The Executive Director of the TCEQ approved the following staff recommended rates applicable to Utility ratepayers because they are necessary to ensure provision of continuous and adequate services to the utility's customers. The emergency surcharge fee was approved to allow the Utility to begin emergency plant repairs. The following rates are effective on July 18, 2006, for Utility ratepayers. Pursuant to Rule §35.202(f)(1) of title 30 of the Texas Administrative Code, the utility's previous rates are also listed:

PREVIOUS RATES	RECEIVER-REQUESTED EMERGENCY RATES	ED-APPROVED EMERGENCY RATES*
Monthly base rate including 0 gallons.	Monthly base rate including 0 gallons.	Monthly base rate including 0 gallons.
Meter Size: Residential	Meter Size: Residential	Meter Size: Residential
5/8" or 3/4"----------$56.00	5/8" or 3/4"----------$56.00	5/8" or 3/4"----------$56.00
1"----------$140.00	1"----------$140.00	1"----------$140.00
1 ½"----------$280.00	1 ½"----------$280.00	1 ½"----------$280.00
2"----------$448.00	2"----------$448.00	2"----------$448.00
3"----------$840.00	3"----------$840.00	3"----------$840.00
Gallonage Charge:	Gallonage Charge:	Gallonage Charge:
$2.25 for each additional 1000	$2.25 for each additional 1000	$2.25 for each additional 1000
Receivership Surcharge:	Receivership Surcharge:	Receivership Surcharge:
$12.00 for the life of the Receivership	$12.00 for the life of the Receivership	$12.00 for the life of the Receivership
	Emergency Plant Repairs Surcharge:	**Emergency Plant Repairs Surcharge:**
	$31.00 per month for 12 months starting July 18, 2006 and ending June 18, 2007.	**$23.49 per month for 12 months starting July 18, 2006 and ending June 18, 2007.**
Miscellaneous Fees	Miscellaneous Fees	Miscellaneous Fees
Tap Fee----------$500.00	Tap Fee----------$500.00	Tap Fee----------$500.00
Reconnection fee----------$25.00	Reconnection fee----------$25.00	Reconnection fee----------$25.00
Non-payment----------$25.00 (Maximum - $25.00)	Non-payment----------$25.00 (Maximum - $25.00)	Non-payment----------$25.00 (Maximum - $25.00)
Customer's request---------$25.00	Customer's request---------$25.00	Customer's request---------$25.00
Transfer Fee----------$25.00	Transfer Fee----------$25.00	Transfer Fee----------$25.00
Late Charge----------$5.00	Late Charge----------$5.00	Late Charge----------$5.00
Returned check charge----$25.00	Returned check charge----$25.00	Returned check charge----$25.00
Deposit----------$50.00	Deposit----------$50.00	Deposit----------$50.00
Meter Test Fee----------$25.00	Meter Test Fee----------$25.00	Meter Test Fee----------$25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges.

* The ED-Approved Emergency Rates are the current rates authorized to be charged in accordance with the emergency order issued on July 11, 2006, until the Commission convenes for hearing to affirm, modify, or set aside the order.

TCEQ – Office of the Chief Clerk
Attn: Paul Mungia – MC 105
P.O. Box 13087

TCEQ Docket No. 2006-0860-UCR
Emergency Rate Increase
Set for 10/04/06 Commission Agenda

AFFIDAVIT OF NOTICE TO CUSTOMERS OF EMERGENCY RATE INCREASE

STATE OF TEXAS

COUNTY OF TRAVIS

Before me, the undersigned authority, on this day personally appeared the affiant who being by me duly sworn, deposes and says:

My name is Bret Fenner, I am over eighteen years of age. I have personal knowledge of the facts stated herein, and they are all true and correct.

I am the Receiver for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County, appointed by the 201st Judicial District Court of Travis County, Texas. On September 21, 2006, I caused to be mailed to all of the Utility's affected customers the attached notice of emergency rate increase. The notice was mailed by first class mail.

Signature of Affiant

Subscribed and Sworn to before me on this 25 day of September, 2006, to certify which witness my hand and seal of office.

Notary Public in and for the State of Texas

(SEAL) JACK JEANES
Notary Public
STATE OF TEXAS
My Comm. Exp. 02-22-2009

JACK JEANES

Print or Type Name of Notary

My Commission expires: 2/22/2009

Kathleen Hartnett White, *Chairman*
Larry R. Soward, *Commissioner*
Glenn Shankle, *Executive Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 9, 2006

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
2006 AUG 10 PM 3:16
CHIEF CLERKS OFFICE

BY CERTIFIED AND FIRST CLASS MAIL
Mr. Bret Fenner, P.E., Receiver
High Sierra Water System
P.O. Box 90544
Austin, Texas 78709

RE: Mailing requirements for Notice of Public Hearing on Application by Bret Fenner, receiver for High Sierra Water System, in Burnett County, Texas, Certificate of Convenience and Necessity No. 12855; TCEQ Docket No. 2006-0860-UCR; Application No. 35379-G

Dear Mr. Fenner:

Enclosed is a Notice of Public Hearing concerning the above-referenced application. This notice must be provided in its entirety to all effected utility customers at the utility company's expense. You may mail it with a utility bill or statement, or by separate first class mail. In accordance with Section 35.25(e) (8) of the Texas Commission on Environmental Quality rules, 30 Texas Administrative Code, all effected customers **must receive notice** not less than 10 days before the hearing date, **or not later than August 25, 2006.**

After the notice is mailed to all affected customers, you must file an affidavit stating the attached notice was mailed to all affected customers, and stating the date on which it was mailed. Please be sure to attach a copy of the mailed notice to the affidavit. The affidavit must be filed with the Office of the Chief Clerk of the Texas Commission on Environmental Quality, Attention: Paul Mungia, TCEQ, Mail Code 105, P.O. Box 13087, Austin, Texas 78711-3087, at least two days before the public hearing.

Immediately contact the Office of the Chief Clerk in the event that this notice is not provided in a timely manner. When contacting the Commission regarding this application, please reference the TCEQ Docket number given at the top of this letter.

If you have any questions, please contact Gabriel Soto in the Environmental Law Division at (512) 239-3668.

Sincerely,

Doug Holcomb

Doug Holcomb, P.E., Section Manager
Utilities & Districts Section
Water Supply Division
Enclosures
cc: Mailing List

Mailing List for High Sierra Water System
Application No. 35379-G
TCEQ Docket No. 2006-0860-UCR

Bret W. Fenner, P.E.
Receiver
High Sierra Water System
P.O. Box 90544
Austin, Texas 78709

Debi Lockerman, C.P.A.
505 Country Lane
Dripping Springs, Texas 78620

Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

cc: Gabriel Soto, Environmental Law Division, MC-173
Elsie N. Pascua, Water Supply Division, MC-153
Tammy Lee Holguin-Benter, Water Supply Division, MC-153
Brian Dickey, Water Supply Division, MC-103
Blas Coy, Public Interest Counsel, MC-103
Docket Clerk, Office of Chief Clerk, MC-105

NOTICE OF PUBLIC HEARING
EMERGENCY WATER RATE INCREASE
TCEQ Docket No. 2006-0860-UCR

APPLICATION. Bret Fenner, as receiver appointed by the 201st Judicial District of Travis County for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity No. 12855 ("Utility"), applied to the Texas Commission on Environmental Quality ("TCEQ" or "Commission") for an emergency water rate increase (Application No. 35379-G). The emergency rate increase was approved by the Executive Director on July 11, 2006, without a hearing. The Emergency Rate Increase Order authorized a rate increase for sewer rates as follows:

CURRENT RATES

Monthly base rate including 0 gallons.

Meter Size: Residential
5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

PROPOSED RATES

Monthly base rate including 0 gallons.

Meter Size: Residential
5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

Emergency Plant Repairs Surcharge:

$23.49 per month for 12 months starting July 18, 2006 and ending June 18, 2007.

Miscellaneous Fees

Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request--------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

Miscellaneous Fees

Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request--------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges

The proposed water rate change will include an Emergency Plant Repairs Surcharge of $23.49 per month for 12 months starting July 18, 2006 ending June 18, 2007.

The surcharge fee was approved to allow the Utility to begin emergency plant repairs. Receiver, Bret Fenner, requested the emergency rate increase to allow the Utility to continue to provide continuous and adequate services to its customers.

The Utility provides service to approximately 33 customers in Burnet County, Texas. None of its customers are in the corporate limits of any municipality, therefore the Commission has jurisdiction to set emergency rates for all of the Utility's customers. The Utility is located in Burnet County, Texas, and its mailing address is at P.O. Box 90605, Austin, Texas 78709. Bret Fenner was appointed receiver of the Utility by the 201st Judicial District of Travis County.

PUBLIC HEARING. The Commission will conduct a public hearing on this application at:

9:30 a.m. – September 6, 2006
Texas Commission on Environmental Quality
Room 201S, Building E
12100 Park 35 Circle
Austin, Texas 78753-1808

The public hearing will be conducted in accordance with Title 30, Texas Administrative Code (TAC), Chapter 10 (relating to Commission meetings).

PUBLIC COMMENT. You may comment either in person at the public hearing on September 6, 2006, or by submitting written comments. You are encouraged to submit written comments before the public hearing to the Office of Chief Clerk, TCEQ, MC-105, P.O. Box 13087, Austin, Texas 78711-3087. Written comments should include: (1) your name, address, and daytime telephone number, and (2) the TCEQ docket number found at the top of this notice.

EVIDENTIARY HEARING. If requested by an affected person, either at or before the public hearing on September 6, 2006, the TCEQ may grant an evidentiary hearing on the Emergency Rate Increase Order. The Commission will determine if a person is an affected person in accordance with Texas Water Code § 5.115(a) and 30 TAC § 35.28. An evidentiary hearing is similar to a court trial, with each party afforded the opportunity to present sworn testimony and other legally admissible evidence and to ask questions of other witnesses. If an evidentiary hearing is held, the Commission's decision to grant or deny the application will be based on evidence introduced at the hearing and applicable law.

To request an evidentiary hearing, you must furnish the following: (1) your name (or for a group or association, an official representative), mailing address, daytime phone number, and fax number, if any; (2) applicant's name; (3) the statement: "[I/we] request an evidentiary hearing"; (4) a brief and specific description of how you would be affected by the application in a way not common to the general public. You may also submit your proposed adjustments to the Emergency Rate Increase Order that would satisfy your concerns.

Requests for an evidentiary hearing must be submitted in writing to the Office of the Chief Clerk at the address provided in the information section below. If you submit a written evidentiary hearing request to the Office of the Chief Clerk before the public hearing on September 6, 2006, you are encouraged to attend the public hearing to answer any questions the Commission may have.

If an evidentiary hearing is held, it shall be conducted under the Administrative Procedures Act (APA), Chapter 2001, Texas Government Code, and the procedural rules of the TCEQ and the State Office of Administrative Hearings, including 30 TAC Chapter 80 and 1 TAC Chapter 155.

HEARING TO SET FINAL RATE. In addition to the public hearing on September 6, 2006, and whether or not the Commission grants an evidentiary hearing on the Emergency Rate Increase Order, the TCEQ will schedule a hearing to establish final rates within 15 months after the date the emergency rate took effect. The additional revenues collected under the emergency rate increase are subject to refund if the Commission finds that the rate increase was larger than necessary to ensure continuous and adequate service.

INFORMATION. A copy of the application for the emergency rate increase may be obtained from the Office of the Chief Clerk, TCEQ, MC-105, P.O. Box 13087, Austin, Texas 78711-3087. For information concerning the hearing process, please contact the TCEQ Office of the Public Interest Counsel (MC 103), P.O. Box 13087, Austin, TX 78711-3087. For additional information, contact the TCEQ Water Supply Division, Utilities & Districts Section (MC 153), P.O. Box 13087, Austin, TX 78711-3087, telephone 512-239-4691 or Gabriel Soto, Staff Attorney, Environmental Law Division, TCEQ, MC-173, P.O. Box 13087, Austin, Texas 78711-3087, telephone (512) 239-0600. General information regarding the TCEQ can be found at our web site at www.TCEQ.state.tx.us.

(PERSONS WITH DISABILITIES WHO PLAN TO ATTEND THE TCEQ AGENDA AND WHO MAY NEED AUXILIARY AIDS OR SERVICES SUCH AS INTERPRETERS FOR PERSONS WHO ARE DEAF OR HEARING IMPAIRED, READERS, LARGE PRINT, OR BRAILLE ARE REQUESTED TO CONTACT OFFICE OF THE CHIEF CLERK AT (512) 239-3300 AT LEAST TWO (2) WORK DAYS PRIOR TO THE AGENDA, SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE. PERSONS WHO DESIRE THE ASSISTANCE OF AN INTERPRETER IN CONJUNCTION WITH THEIR ORAL PRESENTATION AT THIS TCEQ AGENDA ARE REQUESTED TO CONTACT THE OFFICE OF THE CHIEF CLERK AT (512) 239-3300 AT LEAST FIVE (5) WORK DAYS PRIOR TO THE AGENDA SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.)

TCEQ – Office of the Chief Clerk
Attn: Paul Mungia – MC 105
P.O. Box 13087
Austin, Texas

TCEQ Docket No. 2006-0860-UCR
Emergency Rate Increase
Set for 09/06/06 Commission Agenda

AFFIDAVIT OF NOTICE TO CUSTOMERS OF PUBLIC HEARING

STATE OF TEXAS

COUNTY OF TRAVIS

Before me, the undersigned authority, on this day personally appeared the affiant who being by me duly sworn, deposes and says:

My name is Bret Fenner, I am over eighteen years of age. I have personal knowledge of the facts stated herein, and they are all true and correct.

I am the Receiver for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County, appointed by the 201st Judicial District Court of Travis County, Texas. On August ____, 2006, I caused to be mailed to all of the Utility's affected customers the attached notice of public hearing. The notice was mailed by first class mail.

_____
Signature of Affiant

Subscribed and Sworn to before me on this _____ day of August, 2006, to certify which witness my hand and seal of office.

_____
Notary Public in and for the State of Texas

(SEAL)

_____
Print or Type Name of Notary

My Commission expires: ___/___/___

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SEP 26 AM 9:
CHIEF CLERKS OFFICE

NOTICE OF PUBLIC HEARING
EMERGENCY WATER RATE INCREASE
TCEQ Docket No. 2006-0860-UCR

APPLICATION. Bret Fenner, as Receiver appointed by the 201st Judicial District of Travis County for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity No. 12855 ("Utility"), applied to the Texas Commission on Environmental Quality ("TCEQ" or "Commission") for an emergency water rate increase (Application No. 35379-G). The emergency rate increase was approved by the Executive Director ("ED") on July 11, 2006, without a hearing. The Emergency Rate Increase Order ("Emergency Order") authorized a rate increase for sewer rates as follows:

PREVIOUS RATES

Monthly base rate including 0 gallons.

Meter Size: Residential
5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

Miscellaneous Fees
Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request--------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

RECEIVER-REQUESTED EMERGENCY RATES

Monthly base rate including 0 gallons.

Meter Size: Residential
5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

Emergency Plant Repairs Surcharge:

$31.00 per month for 12 months starting July 18, 2006 and ending June 18, 2007.

Miscellaneous Fees
Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request--------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

ED-APPROVED EMERGENCY RATES*

Monthly base rate including 0 gallons.

Meter Size: Residential
5/8" or 3/4"----------$56.00
1"----------$140.00
1 ½"----------$280.00
2"----------$448.00
3"----------$840.00

Gallonage Charge:
$2.25 for each additional 1000

Receivership Surcharge:

$12.00 for the life of the Receivership

Emergency Plant Repairs Surcharge:

$23.49 per month for 12 months starting July 18, 2006 and ending June 18, 2007.

Miscellaneous Fees
Tap Fee----------$500.00
Reconnection fee----------$25.00
Non-payment----------$25.00
(Maximum - $25.00)
Customer's request--------$25.00
Transfer Fee----------$25.00
Late Charge----------$5.00
Returned check charge----$25.00
Deposit----------$50.00
Meter Test Fee----------$25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges

* The ED-Approved Emergency Rates are the current rates authorized to be charged in accordance with the Emergency Order issued on July 11, 2006, until the Commission convenes for hearing to affirm, modify, or set aside the order.

The ED approved, by Emergency Order issued on July 11, 2006, a water rate change for an Emergency Plant Repairs Surcharge for $23.49 per month for 12 months starting July 18, 2006 ending June 18, 2007. At this time the Receiver may charge the $23.49 per month surcharge pursuant to the Emergency Order. The Emergency Order did not authorize the Receiver's requested surcharge of $31.00 per month. However, the Commission will convene for a public hearing on October 4, 2006 to affirm, modify, or set aside the Emergency Order.

The surcharge fee was approved to allow the Utility to begin emergency plant repairs. Receiver, Bret Fenner, requested an emergency rate increase to allow the Utility to continue to provide continuous and adequate services to its customers.

The Utility provides service to approximately 33 customers in Burnet County, Texas. None of its customers are in the corporate limits of any municipality, therefore the Commission has jurisdiction to set emergency rates for all of the Utility's customers. The Utility is located in Burnet County, Texas, and its mailing address is at P.O. Box 90605, Austin, Texas 78709. Bret Fenner was appointed receiver of the Utility by the 201st Judicial District of Travis County.

PUBLIC HEARING. The Commission will conduct a public hearing to affirm, modify, or set aside the Emergency Order at:

9:30 a.m. – October 4, 2006
Texas Commission on Environmental Quality
Room 201S, Building E
12100 Park 35 Circle
Austin, Texas 78753-1808

The public hearing will be conducted in accordance with Title 30, Texas Administrative Code (TAC), Chapter 10 (relating to Commission meetings).

PUBLIC COMMENT. You may comment either in person at the public hearing on October 4, 2006, or by submitting written comments. You are encouraged to submit written comments before the public hearing to the Office of Chief Clerk, TCEQ, MC-105, P.O. Box 13087, Austin, Texas 78711-3087. Written comments should include: (1) your name, address, and daytime telephone number, and (2) the TCEQ docket number found at the top of this notice.

EVIDENTIARY HEARING. If requested by an affected person, either at or before the public hearing on October 4, 2006, the TCEQ may grant an evidentiary hearing on the Emergency Rate Increase Order. The Commission will determine if a person is an affected person in accordance with Texas Water Code § 5.115(a) and 30 TAC § 35.28. An evidentiary hearing is similar to a court trial, with each party afforded the opportunity to present sworn testimony and other legally admissible evidence and to ask questions of other witnesses. If an evidentiary hearing is held, the Commission's decision to grant or deny the application will be based on evidence introduced at the hearing and applicable law.

To request an evidentiary hearing, you must furnish the following: (1) your name (or for a group or association, an official representative), mailing address, daytime phone number, and fax number, if any; (2) applicant's name; (3) the statement: "[I/we] request an evidentiary hearing"; (4) a brief and specific description of how you would be affected by the application in a way not common to the general public. You may also submit your proposed adjustments to the Emergency Rate Increase Order that would satisfy your concerns.

Requests for an evidentiary hearing must be submitted in writing to the Office of the Chief Clerk at the address provided in the information section below. If you submit a written evidentiary hearing request to the Office of the Chief Clerk before the public hearing on October 4, 2006, you are encouraged to attend the public hearing to answer any questions the Commission may have.

If an evidentiary hearing is held, it shall be conducted under the Administrative Procedures Act (APA), Chapter 2001, Texas Government Code, and the procedural rules of the TCEQ and the State Office of Administrative Hearings, including 30 TAC Chapter 80 and 1 TAC Chapter 155.

HEARING TO SET FINAL RATE. In addition to the public hearing on October 4, 2006, and whether or not the Commission grants an evidentiary hearing on the Emergency Rate Increase Order, the TCEQ will schedule a hearing to establish final rates within 15 months after the date the emergency rate took effect. The additional revenues collected under the emergency rate increase are subject to refund if the Commission finds that the rate increase was larger than necessary to ensure continuous and adequate service.

INFORMATION. A copy of the application for the emergency rate increase may be obtained from the Office of the Chief Clerk, TCEQ, MC-105, P.O. Box 13087, Austin, Texas 78711-3087. For information concerning the hearing process, please contact the TCEQ Office of the Public Interest Counsel (MC 103), P.O. Box 13087, Austin, TX 78711-3087. For additional information, contact the TCEQ Water Supply Division, Utilities & Districts Section (MC 153), P.O. Box 13087, Austin, TX 78711-3087, telephone 512-239-4691 or Gabriel Soto, Staff Attorney, Environmental Law Division, TCEQ, MC-173, P.O. Box 13087, Austin, Texas 78711-3087, telephone (512) 239-0600. General information regarding the TCEQ can be found at our web site at www.TCEQ.state.tx.us.

(PERSONS WITH DISABILITIES WHO PLAN TO ATTEND THE TCEQ AGENDA AND WHO MAY NEED AUXILIARY AIDS OR SERVICES SUCH AS INTERPRETERS FOR PERSONS WHO ARE DEAF OR HEARING IMPAIRED, READERS, LARGE PRINT, OR BRAILLE ARE REQUESTED TO CONTACT OFFICE OF THE CHIEF CLERK AT (512) 239-3300 AT LEAST TWO (2) WORK DAYS PRIOR TO THE AGENDA, SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE. PERSONS WHO DESIRE THE ASSISTANCE OF AN INTERPRETER IN CONJUNCTION WITH THEIR ORAL PRESENTATION AT THIS TCEQ AGENDA ARE REQUESTED TO CONTACT THE OFFICE OF THE CHIEF CLERK AT (512) 239-3300 AT LEAST FIVE (5) WORK DAYS PRIOR TO THE AGENDA SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.)

TCEQ – Office of the Chief Clerk
Attn: Paul Mungia – MC 105
P.O. Box 13087

TCEQ Docket No. 2006-0860-UCR
Emergency Rate Increase
Set for 10/04/06 Commission Agenda

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
2006 SEP 26 AM 9:13
CHIEF CLERKS OFFICE

AFFIDAVIT OF NOTICE TO CUSTOMERS OF PUBLIC HEARING

STATE OF TEXAS

COUNTY OF TRAVIS

Before me, the undersigned authority, on this day personally appeared the affiant who being by me duly sworn, deposes and says:

My name is Bret Fenner, I am over eighteen years of age. I have personal knowledge of the facts stated herein, and they are all true and correct.

I am the Receiver for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County, appointed by the 201st Judicial District Court of Travis County, Texas. On September 21, 2006, I caused to be mailed to all of the Utility's affected customers the attached notice of public hearing. The notice was mailed by first class mail.

Signature of Affiant

Subscribed and Sworn to before me on this 25 day of September, 2006, to certify which witness my hand and seal of office.

Notary Public in and for the State of Texas

NOTARY PUBLIC STATE OF TEXAS
JACK JEANES
Notary Public
STATE OF TEXAS
My Comm. Exp. 02-22-2009

(SEAL)

JACK JEANES
Print or Type Name of Notary

My Commission expires: 2/22/2009

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SEP 26 AM 9:
CHIEF CLERKS OFFICE

WILLIAM A. SWINNEY d.b.a. High Sierra Water System and P.K.C.C., L.P.
NOTICE TO CUSTOMERS OF EMERGENCY RATE INCREASE
EFFECTIVE JULY 18, 2006
TCEQ Docket No. 2006-0860-UCR

The Executive Director of the Texas Commission on Environmental Quality ("TCEQ" or "Commission") has issued an emergency order approving an emergency rate increase, effective July 18, 2006, pursuant to an application submitted by Bret Fenner, court appointed receiver by the 201st Judicial District Court of Travis County, Texas, for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County ("Utility"). This emergency rate increase has been approved by the TCEQ under authority granted by Texas Water Code § 5.508 and § 13.4133 to ensure the provision of continuous and adequate service to the Utility's customers. The Commission is also required to schedule a hearing to establish a final rate within 15 months after the date on which the emergency order takes effect. The utility is required to provide notice of the hearing to all customers at least 10 days before the date of the hearing. The additional revenues collected under this emergency rate are subject to refund if the Commission finds that the rate increase was larger than necessary to ensure continuous and adequate service. Because the emergency order was issued by the Executive Director, the Commission is also required to hold a hearing to affirm, modify, or set aside the emergency order as soon as practicable after the order is issued. Utility ratepayers will be provided notice of the time and place of the Commission hearing to affirm, modify, or set aside the emergency order at least 10 days before the date of the hearing.

Bret Fenner, court appointed receiver by the 201st Judicial District Court of Travis County, Texas, for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County, may be contacted at:

Bret Fenner, receiver for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P.
P.O. Box 90605
Austin, Texas 78709
Office Phone: (512) 264-9124
Office Fax: (512) 894-3023

The Executive Director of the TCEQ approved the following staff recommended rates applicable to Utility ratepayers because they are necessary to ensure provision of continuous and adequate services to the utility's customers. The emergency surcharge fee was approved to allow the Utility to begin emergency plant repairs. The following rates are effective on July 18, 2006, for Utility ratepayers. Pursuant to Rule §35.202(f)(1) of title 30 of the Texas Administrative Code, the utility's previous rates are also listed:

PREVIOUS RATES	RECEIVER-REQUESTED EMERGENCY RATES	**ED-APPROVED EMERGENCY RATES***
Monthly base rate including 0 gallons.	Monthly base rate including 0 gallons.	Monthly base rate including 0 gallons.
Meter Size: Residential	Meter Size: Residential	Meter Size: Residential
5/8" or 3/4"----------$56.00	5/8" or 3/4"----------$56.00	5/8" or 3/4"----------$56.00
1"----------$140.00	1"----------$140.00	1"----------$140.00
1 ½"----------$280.00	1 ½"----------$280.00	1 ½"----------$280.00
2"----------$448.00	2"----------$448.00	2"----------$448.00
3"----------$840.00	3"----------$840.00	3"----------$840.00
Gallonage Charge:	Gallonage Charge:	Gallonage Charge:
$2.25 for each additional 1000	$2.25 for each additional 1000	$2.25 for each additional 1000
Receivership Surcharge:	Receivership Surcharge:	Receivership Surcharge:
$12.00 for the life of the Receivership	$12.00 for the life of the Receivership	$12.00 for the life of the Receivership
	Emergency Plant Repairs Surcharge:	**Emergency Plant Repairs Surcharge:**
	$31.00 per month for 12 months starting July 18, 2006 and ending June 18, 2007.	**$23.49 per month for 12 months starting July 18, 2006 and ending June 18, 2007.**
Miscellaneous Fees	Miscellaneous Fees	Miscellaneous Fees
Tap Fee----------$500.00	Tap Fee----------$500.00	Tap Fee----------$500.00
Reconnection fee----------$25.00	Reconnection fee----------$25.00	Reconnection fee----------$25.00
Non-payment----------$25.00 (Maximum - $25.00)	Non-payment----------$25.00 (Maximum - $25.00)	Non-payment----------$25.00 (Maximum - $25.00)
Customer's request--------$25.00	Customer's request--------$25.00	Customer's request--------$25.00
Transfer Fee----------$25.00	Transfer Fee----------$25.00	Transfer Fee----------$25.00
Late Charge----------$5.00	Late Charge----------$5.00	Late Charge----------$5.00
Returned check charge----$25.00	Returned check charge----$25.00	Returned check charge----$25.00
Deposit----------$50.00	Deposit----------$50.00	Deposit----------$50.00
Meter Test Fee----------$25.00	Meter Test Fee----------$25.00	Meter Test Fee----------$25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges

*** The ED-Approved Emergency Rates are the current rates authorized to be charged in accordance with the emergency order issued on July 11, 2006, until the Commission convenes for hearing to affirm, modify, or set aside the order.**

EXHIBIT - C

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

TCEQ DOCKET NO. 2006-0860-UCR

EMERGENCY ORDER APPLICATION OF BRETT FENNER, RECEIVER FOR WILLIAM A. SWINNEY, D.B.A HIGH SIERRA WATER SYSTEM AND P.K.C.C., L.P., IN BURNET COUNTY, CERTIFICATE OF CONVENIENCE NECESSITY NO. 12855, APPLICATION NO. 35379-G	§ § § § § § § § §	**BEFORE THE** **TEXAS COMMISSION ON** **ENVIRONMENTAL QUALITY**

AN ORDER TO AFFIRM AND MODIFY AN EMERGENCY RATE INCREASE ORDER

On October 4, 2006, the Texas Commission on Environmental Quality ("TCEQ" or "Commission") considered whether to affirm, modify, or set aside an Emergency Rate Increase Order for Brett Fenner, Receiver for William A. Swinney, dba High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity ("CCN") No. 12855 in Burnet County, Texas. The Emergency Order was issued by the Executive Director without a hearing on July 11, 2006. The Commission considered the application by Bret Fenner under §§ 5.508 and 13.4133, Texas Water Code (Code), and 30 Texas Administrative Code ("TAC") § 35.202. The Commission finds that the Executive Director's Emergency Order should be affirmed and modified and that Brett Fenner has satisfied the requirements for the Commission-approved emergency rate increase under Subchapter L of Chapter 5 of the Code and Subchapter K of Chapter 13 of the Code.

THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS THAT:

The Emergency Order, attached as Exhibit A and incorporated into this Order by reference, is affirmed with the following modifications:

1. Ordering Provision No. 1(a) is modified to extend of the term of the order to fifteen (15) months from the effective date, or until a final rate is set, whichever occurs sooner. Ordering provision No. 1(b) is modified to reflect the term extension to fifteen (15) months.

2. Ordering Provision No. 2 is modified to require the Receiver to seek at least three (3) bids for emergency plant repair work.

3. An ordering provision is added to refer the matter to the State Office of Administrative Hearings for a determination of the final rate, and to specify a hearing duration of three (3) months.

Issue Date: OCT 13 2006

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

Kathleen H. White

Kathleen Hartnett White, Chairman

TCEQ DOCKET NO. 2006-0860-UCR

EMERGENCY ORDER APPLICATION OF MR. BRET FENNER, COURT APPOINTED RECEIVER FOR WILLIAM A. SWINNEY d.b.a. HIGH SIERRA WATER SYSTEM AND P.K.C.C., L.P., IN, BURNET COUNTY; CERTIFICATE OF CONVENIENCE AND NECESSITY NO. 12855; APPLICATION NO. 35379-G	§ § § § § § § § §	BEFORE THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

EMERGENCY RATE ORDER

On July 11, 2006, the Executive Director ("ED") of the Texas Commission on Environmental Quality ("TCEQ" or "Commission") considered the application of Bret Fenner, court appointed receiver by the 201st Judicial District Court of Travis County, Texas, for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., in Burnet County, for an emergency water rate increase under §§ 5.508 and 13.4133, Texas Water Code, and 30 Texas Administrative Code § 35.202. The Commission has jurisdiction to consider this matter and the following findings of fact and conclusions of law are appropriate after examining the application and the supporting documentation:

FINDINGS OF FACT

1. Bret Fenner, as receiver appointed by the 201st Judicial District Court of Travis County for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., ("Utility") provides retail utility water service. The Utility is located in Burnet County Texas, and its mailing address is at P.O. Box 90605, Austin, Texas 78709. The Utility provides retail water service to approximately 33 customers; the Utility provides water service within the High Sierra Unit I and Unit II. No portion of the area served is within the corporate limits of any municipality.

2. On May 31, 2006, the Utility submitted an application requesting an emergency water rate increase. The application requested an emergency plant repairs surcharge for 12 months starting July 1, 2006 and ending June 1, 2007. The rate increase is requested to allow the

Utility to meet its revenue requirements during the pendency of the receivership with rates sufficient to meet the Utility's operating expenses.

3. The ED has reviewed the information included in the application and recommends approval of the staff's following emergency rate as necessary to ensure the provision of continuous and adequate water service to the Utility's customers:

The proposed water rate change will include an Emergency Plant Repairs Surcharge of $23.49 per month for 12 months starting July 18, 2006 ending June 18, 2007.

4. The effective date of the emergency water rate change should be July 18, 2006, which is to be effective on the first day of the next billing cycle. The termination of the emergency water rate change is June 18, 2007.

5. This Emergency Order will be scheduled for consideration by the Commission to affirm, modify, or set aside, on September 6, 2006.

CONCLUSIONS OF LAW

1. The Commission is authorized to regulate rates within the Utility's service area, which is outside the limits of any municipality.

2. Pursuant to §§ 5.508 and 13.4133(a) of the Texas Water Code, the Commission may approve an emergency rate for a utility for which a receiver has been appointed under §13.412 of the Water Code.

3. Section 5.501(c), Texas Water Code, authorizes the Commission to delegate its authority to issue emergency orders to the Executive Director. Section 35.202, 30 Texas Administrative Code, authorizes the Executive Director to approve an emergency rate increase pursuant to §§ 5.508 and 13.4133, Texas Water Code.

4. Notice to ratepayers of an emergency rate increase is governed by §§ 5.508(b) and 13.4133(b), Texas Water Code, and 30 Texas Administrative Code § 35.202(f).

5. Public hearings on an emergency rate increase are governed by §§ 5.508(c) and 13.4133(c), Texas Water Code.

6. The Executive Director's recommended emergency rate set forth in finding of Fact No. 3 is necessary to ensure the provision of continuous and adequate services to the Utility's customers.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY THAT:

1. The emergency rate increase requested by Bret Fenner , as receiver appointed by the 201st Judicial District Court of Travis County for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., is approved and shall be subject to the following conditions:

   a. The Executive Director's recommended emergency rate set forth in Finding of Fact No. 3 is approved for a period of twelve (12) months from its effective date, or until a final rate is set, whichever occurs sooner.

   b. The emergency rate is effective July 18, 2006 with a termination date of June 18, 2007.

   c. The emergency plant repairs surcharge shall be maintained by the receiver in a separate bank account to be used only for emergency plant repairs.

   d. The Utility shall refund to the customers any amounts collected in excess of the prior rate billed before the effective date or after the termination date of the emergency rate established in this order. This may be done by either a credit on future bills or by direct cash payment.

2. The ED further recommends that if feasible the Utility shall seek open bids or estimates in order to determine the reasonableness of all costs necessary to accomplish the emergency plant repairs. If it is determined that the emergency plant repairs can be completed through a means that is less costly than proposed in the request for an emergency order, then the Utility shall terminate the Emergency Plant Repairs Surcharge upon recoupment of surcharge funds needed for the emergency plant repairs.

3. Bret Fenner, as receiver appointed by the 201st Judicial District Court of Travis County for William Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., is directed to notify each ratepayer of the emergency rate increase as soon as possible, but not later than the effective date for the new rate, July 18, 2006, in accordance with 30 Texas Administrative Code § 35.202(f).

4. If the Utility began billing its proposed rate without authorization from the Commission, the Utility shall refund to the customers any amounts collected in excess of the prior rate billed before the effective date of July 18, 2006 or after the termination date of June 18, 2007 as prescribed by the emergency rate established in this order.

5. This Order was issued without a hearing. This Emergency Order will be scheduled for consideration by the Commission to affirm, modify, or set aside, on September 6, 2006.

6. The Chief Clerk of the Texas Commission on Environmental Quality shall forward a copy of this Order to all parties.

7. If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date: JUL 11 2006

TEXAS COMMISSION ON

ENVIRONMENTAL QUALITY

For the Commission

EXHIBIT - D

Brett Fenner, Receiver for Will A. Swinney d.b.a.
High Sierra Water System and P.K.C.C., L.P.
TCEQ Docket No. 2006-0860-UCR
SOAH Docket No. 582-07-0788
Chief Clerk's Office, Mail Code 105, Attn: SOAH Docket Clerk

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
2007 FEB -1 AM 9:53
CHIEF CLERKS OFFICE

AFFIDAVIT OF NOTICE TO CUSTOMERS OF THE PUBLIC HEARING

STATE OF TEXAS §

COUNTY OF Travis §

Before me, the undersigned authority, on this day personally appeared the affiant who being by me duly sworn, deposes and says:

My name is Debi R. Loockerman, I am over eighteen (18)
(Name of Affiant)

years of age. I have personal knowledge of the facts stated herein, and they are all true and correct.

I am Accountant of
(Title of Affiant)
Brett Fenner, Receiver for William A Swinney dba
High Sierra Water System & PKCC LP.
(Name of Utility)

On January 30, 2007, I caused to be mailed to all of the above named utility's
(Date)

customers and affected municipalities, if any, the attached notice of public hearing. The notice was

mailed by first class mail.

Debi R Loockerman
Signature of Affiant

Subscribed and sworn to before me this the 30 day of January, 20

07, to certify which witness my hand and seal of office.

CHRISTOPHER R. SULLIVAN
Notary Public, State of Texas
My Commission Expires
October 24, 2010

C R Sullivan
Notary Public in and for the State of Texas

(SEAL)

Christopher R. Sullivan
Print or type Name of Notary

My Commission Expires October 24, 2010

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

NOTICE OF HEARING
BRETT FENNER, RECEIVER FOR WILLIAM A SWINNEY
d.b.a. HIGH SIERRA WATER SYSTEM AND P.K.C.C., L.P.
SOAH Docket No. Docket No. 582-07-0788
TCEQ Docket No. 2006-0860-UCR

PETITION. Brett Fenner, Receiver for William A. Swinney, d.b.a. High Sierra Water System and P.K.C.C., L.P., P.O. Box 90605, Austin, Texas 78709, in Burnet County, Texas, received approval by the Texas Commission on Environmental Quality ("TCEQ" or "Commission") for an emergency surcharge rate increase effective July 18, 2006, (Certificate of Convenience and Necessity No. 12855, Application No. 35379-G). On October 13, 2006, the Commission modified and affirmed the emergency surcharge rate increase, which included a referral to the State Office of Administrative Hearing for a determination of a final-rate and a hearing duration not to exceed 3 months.

CONTESTED CASE HEARING. The State Office of Administrative Hearings will conduct an initial preliminary hearing leading to a formal contested case hearing on this emergency surcharge rate increase at:

10:00 a.m. – February 13, 2007
William P. Clements Building
300 West 15th Street, 4th Floor
Austin, Texas 78701

The hearing will be a legal proceeding similar to a civil trial in state district court. The hearing will be conducted in accordance with Chapter 2001, Texas Government Code; Chapter 13, Texas Water Code; TCEQ rules including 30 Texas Administrative Code (TAC) Chapter 291; and the procedural rules of the TCEQ and SOAH, including 30 TAC Chapter 80 and 1 TAC Chapter 155. Consideration for the emergency rate surcharge is governed by §§ 5.508 and 13.4133 of the Texas Water Code and 30 TAC § 35.202. To participate in the hearing as a party, you must attend the hearing and show you would be affected by the emergency rate surcharge.

INFORMATION. For information concerning the hearing process, please contact the TCEQ Office of the Public Interest Counsel (MC 103), P.O. Box 13087, Austin, TX 78711-3087, telephone 512-239-6363. For additional information, contact the TCEQ Water Supply Division, Utilities & Rates Division (MC 153), P.O. Box 13087, Austin, TX 78711-3087, telephone 512-239-4691. General information regarding the TCEQ can be found at our web site at www.TCEQ.state.tx.us.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

STATE OF TEXAS §

COUNTY OF TRAVIS §

I, LaDonna Castañuela, Chief Clerk of the Texas Commission on Environmental Quality, do hereby certify that the attached mailing list provides the persons to whom the notice of the public hearing for Brett Fenner, Receiver for William A. Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P., SOAH Docket No. 582-07-0788, TCEQ Docket No. 2006-0860-UCR, was mailed on January 11, 2007.

Given under my hand and the seal of the Texas Commission on Environmental Quality, this the 11th day of January, 2007.

LaDonna Castañuela, Chief Clerk
Texas Commission on Environmental Quality

(SEAL)

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

NOTICE OF HEARING
BRETT FENNER, RECEIVER FOR WILLIAM A SWINNEY
d.b.a. HIGH SIERRA WATER SYSTEM AND P.K.C.C., L.P.
SOAH Docket No. Docket No. 582-07-0788
TCEQ Docket No. 2006-0860-UCR

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Persons with disabilities who plan to attend this hearing and who need special accommodations at the hearing should call the SOAH Docketing Department at 512-475-3445, at least one week prior to the hearing.

Issued: January 11, 2007

LaDonna Castañuela, Chief Clerk
Texas Commission on Environmental Quality

Kathleen Hartnett White, *Chairman*
Larry R. Soward, *Commissioner*
Martin A. Hubert, *Commissioner*
Glenn Shankle, *Executive Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 11, 2007

BY CERTIFIED AND FIRST CLASS MAIL
Certified Receipt #7004 1350 0000 4759 4429

Brett Fenner, P.E., Receiver
High Sierra Water System and
P.K.C.C., L.P.
P.O. Box 90544
Austin, Texas 78709

RE: Mailing requirements on Notice of Hearing on Brett Fenner, Receiver for William A. Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P.
SOAH Docket No. 582-07-0788, TCEQ Docket No. 2006-0860-UCR

Dear Mr. Fenner:

Enclosed is a Notice of Public Hearing concerning the above-referenced application. This notice must be provided in its entirety to all affected utility customers, at the utility company's expense. You may mail it with a utility bill or statement, or by separate first class mail. In accordance with Section 2001.051(1) of the Administrative Procedure Act, **all affected customers must receive the notice not less than 10 days before the hearing date**, or not later than February 2, 2007.

After the notice is mailed to all affected customers, you must file an affidavit stating the attached notice was mailed to all affected customers, and stating the date on which it was mailed. **Please be sure to attach a copy of the mailed notice to the affidavit.** The affidavit must be filed with the Office of the Chief Clerk of the Texas Commission on Environmental Quality (Commission), ATTN: SOAH Docket Clerk (Mail Code 105), P.O. Box 13087, Austin, Texas 78711-3087, at least two days before the public hearing.

Immediately contact the State Office of Administrative Hearings (SOAH) Docket Clerk in the event that notice is not provided in a timely manner. **When contacting the Commission or SOAH regarding this application, please reference the SOAH docket number given at the top of this letter.**

If you have any questions, please call (512) 475-3445 to speak with the SOAH Docket Clerk.

Sincerely,

LaDonna Castañuela, Chief Clerk
Texas Commission on Environmental Quality

Enclosures

Brett Fenner, Receiver for Willia A. Swinney d.b.a.
High Sierra Water System and P.. J.C., L.P.
TCEQ Docket No. 2006-0860-UCR
SOAH Docket No. 582-07-0788
Chief Clerk's Office, Mail Code 105, Attn: SOAH Docket Clerk

AFFIDAVIT OF NOTICE TO CUSTOMERS OF THE PUBLIC HEARING

STATE OF TEXAS §

COUNTY OF _____ §

Before me, the undersigned authority, on this day personally appeared the affiant who being by me duly sworn, deposes and says:

My name is _____ _____, I am over eighteen (18)
(Name of Affiant)

years of age. I have personal knowledge of the facts stated herein, and they are all true and correct.

I am _____ of
(Title of Affiant)

_____.
(Name of Utility)

On _____, I caused to be mailed to all of the above named utility's
(Date)

customers and affected municipalities, if any, the attached notice of public hearing. The notice was

mailed by first class mail.

_____
Signature of Affiant

Subscribed and sworn to before me this the _____ day of _____, 20

_____, to certify which witness my hand and seal of office.

_____
Notary Public in and for the State of Texas

(SEAL)

_____
Print or type Name of Notary

My Commission Expires_____

MAILING LIST
BRETT FENNER, RECEIVER FOR WILLIAM A. WINNEY
d.b.a. HIGH SIERRA WATER SYSTEM AND P.K.C.C., L.P.
SOAH Docket No. 582-07-0788
TCEQ Docket No. 2006-0860-UCR

Brett Fenner, P.E., Receiver
High Sierra Water System
P.O. Box 90544
Austin, Texas 78709

Texas Commission on Environmental Quality
P. O. Box 13087
Austin, Texas 78711-3087

Todd Burkey, Office of General Counsel, (MC 122)
Vic McWherter, Office of Public Interest Counsel (MC 103)
Gabriel Soto, Staff Attorney, Environmental Law Division (MC 173)
Elsie Pascua, Financial Staff, Water Supply Division, Utilities & Districts Section (MC 153)
Brian Dickey, Technical Staff, Water Supply Division, Utilities & Districts Section (MC 153)
Andy Lutringer, Technical Staff, Water Supply Division, Water Supply Section (MC 152)

7004 1350 0000 4759 4429

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Total Po

BRET W FENNER RECEIVER
HIGH SIERRA WATER SYSTEM
PO BOX 90544
AUSTIN TX 78709-0544

Sent To

Street, Apt. No.; or PO Box No.

City, State, ZIP+4

PS Form 3800, June 2002 See Reverse for Instructions

SWINNEY, WILLIAM A
BRET W FENNER
2006-0860-UCR
12855, 35379-G
53688

1. Article Addressed to:

BRET W FENNER RECEIVER
HIGH SIERRA WATER SYSTEM
PO BOX 90544
AUSTIN TX 78709-0544

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X
☐ Agent
☐ Addressee

B. Received by (Printed Name) Bret Fenner
C. Date of Delivery 1/1/07

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7004 1350 0000 4759 4429

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

EXHIBIT - E

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
2007 FEB 15 AM 8:40
CHIEF CLERK'S OFFICE

SOAH DOCKET NO. 582-07-0788
TCEQ DOCKET NO. 2006-0860-UCR

APPLICATION OF BRET FENNER, RECEIVER FOR WILLIAM A. SWINNEY, D.B.A. HIGH SIERRA WATER SYSTEM AND P.K.C.C., L.P., IN BURNET COUNTY, CERTIFICATE OF CONVENIENCE AND NECESSITY NO. 12855, APPLICATION NO. 35379-G	§ § § § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

ORDER NO. 1
MEMORIALIZING PRELIMINARY HEARING AND SETTLEMENT AND REMANDING APPLICATION TO THE EXECUTIVE DIRECTOR

On February 13, 2007, a preliminary hearing was held in this case. The following appeared and were admitted as parties:

PARTY	REPRESENTATIVE
Brett Fenner, Receiver for William A. Swinney, d.b.a. High Sierra Water System and P.K.C.C., L.P. (Utility)	Debi Loockerman
Executive Director (ED)	Gabriel Soto
Public Interest Counsel (PIC)	Mary Alice Boehm-McKaughan

The Parties agreed in writing to implement the October 13, 2006, Texas Commission on Environmental Quality (TCEQ) Order to Affirm the Emergency Rate Increase Order granting the emergency surcharge in this case for fifteen (15) months starting on July 1, 2006. In consideration for this agreement Utility agreed to the following:

1) The Utility will set up an escrow account as set forth in Title 30 of the Texas Administrative Code (TAC) Section 291.30 by February 23, 2007;

2) The Utility shall segregate and deposit all funds it collects as part of the emergency surcharge, starting as of the date of this agreement, including all of the emergency surcharge collected from Utility customers as part of the January 2007 billing into an interest bearing escrow account; and,

3) The Utility shall submit a request to use escrow funds to the TCEQ prior to use of said funds pursuant to the TCEQ rules and the relevant statutes.

The Parties also jointly moved to dismiss this case from the docket of the State Office of Administrative Hearings (SOAH) and to remand the Application to the ED for uncontested approval in accordance with the settlement. The motion is granted, the case is dismissed from SOAH's docket, and the Application is remanded to the ED for uncontested approval in accordance with the settlement.

SIGNED February 15, 2007.

WILLIAM G. NEWCHURCH
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS

STATE OFFICE OF ADMINISTRATIVE HEARINGS

WILLIAM P. CLEMENTS BUILDING, Jr.
300 West Fifteenth Street
Austin, Texas 78701
Phone (512) 475-4993
Facsimile (512) 475-4994

SERVICE LIST

AGENCY: Environmental Quality, Texas Commission on (TCEQ)

STYLE/CASE: BRETT FENNER, RECIEVER FOR WILLIAM A SWINNEY / HIGH SIERRA WATER SYSTEM AND P.K.C.C. LP.P.

SOAH DOCKET NUMBER: 582-07-0788

REFERRING AGENCY CASE: 2006-0860-UCR

STATE OFFICE OF ADMINISTRATIVE HEARINGS

ADMINISTRATIVE LAW JUDGE
ALJ WILLIAM G. NEWCHURCH

REPRESENTATIVE / ADDRESS	PARTIES
DOCKET CLERK TEXAS COMMISSION ON ENVIRONMENTAL QUALITY OFFICE OF THE CHIEF CLERK PO BOX 13087 AUSTIN, TX 78711 (512) 239-3300 (PH) (512) 239-3311 (FAX)	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
GABRIEL SOTO ATTORNEY TEXAS COMMISSION ON ENVIRONMENTAL QUALITY MC-173 P.O. BOX 13087 AUSTIN, TX 78711-3087 (512) 239-3668 (PH) (512) 239-0606 (FAX)	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
MARY ALICE BOEHM-MCKAUGHAN STAFF ATTORNEY TEXAS COMMISSION ON ENVIRONMENTAL QUALITY OFFICE OF PUBLIC INTEREST COUNSEL MC-103 P.O. BOX 13087 AUSTIN, TX 78711-3087 (512) 239-6361 (PH) (512) 239-6377 (FAX)	OFFICE OF PUBLIC INTEREST COUNSEL

DEBI LOOCKERMAN
CPA
P.O. BOX 90544
AUSTIN, TX 78709
(512) 264-9124 (PH)
(512) 891-0740 (FAX)

D/B/A HIGH SIERRA WATER SYSTEM AND P.K.C.C., L.P. (UTILITY)
BRETT FENNER, RECEIVER FOR WILLIAM A. SWINNEY

---

xc; Docket Clerk, State Office of Administrative Hearings

STATE OFFICE OF ADMINISTRATIVE HEARINGS

WILLIAM P. CLEMENTS BUILDING, Jr.
300 West Fifteenth Street
Austin, Texas 78701
Phone (512) 475-4993
Facsimile (512) 475-4994

DATE: 02/15/2007

NUMBER OF PAGES INCLUDING THIS COVER SHEET: 5

REGARDING: ORDER NO. 1 - MEMORIALIZING PRELIMINARY HEARING AND SETTLEMENT AND REMANDING APPLICATION TO THE ED

DOCKET NUMBER: 582-07-0788

FROM: JUDGE WILLIAM NEWCHURCH

FAX TO:	FAX TO:
DEBI LOOCKERMAN	(512) 891-0740
GABRIEL SOTO (TEXAS COMMISSION ON ENVIRONMENTAL QUALITY)	(512) 239-0606
MARY ALICE BOEHM-MCKAUGHAN (TEXAS COMMISSION ON ENVIRONMENTAL QUALITY)	(512) 239-6377
DOCKET CLERK (TEXAS COMMISSION ON ENVIRONMENTAL QUALITY)	(512) 239-3311

TCEQ Docket Clerk, Fax Number 512/239-3311
NOTE: IF ALL PAGES ARE NOT RECEIVED, PLEASE CONTACT NORMA LOPEZ(nlo) AT 512-475-4993

The information contained in this facsimile message is privileged and confidential information intended only for the use of the above-named recipient(s) or the individual or agent responsible to deliver it to the intended recipient. You are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please immediately notify us by telephone, and return the original message to us at the address via the U.S. Postal Service. Thank you.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
2007 FEB 15 AM 8:40
CHIEF CLERKS OFFICE

EXHIBIT - F

March 23, 2007

AGENDA ITEM NOTICE

TO: Persons on Attached Mailing List
RE: TCEQ Docket No. 2006-0860-UCR; SOAH Docket No. 582-07-0788
Setting Final Emergency Water Rate filed by Brett Fenner, Receiver
for William A. Swinney d.b.a. High Sierra Water System and P.K.C.C., L.P.,
Certificate of Convenience and Necessity No. 12855, Application No. 35379-G

The above-reference application for an Emergency Order will be considered by the Commissioners of the Texas Commission on Environmental Quality during the public meeting on Wednesday, **April 11, 2007**. The meeting will begin at 1:00 p.m. in Commission Agenda Room 201S, Building E, 12100 Park 35 Circle, Austin, Texas.

Attached you will find the agenda backup materials that the Executive Director has provided to the Commission.

Should you have any questions, please contact me at (512) 239-3668.

Sincerely,

Gabriel Soto
Environmental Law Division
Texas Commission on
Environmental Quality

cc: Mailing List

Enclosures

TCEQ DOCKET NO. 2006-0860-UCR

EMERGENCY ORDER APPLICATION OF BRETT FENNER, RECEIVER FOR WILLIAM A. SWINNEY, D.B.A. HIGH SIERRA WATER SYSTEM AND P.K.C.C., L.P., IN BURNET COUNTY, CERTIFICATE OF CONVENIENCE NECESSITY NO. 12855, APPLICATION NO. 35379-G	§ § § § § § § § §	**BEFORE THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY**

AN ORDER TO ESTABLISH A FINAL RATE

On April 11, 2007, the Texas Commission on Environmental Quality ("TCEQ" or "Commission") considered the settlement agreement that the parties entered into after a hearing on a final rate pursuant to an application for an Emergency Rate Increase Order filed by Brett Fenner, Receiver for William A. Swinney, d.b.a. High Sierra Water System and P.K.C.C., L.P., Certificate of Convenience and Necessity ("CCN") No. 12855 in Burnet County, Texas. The Emergency Order was issued by the Executive Director without a hearing on July 11, 2006. The Commission considered the application by Bret Fenner under §§ 5.508 and 13.4133, Texas Water Code (Code), and 30 Texas Administrative Code ("TAC") § 35.202. The Commission finds that the agreed upon surcharge has satisfied the requirements for a final rate under Subchapter L of Chapter 5 of the Code and Subchapter K of Chapter 13 of the Code. The Commission finds that this rate is just and reasonable in compliance with section 13.182 of the Code.

THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS THAT:

The agreed upon surcharge, as reflected in the attached settlement Agreement which is incorporated into this Order by reference, is hereby approved.

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

_____

For the Commission