

Bryan W. Shaw, Ph.D., *Chairman*
Carlos Rubinstein, *Commissioner*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 7, 2012

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

Re: TCEQ Docket No. 2011-1063-UCR; Consideration of a request for a Commission order approving a contract designating service areas between South Rains Water Supply Corporation and the City of Emory.

Dear Ms. Bohac:

Enclosed for filing with the Texas Commission on Environmental Quality (Commission) is the original plus seven copies of the following items to be filed as backup materials for the June 27, 2012 commission agenda regarding the request for an order approving a contract designating water service areas between the South Rains Water Supply Corporation (WSC) and the City of Emory:

1. Proposed Order;
2. Agenda Executive Summary;
3. Caption;
4. Staff memo detailing financial, managerial, and technical capabilities of South Rain WSC and the City of Emory to provide continuous and adequate service to the affected areas;
5. Request for Commission order approving a Texas Water Code section 13.248 agreement filed by South Rains WSC and the City of Emory on April 11, 2011, and declared administratively complete on May 24, 2011;
6. Texas Water Code section 13.248 agreement between South Rains WSC and the City of Emory executed on April 6, 2011;
7. South Rains WSC Certificate of Convenience and Necessity No. 10487;
8. City of Emory Certificate of Convenience and Necessity No. 10495;
9. Proposed map of the service area subject to the section 13.248 agreement;

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printed on recycled paper

10. Consent forms signed by representatives for both South Rains WSC and the City of Emory giving approval to the ED for the attached final maps; and
11. Notice of Agenda setting letters to South Rains WSC and the City of Emory.

Please do not hesitate to contact me at 239-0608 if you have any questions regarding this material. Thank you for your attention to this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ron Olson". The signature is stylized with a large "R" and "O".

Ron Olson
Staff Attorney
Environmental Law Division

Enclosure

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



AN ORDER approving an agreement designating service areas between South Rains Water Supply Corporation and the City of Emory pursuant to Texas Water Code Section 13.248; TCEQ Docket No. 2011-1063-UCR.

A request for a Commission order approving a contract designating service areas between South Rains Water Supply Corporation ("South Rains"), Certificate of Convenience and Necessity ("CCN") No. 10487, and the City of Emory ("City"), CCN No. 10495, in Rains County, Texas, was presented to the Texas Commission on Environmental Quality ("TCEQ" or "Commission") for approval pursuant to Section 13.248 of the Texas Water Code and Title 30 of the Texas Administrative Code, Section 291.117.

On April 6, 2011, South Rains and the City entered into an agreement ("Agreement") regarding their respective water service areas pursuant to Section 13.248 of the Texas Water Code. The Agreement provides for single certification to the respective utilities for two separate areas of land currently subject to dual certification under their CCNs. Under the Agreement, South Rains will relinquish its certification to the 15.30 acre area of land, making that area solely certified to the City. In exchange, the City will relinquish its certification to the 8.30 acre area of land, making that area solely certified to South Rains. There are no customers in the area and there will be no transfer of facilities under the Agreement. The Agreement is attached to this Order.

Contracts between retail public utilities that designate areas to be served and customers to be served by those retail public utilities, when approved by the Commission

after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity. TEXAS WATER CODE, §13.248.

On June 7, 2012, the Executive Director of the Commission mailed notice of the hearing date on which the Commission was to consider the request to the representatives for South Rains and the City of Emory.

The Commission held a hearing on the request at the June 27, 2012 agenda and found the request had merit.

South Rains and the City are capable of rendering continuous and adequate water service to every customer in their respective CCN areas. The CCN transfer, which results in South Rains and the City being the sole retail water service provider in their respective water service areas, is necessary for the service, accommodation, convenience, or safety of the public.

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

The Agreement decertifying a portion of South Rains' CCN No. 10487 in exchange for decertification of a portion of the City's CCN No. 10495, and designating each utility as the sole retail water service provider in the respective areas, is hereby approved.

CCN No. 10487 in Rains County, held by South Rains Water Supply Corporation, is hereby amended in accordance with the Agreement.

CCN No. 10495 in Rains County, held by the City of Emory, is hereby amended in accordance with the Agreement.

The Executive Director is directed to redraw the maps of the respective CCNs as provided in the Agreement and as set forth on the map attached to this Order, and to amend the Commission's official water service area map for Rains County, Texas.

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

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:

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

Bryan W. Shaw, Ph.D., Chairman

Texas Commission on Environmental Quality
INTEROFFICE MEMORANDUM

TO: Texas Commission on Environmental Quality **DATE:** June 7, 2012

THRU: Bridget Bohac, Chief Clerk

FROM: Ron Olson, Staff Attorney, Environmental Law Division

SUBJECT: TCEQ Docket No. 2011-1063-UCR. Consideration of a request for a Commission order approving a contract designating service areas between South Rains Water Supply Corporation and the City of Emory. Application No. 37018-C.

DESCRIPTION OF APPLICATION

Applicant: South Rains Water Supply Corporation

Regulated Activity: Retail water utility service

Type of Application: Request for a Commission Order approving a contract

Commission Action: Hearing regarding approval of the contract

Authority: Texas Water Code § 13.248 and 30 Texas Administrative Code § 291.117

FACTUAL BACKGROUND

The South Rains Water Supply Corporation (South Rains), water Certificate of Convenience and Necessity (CCN) No. 10487, and the City of Emory, water CCN No. 10495, provide retail water service in Rains County, Texas. On April 6, 2011, the South Rains Water Supply Corporation and the City of Emory entered into an agreement regarding their respective water service areas pursuant to Section 13.248 of the Texas Water Code.

Currently, South Rains and the City of Emory hold dual certifications to two separate areas of land, consisting of approximately 15.30 and 8.30 acres. The agreement provides for single certification to the respective utilities for the two separate areas currently subject to dual certification under their CCNs. Under the agreement, South Rains will relinquish its certification to the 15.30 acre area, making that area solely certified to the City of Emory. In exchange, the City of Emory will relinquish its certification to the 8.30 acre area, making that area solely certified to South Rains. There are no customers or facilities in the areas being transferred. Finally, the parties

were provided with a copy of the map that will be attached to the order. The parties have consented that the maps are accurate with regards to the proposed areas.

LEGAL AUTHORITY

The Texas Water Code prohibits a utility, a utility operated by an affected county, or a water supply corporation from rendering retail water or sewer utility service directly or indirectly to the public without first obtaining a CCN.¹ Conversely, a municipality is not required to obtain a CCN to provide retail water or sewer service.² However, a municipality may not provide service to areas that are outside of its corporate boundaries but within the CCN of another retail public utility without first obtaining written consent from that retail public utility.³

The Texas Water Code and TCEQ rules allow retail public utilities to enter into service area agreements and have the Commission affirm the agreements by amending the entities' respective CCNs.⁴ A transfer of a water or sewer system that also includes the transfer of customers and/or facilities may, in some cases, also require separate Commission approval for the transfer of customers and/or facilities.⁵

The request to approve a 13.248 agreement is not subject to the notice provisions of Section 291.106, Title 30 of the Texas Administrative Code, which apply to applications for new and amended CCNs. The Commission may approve the service area agreement pursuant to section 13.248 of the Texas Water Code with the appropriate notice under the Open Meetings Act. The Executive Director will mail notice of the hearing upon the setting of an Agenda date.

¹ TEX. WATER CODE ANN. § 13.242(a).

² A municipality is a "retail public utility" under section 13.002(19) of the Texas Water Code but is not a "utility" under section 13.002(23). Therefore, the section 13.242(a) requirement that a "utility" must obtain a CCN before providing retail water or sewer utility service does not apply to a municipality.

³ TEX. WATER CODE ANN. § 13.242(b).

⁴ *Id.* § 13.248; 30 TEX. ADMIN. CODE § 291.117 (West 2005)(Tex. Comm'n on Env'tl. Quality, Contracts Valid and Enforceable). Section 13.248 states "[c]ontracts between retail public utilities designating areas to be served and customers to be served by those retail public utilities, when approved by the commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity."

⁵ TEX. WATER CODE ANN. § 13.301. The section requires that some applicants also demonstrate "adequate financial, managerial, and technical capability for providing continuous and adequate service to the service area being acquired and to any areas currently certificated to the person" for the separate transaction relating to the transfer of facilities and/or customers.

BASIS FOR STAFF RECOMMENDATION

The following items were considered in developing the staff's recommendation:

1. Request for a Commission order approving the 13.248 agreement filed by South Rains Water Supply Corporation on April 11, 2011 (Application No. 37018-C);
2. Agreement between South Rains Water Supply Corporation and the City of Emory, executed on April 6, 2011;
3. Map of the service areas subject to the 13.248 agreement submitted by the South Rains Water Supply Corporation; and
4. Financial, Managerial, and Technical analysis of the South Rains Water Supply Corporation and the City of Emory to operate in the affected areas.

STAFF RECOMMENDATION

Staff has confirmed that both parties are retail public utilities with active water CCNs and that the two areas the parties are seeking to transfer are dually certificated to both parties. There are no customers or facilities in the areas being transferred. Further, staff is satisfied that South Rains and the City of Emory possess the adequate financial, managerial, and technical capability to provide continuous and adequate service to their respective areas of land under single certification. South Rains provides service to more than 924 connections. Its utility has a debt service coverage ratio of 1.14:1.⁶ Although a debt service coverage ratio of more than 1.25 is normally preferred, the additional cash from the notes receivable indicates a comfortable cash margin sufficient to support a finding of adequate financial capability to provide service to the area. The City of Emory provides service to more than 780 connections. Its utility has a debt service coverage ratio of 1.27:1. Therefore, based on the facts stated in the application and the supporting documentation submitted by South Rains, Staff supports the request for a Commission Order approving a contract designating service areas between South Rains and the City of Emory.

STAFF CONTACTS

Ron Olson, Environmental Law Division (239-0608)
Sheresia Perryman, Water Supply Division (239-3654)

⁶ A retail public utility's debt service coverage ratio should be above 1:1. More than 1.25:1 is considered to be good.

CAPTION
SOUTH RAINS WSC
Application No. 37018-C

TCEQ Docket No. 2011-1063-UCR. Consideration of a request for a Commission order approving a contract designating service areas between the South Rains Water Supply Corporation (“South Rains”), water certificate of convenience and necessity (“CCN”) No. 10487, and the City of Emory (“City”), water CCN No. 10495, in Rains County, Texas pursuant to section 13.248 of the Texas Water Code. Currently, South Rains and the City hold dual certifications to two separate areas of land, consisting of approximately 8.30 and 15.30 acres. Under the Agreement, South Rains will relinquish its certification to the 15.30 acre area, making that area solely certified to the City. In exchange, the City will relinquish its certification to the 8.30 acre area, making that area solely certified to South Rains. No customers or facilities are proposed to be transferred. (Ron Olson, Sheresia Perryman)

TCEQ Interoffice Memorandum

To: Environmental Law Division

Date: September 7, 2011

Thru: Sheresla Perryman/Lisa Fuentes

From:  Debi Loockerman C.P.A.

Subject: Contract Service Agreement Pursuant to Texas Water Code Section 13.248, from South Rains Water Supply Corporation (WSC), to Decertify a Portion of Certificate of Convenience and Necessity (CCN) No. 10487, and to Decertify a Portion of CCN No. 10495 from City of Emory, In Ralns County; Application No. 37018-C

CN: 600652515; RN: 101208965 (South Rains WSC)

CN: 600662753; RN: 101389468 (City of Emory)

In my opinion, South Rains WSC and the City of Emory have demonstrated adequate financial, managerial and technical capability to provide service to the areas contracted for release and transfer. These conclusions are based on information provided by the applicant prior to this date and may not reflect any changes in the applicant's status subsequent to this date.

Background

South Rains WSC and City of Emory entered into an agreement on or about April 2, 2011 to dually certify some areas and provide for single certification for City of Emory and South Rains WSC for areas as specified in the contract. There is no indication of compensation, monetary or otherwise in the contract. However, South Rains' audited financial statements indicate various notes payable between the two entities, presumably in connection with this application.

South Rains WSC provides service to more than 924 connections according to the TCEQ Water Utilities Database (WUD). I have reviewed an unqualified auditor's opinion and attached financial statements for South Rains WSC for the year ended December 31, 2011, which was provided by the applicant in response to staff's request. The balance sheet for the water system showed total assets of \$1,162,104, long-term debt of \$95,931, and net assets (equity) of \$896,684. The WSC has a debt to net asset (equity) ratio of \$95,931 to \$896,684, or 0.11:1. A ratio of less than 1:1 is preferred when analyzing financial capability of water and wastewater entities to provide requested service. The statement of revenues and expenses for the water utility showed a net operating income of \$38,179 after covering depreciation expense of \$51,748, for debt service coverage of \$89,927. Total debt service payments required for 2011 are \$78,664. South Rains WSC's debt service coverage ratio is 1.14. The WSC is choosing to pay off its long term debt faster than required, thus saving interest expense dollars. The WSC also receives payments on a note receivable from the City of Emory totaling \$50,250 for 2011. Although a debt service coverage ratio of more than 1.25 is normally preferred, the additional cash from the note receivable indicates a comfortable cash margin. Furthermore, total long term debt will be paid off within four years.

City of Emory provides service to more than 780 connections according to WUD. WUD indicates that no active notice of enforcement exists for either entity. I have reviewed an unqualified auditor's opinion and attached financial statements for City of Emory for the fiscal year ending September 30, 2009 which was obtained from the MacTexas website. The statement of net assets for the proprietary fund indicates total assets of \$5,688,670, long term debt of \$1,549,114, and net assets (equity) of \$3,932,255. The City has a debt to net asset (equity) ratio of \$1,549,114 divided by \$3,932,255, or .39 to 1. The statement of revenues, expenditures and changes in fund net assets for the proprietary fund reveals a net operating loss of \$95,349 after depreciation expense of \$273,061 and interest expense of \$73,539, for debt service coverage of \$251,251. The Statement of Cash Flows indicates 2009 debt service of \$197,110. City of Emory's debt service coverage ratio is therefore 1.27 to 1.

This information supports a finding of adequate financial and managerial capability to provide service to the area contracted for transfer.



FRITZ, BYRNE, HEAD & HARRISON, PLLC

Attorneys at Law

April 11, 2011

RECEIVED
TCEQ
WATER SUPPLY DIV.
2011 APR 11 PM 3 17

Texas Commission on Environmental Quality
Water Supply Division
Utilities & Districts Section (MC-153)
12100 Park 35 Circle, Bldg. F, 3rd Fl.
Austin, TX 78753

Re: South Rains Water Supply Corporation / City of Emory, Texas Water
Code § 13.248 Agreement to Amend Existing Service Areas

Dear Sir/Madam:

South Rains Water Supply Corporation ("SRWSC") and the City of Emory (the "City") have entered into an Agreement Designating Areas and Customers to Receive Retail Water Utility Service (the "Agreement") that provides for single certification to the respective utilities for certain areas currently subject to dual certification under their current Certificates of Convenience and Necessity ("CCNs").

Under the terms of the Agreement, the parties seek to adjust SRWSC's CCN No. 10487 by making an area of dual certification, consisting of 8.30 acres, more or less, single certification to SRWSC; and by making a separate area of dual certification, consisting of 15.30 acres, more or less, single certification to the City. The referenced areas subject to the Agreement are more specifically set forth in Exhibits 1 and 2 appended to the Agreement and in the compact disc ("CD") accompanying this application.

To facilitate the processing of this request, enclosed are the following:

1. \$100.00 filing fee;
2. Four (4) copies of the Agreement Designating Areas and Customers to Receive Retail Water Utility Service executed by the parties; and

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Value Driven...Client Oriented

3. Four (4) copies of a CD depicting electronic media for future CCN mapping purposes.

If you need any additional information or have any questions, please do not hesitate to contact me.

Sincerely yours,

FRITZ, BYRNE, HEAD & HARRISON, PLLC

By: Bob Renbarger
Bob Renbarger

ROR/amd
Enclosures

cc: Mr. Gus Metz (w/encls)
Mr. Mike Gershon (w/encls)

**AGREEMENT DESIGNATING AREAS AND
CUSTOMERS TO RECEIVE RETAIL WATER UTILITY SERVICE**

This Agreement Designating Areas and Customers to Receive Retail Water Utility Service ("Agreement") is by and between SOUTH RAINS WATER SUPPLY CORPORATION ("SRWSC") and the CITY OF EMORY, TEXAS ("City") (hereinafter, SRWSC and City to be collectively referred to as "Parties"):

WHEREAS, SRWSC is a non-profit water supply corporation operating pursuant to the provisions of Chapter 67, Texas Water Code, and is a retail public utility providing retail water utility service as defined by § 13.002, Texas Water Code under the authority of, and within the area described under Texas Commission on Environmental Quality ("TCEQ") Certificate of Convenience and Necessity ("CCN") No. 10487 in Rains County; and

WHEREAS, City is a municipality incorporated and operating under the laws of the State of Texas and is a retail public utility providing retail water utility service as defined by § 13.002, Texas Water Code under the authority of, and within the area described under TCEQ CCN No. 10495 in Rains County, Texas; and

WHEREAS, § 13.248, Texas Water Code and 30 Texas Administrative Code ("T.A.C.") § 291.117 provide that contracts between retail public utilities such as SRWSC and City may designate areas to be served and customers to be served and that such designations will be valid and enforceable and will be incorporated into their respective CCNs when approved by the TCEQ; and

WHEREAS, SRWSC and City agree that this Agreement is a contract designating areas and customers to be served by SRWSC and City respectively; and

WHEREAS, SRWSC and City have, subject to approval by the TCEQ, through good faith negotiations, resolved issues concerning the boundaries of their respective CCNs in areas of potential

overlap and that are considered to be areas of dual certification, and have entered into this Agreement to designate the areas to be exclusively served with retail water service by each Party pursuant to Texas Water Code § 13.248 and 30 T.A.C. § 291.117.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained, including the recitals set forth hereinabove, the Parties agree as follows:

1. Designation of Areas and Customers to Receive Retail Water Utility Service.

a. The Parties agree that the service area map attached hereto as Exhibit 1 and incorporated herein identifies existing areas where the Parties' service areas overlap and/or are designated for dual certification on the TCEQ's official maps for their respective CCNs in Rains County, Texas.

b. Exhibit 2, which is further incorporated into this Agreement, depicts the Parties' modified service areas pursuant to this Agreement and subject to the TCEQ's approval. In accordance with Exhibit 2, this Agreement contemplates an area consisting of 15.30 acres, more or less, to be solely certificated to the City. An additional area, consisting of 8.30 acres, more or less, is to be solely certificated to SRWSC.

c. The certificated service areas as depicted on Exhibit 2 shall become effective upon the TCEQ's entry of an order approving this Agreement. The City's CCN (10495) and SRWSC's CCN (10487) shall be adjusted accordingly to effectuate the intent of this Agreement.

d. Should there be any future disputes over the areas designated for the respective Parties' service areas or if questions arise as to the designated service areas or interpretation of the Parties' agreement regarding same, the map appended hereto as Exhibit 2 shall be deemed conclusive and control over any other interpretations.



2. This Agreement shall be submitted to the TCEQ pursuant to § 13.248 Texas Water Code and 30 T.A.C. § 291.117 of the TCEQ's rules and following execution by both Parties shall be considered binding as of the date on which the TCEQ enters its order approving this Agreement.

3. This Agreement contains the entire agreement between the Parties and supersedes any and all prior agreements, arrangements, or understandings between the Parties relating to the subject matter of this Agreement. No oral understandings, statements, promises or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed or terminated orally, or in the absence of approval by the TCEQ as provided at § 13.248, Texas Water Code and 30 T.A.C. § 291.117.

4. This Agreement shall be governed by, construed and enforced in accordance with, and subject to, the laws of the State of Texas and the rules of the TCEQ.

5. By their signatures below, the individuals signing represent and warrant that they have full authority to enter into this Agreement and to bind the Party that each represents.

6. Any action at law or in equity brought to enforce or interpret any provision of this Agreement shall be brought in a state court of competent jurisdiction with venue in Rains County, Texas.

7. This Agreement is indivisible and non-severable. If any provision of this Agreement fails to receive any required regulatory approval or is held invalid, illegal, or unenforceable by a court or other tribunal of competent jurisdiction, the Parties shall resume negotiations in an effort to reach a new agreement, accomplishing the intent and purposes covered herein.

8. This Agreement may not be assigned in whole or in part without the express written consent of the non-assigning Party.



9. Either Party to this Agreement who is the prevailing party in any legal proceeding against the other party, brought in relation to this Agreement, shall be entitled to recover court costs and reasonable attorneys' fees from the non-prevailing party.

10. The Parties hereto covenant and agree that they shall execute and deliver such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.

11. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective the date of the last signature.

SOUTH RAINS WATER SUPPLY
CORPORATION

Date: 2-14-2011

By: Cathy Strobel
President, Board of Directors

Attest: Debbie Mayo

CITY OF EMORY, TEXAS

Date: 4-14-2011

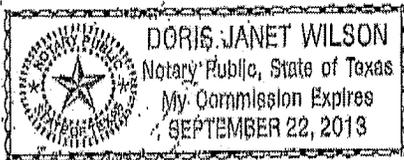
By: [Signature]
Mayor

Attest: Mike Deane for Judy
City Secretary

[Signature]

STATE OF TEXAS §
 §
COUNTY OF RAINS §

This instrument was acknowledged before me on the 14th day of FEBRUARY, 2011, by Cathy Stroud, on behalf of South Rains Water Supply Corporation.
DEE DEE MAYO

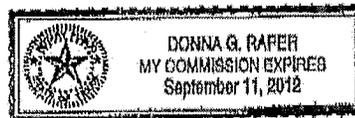


Doris Wilson
Notary Public, State of Texas

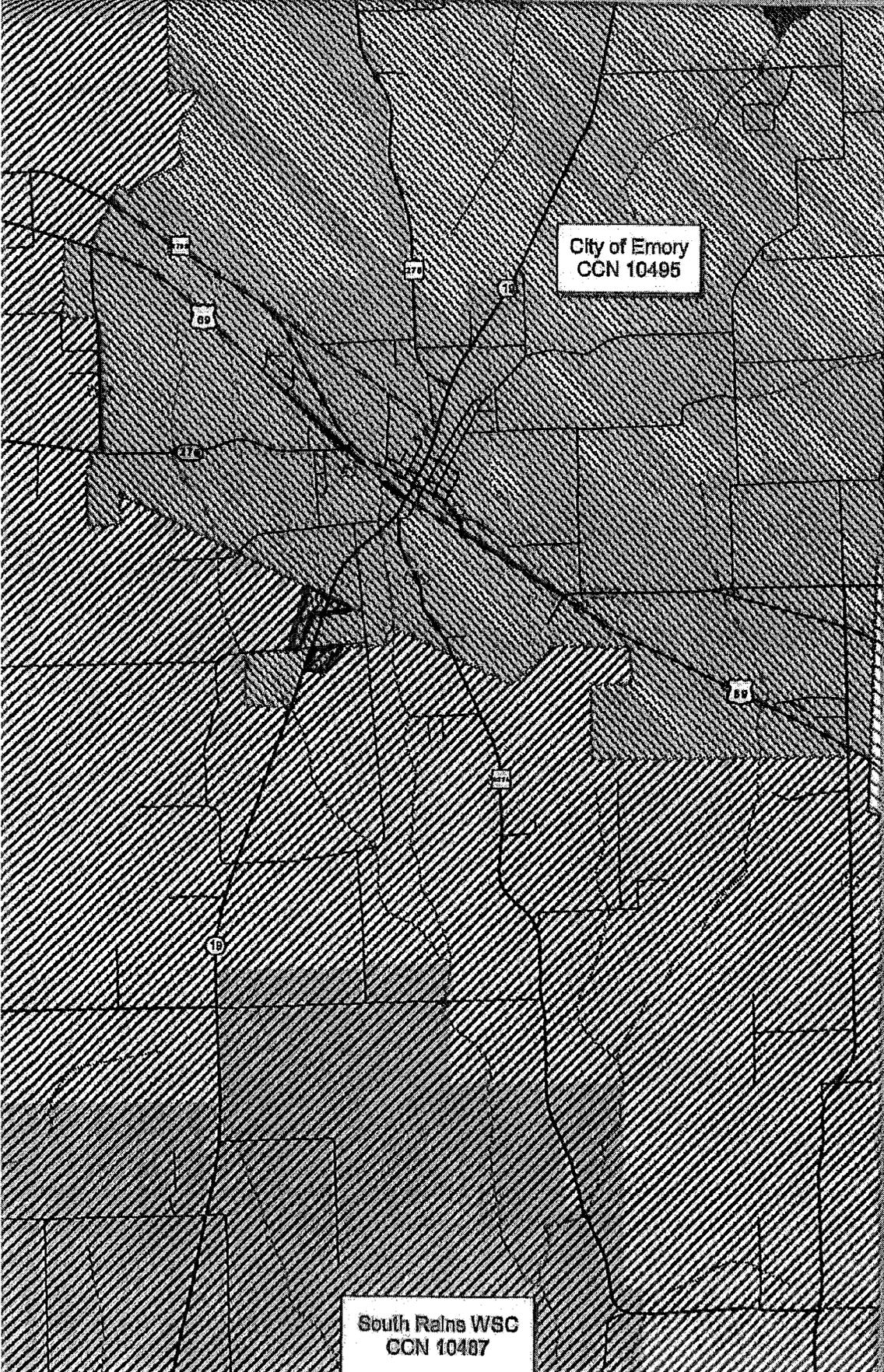
STATE OF TEXAS §
 §
COUNTY OF RAINS §

This instrument was acknowledged before me on the 6th day of APRIL, 2011, by CAY HOUSE, on behalf of the City of Emory, Texas.
MARCH

Donna G. Raper
Notary Public, State of Texas



[Handwritten signature]

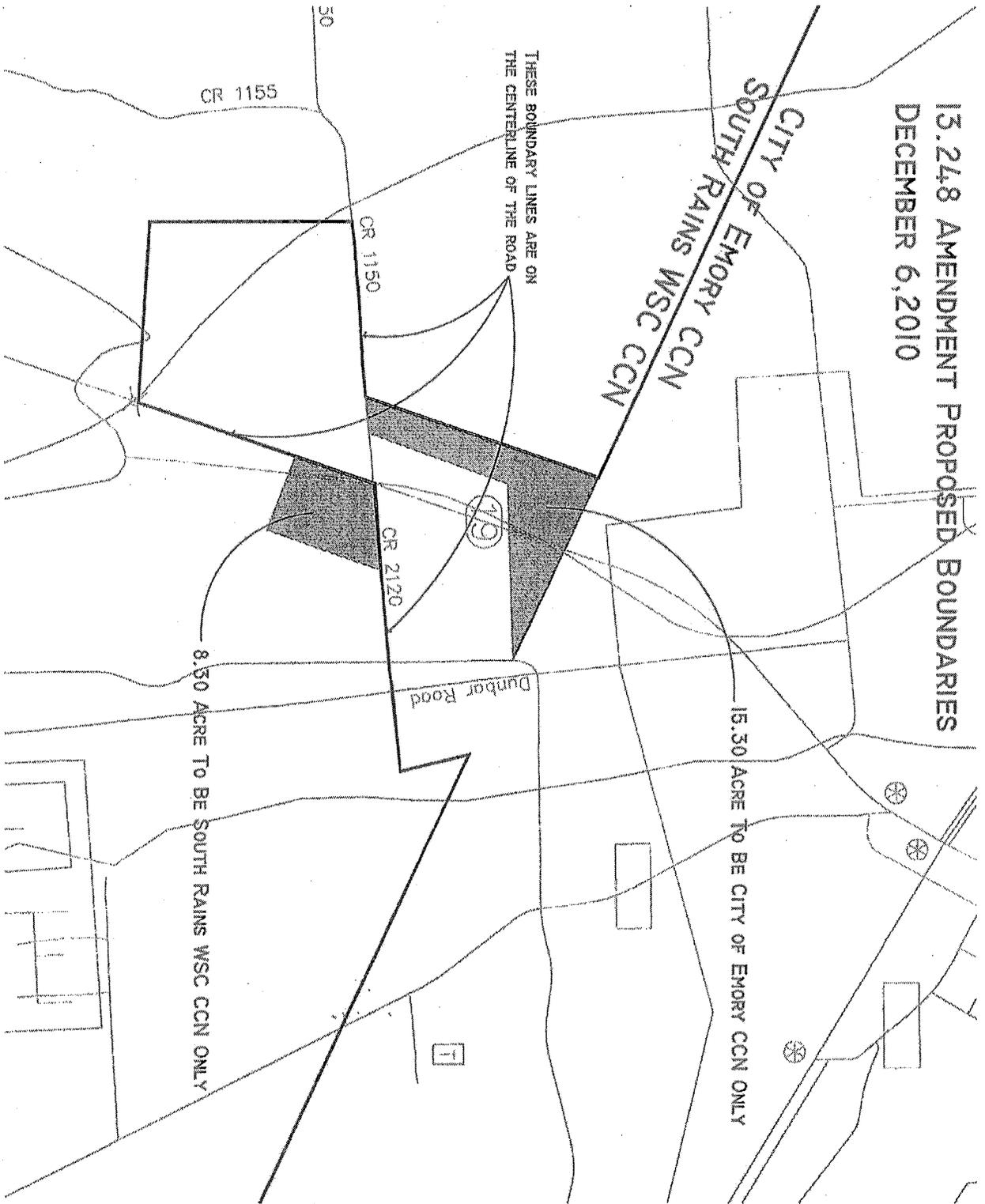


City of Emory
CCN 10495

Areas bordered in red are currently under dual-certification and are the subjects of this application.

South Rains WSC
CCN 10487

**13.248 AMENDMENT PROPOSED BOUNDARIES
DECEMBER 6, 2010**



Beginning at a known point at the intersection of State Highway 19 and County Road 2120 thence
 N52°39'38.14"W 1953.765 meters to an existing point of a shared CCN boundary
 Thence S54°48'55.81"E 1704.104 meters
 thence S19°04'03.54"W 504.410 meters
 thence S85°44'57.28"W 359.185 meters
 thence S00°00'00.95"W 42.478 meters
 thence S88°01'04.22"E 369.138 meters
 thence N19°04'54.01"E 508.483 meters
 thence N84°47'12.41"E 587.375 meters
 thence N13°33'06.34"W 144.457 meters
 Thence S54°48'52.28"E 143.765 meters to the end of the boundary amendment.



Texas Commission On Environmental Quality

By These Presents Be It Known To All That
South Rains Water Supply Corporation

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 10487

to provide continuous and adequate water utility service to that service area or those service areas in Rains County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 37018-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of South Rains Water Supply Corporation to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

For the Commission



Texas Commission On Environmental Quality

By These Presents Be It Known To All That

City of Emory

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

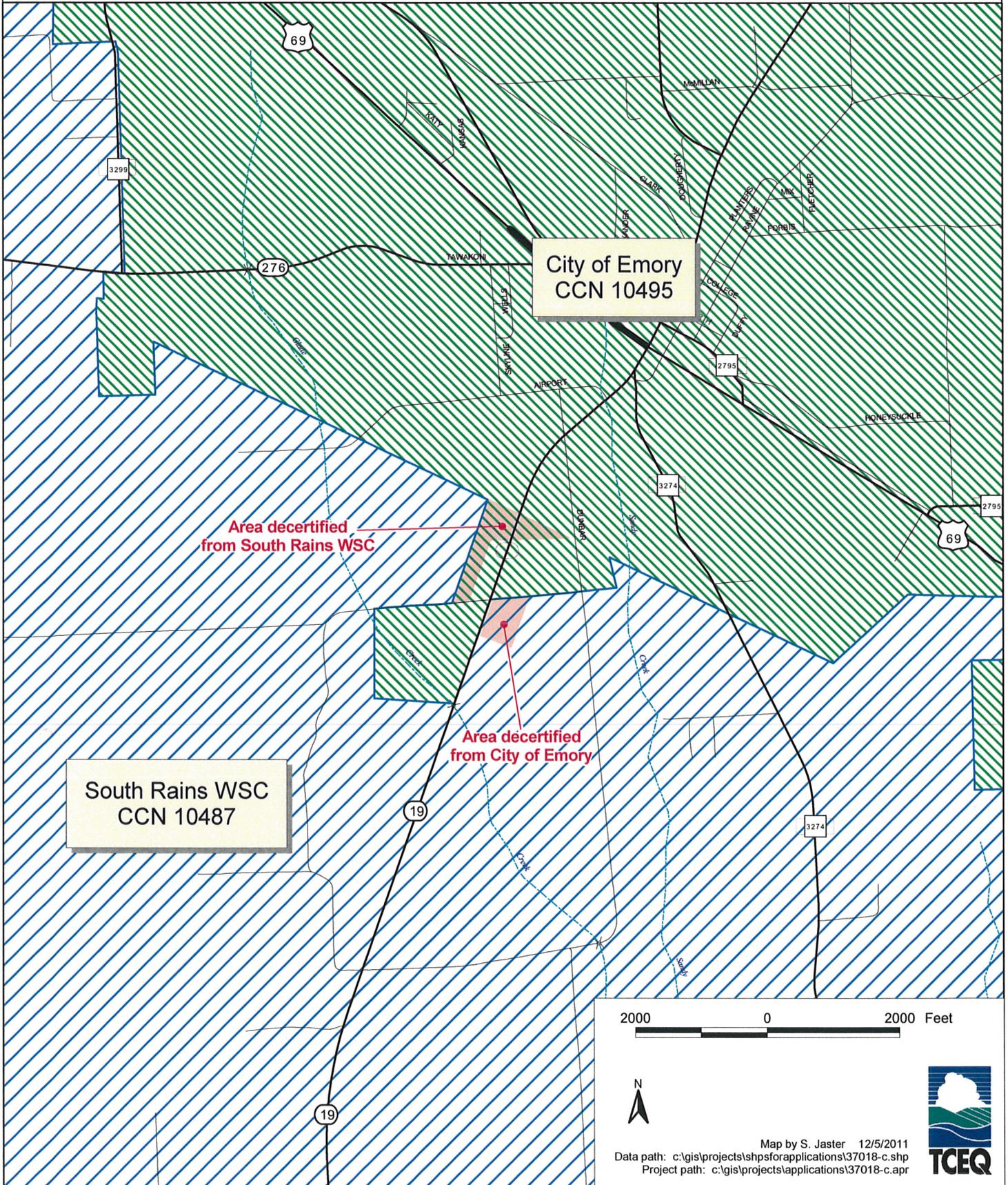
Certificate of Convenience and Necessity No. 10495

to provide continuous and adequate water utility service to that service area or those service areas in Rains County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 37018-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the City of Emory to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

For the Commission

South Rains Water Supply Corporation / City of Emory
Application No. 37018-C (13.248 Contract Service Agreement
from South Rains Water Supply Corporation to Decertify a Portion of CCN No. 10487
and to Decertify a Portion of CCN No. 10495 from the City of Emory in Rains County)



2000 0 2000 Feet



Map by S. Jaster 12/5/2011
Data path: c:\gis\projects\shpsforapplications\37018-c.shp
Project path: c:\gis\projects\applications\37018-c.apr

CONSENT FORM

Applicant's Name: South Rains Water Supply Corporation
Application Nos.: 37018-C

- I concur with the recommendation contained in the staff memorandum transmitted by letter dated December 16, 2011.
- I do not concur with and intend to respond to the recommendation contained in the staff memorandum transmitted by letter dated December 16, 2011. I understand that I have 14 days from the date of this letter to provide my response.

I am authorized by the City of Emory to sign this form.

Signature: Michael E. Dann

Printed Name: Michael E. Dann

Relationship to Applicant: City Administrator

Date signed: 3/28/2012

Mail or Fax to:
Sheresia Perryman
Utilities & Districts Section, MC 153
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087
Fax: (512) 239-6972

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2012 APR 3 PM 11 49

CONSENT FORM

Applicant's Name: South Rains Water Supply Corporation
Application Nos.: 37018-C

- I concur with the recommendation contained in the staff memorandum transmitted by letter dated December 16, 2011.
- I do not concur with and intend to respond to the recommendation contained in the staff memorandum transmitted by letter dated December 16, 2011. I understand that I have 14 days from the date of this letter to provide my response.

I am authorized by South Rains Water Supply Corporation to sign this form.

Signature: Bob Renbarger

Printed Name: Bob Renbarger

Relationship to Applicant: a Horney

Date signed: 12/28/11

Mall or Fax to:
Sheresia Perryman
Utilities & Districts Section, MC 153
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087
Fax: (512) 239-6972

RECEIVED
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JUN 3 PM 2 18

Bryan W. Shaw, Ph.D., *Chairman*
Carlos Rubinstein, *Commissioner*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 7, 2012

Mr. Bob Renbarger
Fritz, Byrne, Head & Harrison, PLLC
98 San Jacinto Blvd., Suite 2000
Austin, Texas 78701

Re: TCEQ Docket No. 2011-1063-UCR; Consideration of a request for a Commission order approving a contract designating service areas between South Rains Water Supply Corporation and the City of Emory.

Dear Mr. Renbarger:

This letter is to inform you that the above-referenced application has been set on the Agenda for consideration by the Texas Commission on Environmental Quality (TCEQ). This Agenda will occur on June 27, 2012, beginning at 9:30 a.m. in Building E, Room 201S, 12100 Park 35 Circle, Austin, Texas. Please attend the Agenda, or send a representative, to explain the agreement and to answer any questions the Commissioners may have. Included with this letter are the Agenda backup materials to be considered by the Commission.

Persons with disabilities who plan to attend this hearing and who need special accommodations at the Agenda should call the TCEQ Public Education Program at 1-800-687-4040 or 1-800-RELAY-TX (TDD) at least one week prior to the hearing. If you have any procedural questions, you may contact the TCEQ Office of Public Interest Counsel at 512-239-6363. If you have any other questions about this matter, you may contact Sheresia Perryman from the Water Supply Division at 512-239-3654 or me at 512-239-0608.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Olson".

Ron M. Olson
Attorney
Environmental Law Division

Enclosure

Bryan W. Shaw, Ph.D., *Chairman*
Carlos Rubinstein, *Commissioner*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 7, 2012

Mr. Michael Dunn
City Administrator
City of Emory
P. O. Box 100
Emory, Texas 75440

Re: TCEQ Docket No. 2011-1063-UCR; Consideration of a request for a Commission order approving a contract designating service areas between South Rains Water Supply Corporation and the City of Emory.

Dear Mr. Dunn:

This letter is to inform you that the above-referenced application has been set on the Agenda for consideration by the Texas Commission on Environmental Quality (TCEQ). This Agenda will occur on June 27, 2012, beginning at 9:30 a.m. in Building E, Room 201S, 12100 Park 35 Circle, Austin, Texas. Please attend the Agenda, or send a representative, to explain the agreement and to answer any questions the Commissioners may have. Included with this letter are the Agenda backup materials to be considered by the Commission.

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Ron M. Olson
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Enclosure