

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

April 26, 2013

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. 2013-0471-UCR; Consideration of a request for a Commission order approving a contract designating service areas between the City of Kerrville (City), Certificate of Convenience and Necessity (CCN) No. 12928, and Kerrville South Water Co., Inc. (Kerrville South), CCN No. 11484

Dear Ms. Bohac:

Transmitted herewith for filing with the Texas Commission on Environmental Quality (Commission or TCEQ) are the following items to be filed as backup materials for the May 22, 2013, agenda on a request for an order approving contracts designating water service areas between the City of Kerrville and Kerrville South Water Co., Inc.:

1. Proposed Order;
2. Agenda Executive Summary;
3. Caption;
4. Staff memo detailing financial, managerial, and technical capabilities of the City of Kerrville to provide continuous and adequate service to the affected area;
5. Request for Commission order approving a Texas Water Code Section 13.248 agreement filed by the City on March 28, 2012, and declared administratively complete on August 6, 2012;
6. Texas Water Code, Section 13.248 contract between the City and Kerrville South executed on January 26, 2012;
7. Certificates of Convenience and Necessity (CCN) Nos. 12928 and 11484;
8. Proposed map of the service areas subject to the section 13.248 agreement;
9. Notices Mailed to Parties; and
10. Consent forms signed by representatives for both the City and Kerrville South giving approval to the ED for the above final maps.

Please do not hesitate to contact me at (512) 239-4761 if you have any questions regarding this material. Thank you for your attention to this matter.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kayla Murray".

Kayla Murray, Staff Attorney
Environmental Law Division

Enclosures

cc: Mailing list

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



TCEQ DOCKET NO. 2013-0471-UCR
APPLICATION NO. 37316-C

IN THE MATTER OF THE	§	BEFORE THE TEXAS
REQUEST FOR AN ORDER	§	
APPROVING THE CONTRACT	§	
DESIGNATING SERVICE	§	
AREAS BETWEEN	§	COMMISSION ON
THE CITY OF KERRVILLE	§	
AND KERRVILLE SOUTH	§	
WATER CO. INC., IN	§	
KERR COUNTY, TEXAS	§	ENVIRONMENTAL QUALITY

ORDER

A request for a Commission order approving a contract designating a service area to be dually certificated between the City of Kerrville (City), Certificate of Convenience and Necessity (CCN) No. 12928, and Kerrville South Water Co., Inc. (Kerrville South), CCN No. 11484, in Kerr 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 January 26, 2012, the City and Kerrville South entered into a Water Supply Contract (Contract) regarding their respective water service areas pursuant to Section 13.248 of the Texas Water Code. Under the contract, Kerrville South will designate a portion of its CCN area to the City in order for this system currently being served solely by Kerrville South to also be served by the City. The contract states that Kerrville South will designate that portion of its CCN area for dual certification with the City for an agreed upon consideration. The total acreage amount to be transferred is approximately 15.6 acres. No facilities or customers will be transferred. The Agreement is attached to this Order.

Contracts 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. TEXAS WATER CODE, §13.248.

The Commission held a hearing on the request at the March 27, 2013, agenda and found the request had merit.

The City is capable of rendering continuous and adequate water service to every customer in the area at issue as described by contract. The dual certification of the affected area, which results in both the City and Kerrville South as water service providers, 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 contract agreeing to dual certification of the approximate 15.6 acre tract of land in Kerrville South Water Co., Inc.'s CCN No. 11484 with the City of Kerrville's CCN No. 12928 is hereby approved.

CCN No. 11484 in Kerr County, held by Kerrville South Water Co., Inc., is hereby amended in accordance with the contract.

CCN No. 12928 in Kerr County, held by the City of Kerrville, is hereby amended in accordance with the contract.

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

For the Commission

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

TO: Texas Commission on Environmental Quality **DATE:** April 26, 2013
THRU: Bridget Bohac, Chief Clerk
FROM: Environmental Law Division
SUBJECT: **TCEQ Docket No. 2013-0471-UCR.** Consideration of a request for a Commission order approving a contract designating service areas between the City of Kerrville and Kerrville South Water Co., Inc.

DESCRIPTION OF APPLICATION

Applicant: The City of Kerrville
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 City of Kerrville (“The City”), water certificate of convenience and necessity (“CCN”) No. 12928, and the Kerrville South Water Co., Inc. (“Kerrville South”), CCN No. 11484, provide retail water service in Kerr County, Texas. On January 26, 2012, the City and Kerrville South entered into an agreement regarding their respective water service areas pursuant to §13.248 of the Texas Water Code. Under the agreement, Kerrville South will designate a portion of its CCN area for dual certification with the City for an agreed upon consideration. No facilities or customers will be transferred.

LEGAL AUTHORITY

The Texas Water Code prohibits a utility from providing retail sewer utility service directly or indirectly to the public without first obtaining a CCN from the Commission. *TWC § 13.242(a)*. Conversely, a municipality is not required to obtain a CCN to provide

retail sewer service.¹ However, a municipality may not provide service to areas that are within the certificated area of another retail public utility without first obtaining written consent from that retail public utility. *TWC § 13.242(b)*.

The Texas Water Code and TCEQ's regulations allow retail public utilities to enter into service area agreements and have the Commission affirm the agreements by amending the entities' respective CCNs. *TWC § 13.248; see also 30 TAC § 291.117 (incorporating § 13.248 into TCEQ's rules)*.² However, a retail public utility must receive consent to obtain or amend a CCN within the corporate boundaries or extraterritorial jurisdiction ("ETJ") of a municipality with a population of 500,000 or more. *30 TAC § 291.105(b)(1)*. Therefore, an amendment of a CCN to effect a service area agreement within such an area also requires consent from the municipality.

A transfer of a water or sewer system that includes the transfer of customers and/or facilities may also require separate Commission approval for the transfer of customers and/or facilities. *TWC § 13.301*.³

The request to approve a Section 13.248 agreement is not subject to the notice provisions of Title 30, Section 291.106 of the Texas Administrative Code which apply to applications for new or amended CCNs. *30 TAC § 291.106(b)(3)(A)*. The Commission may approve the service area agreement at an agenda hearing 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.

BASIS FOR STAFF RECOMMENDATION

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

¹ A municipality is a "retail public utility" under Section 13.002(19) of the Texas Water Code and is not a "utility" under Section 13.002(23). Therefore, the TWC § 13.242(a) requirement that a "utility" must obtain a CCN before providing retail water utility service does not apply to a municipality.

² Section 13.248 of the Texas Water Code provides:

Contracts 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.

³ Section 13.301 of the Texas Water Code requires some applicants to 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.

1. Request for a Commission order approving a Texas Water Code 13.248 agreement filed by the City on March 28, 2012, and declared administratively complete on August 6, 2012;
2. Agreement between the City and Kerrville South executed on January 26, 2012;
3. Financial, managerial, and technical analysis of the City's ability to operate in the affected area;
4. Proposed Order;
5. Final proposed maps of the water service areas subject to the 13.248 agreement; and
6. Consent forms signed by representatives for both the City and Kerrville South which give approval to the ED for the above final maps.

STAFF RECOMMENDATION

Based upon the facts stated in the application and the supporting documentation submitted by the City and Kerrville South, staff supports the request for a Commission order approving a contract designating service areas for dual certification between the City and Kerrville South. Staff has confirmed that both parties are retail public utilities with active water CCNs and that the area the parties are seeking to dually certificate is certificated to Kerrville South. Further, staff is satisfied that the City possesses the adequate financial, managerial, and technical capability to provide continuous and adequate service to the area being dually certificated. Finally, the parties have reviewed the ED's proposed final maps and have signed consent forms showing approval for the proposed maps.

STAFF CONTACTS

Kayla Murray, Environmental Law Division (239-4761)
Heidi Graham, Water Supply Division (239-0844)

CAPTION
City of Kerrville / Kerrville South Water Co., Inc.
Application No. 37316-C

TCEQ Docket No. 2013-0471-UCR. Consideration of a request for a Commission Order approving a contract designating service areas for dual certification between the City of Kerrville (City), Certificate of Convenience and Necessity (CCN) No. 12928, and Kerrville South Water Co., Inc. (Kerrville South), CCN No. 11484, in Kerr County, Texas, pursuant to section 13.248 of the Texas Water Code. Currently, Kerrville South holds a CCN for the area at issue. Under the contract, the City and Kerrville South have agreed to both provide retail water service to the approximately 15.6 acre area. There are no customers in this area. (Kayla Murray, Heidi Graham)

TCEQ Interoffice Memorandum

To: Environmental Law Division

Thru: Heidi Graham
Plan and Technical Review Team

Lisa Fuentes, Team Leader
Utilities Financial Review

From:  Debi Loockerman, CPA
Utilities Financial Review

Date: February 5, 2013

Subject: Contract Service Agreement Pursuant to Texas Water Code Section 13.248, between the City of Kerrville, Certificate of Convenience and Necessity (CCN) No. 12928, and Kerrville South Water Co., Inc., CCN No. 11484, in Kerr County; Application No. 37316-C

CN: 600522858; RN: 101241750 (City of Kerrville)

CN: 600649172; RN: 102672128 (Dobbin Plantersville WSC)

In my opinion, the City of Kerrville, CCN No. 12928, and Kerrville South Water Co., Inc., CCN No. 11484, have demonstrated adequate financial and managerial capability to provide the service reflected in the contract for release and transfer. These conclusions are based on information provided by the applicants prior to this date and may not reflect any changes in the applicants' status subsequent to this date.

Background

City of Kerrville and Kerrville South Water Co., Inc. (Kerrville South) entered into a contract on January 26, 2012 for dual certification. The affected area and transfer terms were described in the agreement and associated maps, which included the filing submitted to the TCEQ under TWC 13.248 of the agreement. There is no current requirement to install facilities.

A copy of Kerrville's September 30, 2011 Comprehensive Annual Financial Report (CAFR) was available on Kerrville's website. Kerrville received the Certificate for Achievement of Excellence in Financial Reporting from the Government Finance Officers' Association in connection with the 2010 CAFR. The financial statements included an unqualified auditor's opinion for the City of Kerrville for the fiscal year ended September 30, 2011.

The statement of net assets showed total assets of \$59.8 million, long-term debt of \$5.4 million and net assets (equity) of \$42.6, for an excellent ratio of debt to equity of 0.12:1. A ratio of less than 1:1 is preferred as a standard for determining financial/managerial capability. City of Kerrville provides service to more than 115,000 connections according to the CAFR.

The statement of revenues, expenditures and changes in fund balances for the proprietary funds showed a net operating income before depreciation, capital outlays, debt service, and transfers of \$4.8 million. Debt service for the year is \$4.3 million. The debt to equity ratio for the city is 1.12:1.00. A ratio of greater than 1.25:1.00 is preferred as the second

TCEQ Interoffice Memorandum

City of Kerrville/Kerrville South
TWC Section 13.248 Application
Page 2 of 2

standard for determining financial/managerial capacity. However, cash and investments total over \$11 million, which is 2.6 times the amount of annual debt service. Furthermore, the City's reserve is sufficient to cover debt service, especially light of the infrastructure already in place, and a sufficient debt to equity ratio.

Kerrville South is owned by Aqua Utilities, Inc. which is a subsidiary of Aqua America, Inc. but is a separate entity filing its own annual report for Texas operations. The 2011 annual report indicates that the company experienced net operating income before depreciation of \$250,997 and a total number of connections of 1,285. We don't have individual debt information for Aqua Utilities, Inc. at this time, but Aqua America, Inc. is publicly traded, so the parent company information was available on the Securities and Exchange website. Therefore, I reviewed the SEC filings. According to Aqua Texas, Inc.'s Form 10K, for the period ending December 31, 2011, Operating income before depreciation and amortization was \$398 million. According to the Consolidated Statements of Income and Note 10 for the 2011 audited financial statements, debt service for 2012 is \$43 million and interest expense for 2012 is \$78 million, which results in approximate debt service of \$121 million for 2012. Therefore debt service coverage from operations would be \$398 million divided by \$121 million, or 3.29 to 1. According to the consolidated balance sheets, Aqua America's debt to equity ratio for 2011 was \$1,395 million to \$1,251 million equity, or 1.11 to 1. Given the current low cost of debt, this is a reasonable number. Furthermore, Aqua's debt service coverage ratio is more than adequate. The area subject to this contract is not material to Aqua's overall operations.

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

Bickerstaff Heath Delgado Acosta LLP

8711 S. MoPac Expressway Building One, Suite 800 Austin, Texas 78746 (512) 472-8021 Fax (512) 320-5638 www.bickerstaff.com

March 28, 2012

Via Hand Delivery

Kayla Murray, Staff Attorney
Texas Commission on Environmental Quality
Environmental Law Division
12100 Park 35 Circle, MC-173
Building A, 3rd Floor
Austin, TX 78753

RECEIVED
MAR 28 2012
TEXAS COMMISSION
ON
ENVIRONMENTAL QUALITY

Re: Application to Amend the City of Kerrville's Water CCN No. 12928; TCEQ
Docket No. 2010-1225-UCR

Dear Ms. Murray:

In September 2011, you let the City of Kerrville ("City") know that there was an overlap between the City's requested water CCN area and areas already served by or certificated to Kerrville South, Water CCN No. 11484. Since then, the City and Kerrville South have worked to resolve the issues regarding the overlapping territory and have reached a Texas Water Code § 13.248 agreement to designate territory to be served by each of the retail public utilities.

Based on this agreement, the City hereby amends its CCN application to remove from its CCN application the territory identified by the Section 13.248 agreement as territory to be served by Kerrville South, and request that after Kerrville's CCN application is issued, incorporate this agreement into the respective CCNs of the City and Kerrville South.

Included under cover of this letter are the following:

1. Four copies of the Agreement Designating Retail Water Service Territory between Kerrville South and the City, dated January 26, 2012;
2. Four copies of a map showing the City's revised proposed water CCN; and
3. One disk containing the metadata used to build the City's revised proposed water CCN.

If you have any questions or concerns, or need additional information, please call me at 512-472-8021, or email me at erogers@bickerstaff.com.

Kayla Murray, Staff Attorney
March 28, 2012
Page 2

Sincerely,


Emily W. Rogers

EWR/dfb
Enclosure(s)

cc: (without disk)

Blas J. Coy, Jr.
Texas Commission on Environmental Quality
Office of the Public Interest Counsel
PO Box 13087, MC-103
Austin, TX 78711-3087

Mark Zeppa, Attorney
Law Offices of Mark H. Zeppa, P.C.
4833 Spicewood Springs Rd., Suite 202
Austin, TX 78759-8436

Bob Renbarger, Attorney
Fritz, Byrne, Head & Harrison, LLP
98 San Jacinto Blvd., Suite 2000
Austin, TX 78701

AGREEMENT DESIGNATING RETAIL
WATER SERVICE TERRITORY

RECEIVED
MAR 28 2012
TEXAS COMMISSION
ON ENVIRONMENTAL QUALITY

STATE OF TEXAS

§
§
§

COUNTY OF KERR

This Agreement Designating Retail Water Service Territory ("Agreement") is made and executed by and between the Kerrville South Water Company ("Kerrville South"), and the City of Kerrville, Texas ("City"). Kerrville South and the City may be collectively referred to herein as the "Parties."

I. RECITALS

WHEREAS, Kerrville South Water Company, an investor-owned retail public utility is owned and operated by Aqua Texas, Inc., and has water Certificate of Convenience and Necessity ("CCN") No. 11484; and

WHEREAS, the City is a Texas municipal corporation which holds water CCN No. 12928;

WHEREAS, Kerrville South and the City agree it is mutually beneficial to both parties to designate certain customers and territory to be served by each entity to avoid disputes regarding service to the areas identified on Exhibit A attached to this Agreement; and

WHEREAS, Kerrville South and the City stipulate that this Agreement is an agreement under Texas Water Code § 13.248; and

NOW, THEREFORE, for and in consideration of the foregoing mutual benefits, covenants, and agreements herein expressed and other good and valuable consideration, the receipt of which is hereby acknowledged, Kerrville South and the City agree as follows:

II. TERMS OF AGREEMENT

IN CONSIDERATION of the mutual promises and covenants contained in this Agreement, including the recitals set forth above, and other good and valuable consideration, the receipt of which is hereby acknowledged, by their representatives affixing signatures below, Kerrville South and the City agree as follows:

(1) Service Area. Kerrville South and the City hereby agree to the following:

a. The City and Kerrville South may both provide retail water service to the area identified on Exhibit A as "Shared Service;"

b. The City may provide exclusive retail water service to the area identified on Exhibit A as property added to the City's water service area; and

c. Kerrville South may provide exclusive retail water service to the area highlighted on Exhibit A as "Aqua Texas Service Area" and to the area designated as the area added to Aqua Texas' water service area.

(2) Customers and Facilities in the Areas. No facilities or customers will be transferred from Kerrville South to the City or from the City to Kerrville South under this Agreement.

(3) Amendment of CCNs. As soon as possible after the Effective Date of this Agreement, Kerrville South and the City shall jointly file this Agreement with the Texas Commission on Environmental Quality ("TCEQ") to effectuate the designation of CCN service territory identified on Exhibit A, and to request that this Agreement be incorporated into the respective CCNs of the City and Kerrville South pursuant to Texas Water Code § 13.248. Kerrville South and the City shall endeavor to obtain TCEQ approval of this Agreement in an expeditious manner and will support and cooperate with each other and the TCEQ to accomplish this goal. The City shall prepare all of the required documents and maps required by the TCEQ to incorporate this Agreement into the respective CCNs of the City and Kerrville South.

(4) Effective Dates. This Agreement is effective and enforceable as between Kerrville South and the City on the date on which this Agreement is executed by the last to sign of Kerrville South and the City.

(5) Section 13.248. This Agreement shall be construed and interpreted in accordance with Section 13.248 of the Texas Water Code. Nothing in this Agreement limits or otherwise prohibits either Party from obtaining or transferring territory pursuant to Texas Water Code §§ 13.254 or 13.255, or limits or prohibits the City from exercising its original jurisdiction over water rates and service requirements of investor-owned utilities serving within the city limits of the City.

III. MISCELLANEOUS

(1) Applicable Texas Law. This Agreement shall be governed by and construed and enforced under the laws of the State of Texas.

(2) Performance. The obligations and undertakings of each of the parties to this Agreement shall be performed in Kerr County, Texas. Except for matters within the jurisdiction of the TCEQ (or its successor), the Parties expressly agree that all judicial proceedings to enforce any of the provisions of this Agreement shall take place in Kerr County, Texas.

(3) Entire Agreement. This Agreement contains the entire agreement of Kerrville South and the City with respect to the subject matter of the Agreement. No agreement, statement, or promise made by any Party or to any employee, agent, or officer of any Party, that is not contained in this Agreement shall be valid, binding, or of any force or effect. Any amendments to this Agreement must be in writing and signed by the Parties.

(4) Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors, heirs, representatives, and assigns.

(5) Agreement Drafted Equally. This Agreement shall be deemed drafted equally by the Parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against either Party shall not apply.

(6) Severability. Should any provision of this Agreement be declared void by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect.

(7) Attorney's Fees. In the event of any suit or other adjudication between the Parties to enforce any claim arising out of this Agreement, or to interpret the terms of this Agreement, the prevailing Party shall be entitled to recover its fees, damages, costs, attorneys' fees, and such other and further relief from the non-prevailing Party, general or special, at law or in equity.

(8) Covenant of Authority. The respective signatories to this Agreement covenant that they are fully authorized to sign this Agreement on behalf of their respective party.

(9) Notices. Unless expressly required otherwise, any notice required or permitted hereunder shall be in writing and shall be deemed to be delivered on the date received if delivered by hand to the address shown hereinafter for Kerrville South or the City, as appropriate, or, if deposited in the mail, such notice shall be deemed to be delivered, whether actually received or not, on the first business day after having been deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to Kerrville South or the City, as appropriate, at the address shown hereinafter. The addresses for Kerrville South or the City for all purposes under this Agreement shall be the following:

If to Kerrville South:	Aqua Texas Inc. 1106 Clayton Lane, Ste. 400W Austin, Tx 78723
If to the City:	City of Kerrville 800 Junction Hwy Kerrville TX 78028

The parties hereto shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by at least five (5) days written notice to the other party.

(10) Business Days. In the event that any date or any period provided for in this Agreement shall end on a Saturday, Sunday or legal holiday, the applicable period shall be extended to the first business day following such Saturday, Sunday or legal holiday. As used herein, the term "legal holiday" means any state or federal holiday for which financial institutions or post offices are generally closed in the State of Texas.

(11) Exhibits. All references to exhibits contained herein are references to exhibits attached hereto, all of which are made a part hereof.

(12) Recitals. The recitals in this agreement are true, correct, and incorporated by reference.

IN WITNESS WHEREOF, EXECUTED by the President of Kerrville South and the City Manager of the City of Kerrville under the authority of their respective governing bodies in Duplicate Originals on the dates indicated below.

Joan AQUA

KERRVILLE SOUTH, INC. *Joan AQUA*

BY: *[Signature]*
Robert L. Laughman

FILED
Date: *1/23/2012*

CITY OF KERRVILLE

BY: *[Signature]*
Todd Parton, City Manager

Date: *1/26/12*

ATTEST:

Brenda G. Craig
City Secretary of the City of Kerrville



Texas Commission On Environmental Quality

**By These Presents Be It Known To All That The
City of Kerrville**

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. 12928

to provide continuous and adequate water utility service to that service area or those service areas in Kerr County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 37316-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 Kerrville 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

Kerrville South Water Company, Inc.

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. 11484

to provide continuous and adequate water utility service to that service area or those service areas in Kerr County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 37316-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 Kerrville South Water Company, Inc. 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

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

April 26, 2013

Emily Rogers
Attorney at Law
Bickerstaff Heath Delgado Acosta
3711 S. MoPac Expressway, Building One, Suite 300
Austin, Texas 78746
erogers@bickerstaff.com

Glen E. Lewis
Director of Corporate Development
Aqua Texas, Inc.
1106 Clayton Lane, Suite 400W
Austin, Texas 78723
gelewis@aquaamerica.com

Re: TCEQ Docket No. 2013-0471-UCR; Consideration of a request for a Commission order approving a contract designating service areas between the City of Kerrville (City), Certificate of Convenience and Necessity (CCN) No. 12928, and Kerrville South Water Co., Inc. (Kerrville South), CCN No. 11484

Dear Ms. Rogers and Mr. Lewis:

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 May 22, 2013, beginning at 9:30 a.m. in Building E, Room 201S, 12100 Park 35 Circle, Austin, Texas. Included with this letter are the Agenda backup materials to be considered by the Commission. At least one of you will need to attend the Agenda to explain the agreement and to answer any questions the Commissioners may have.

Persons with disabilities who plan to attend this hearing and who need special accommodations at the Agenda should call the TCEQ Office of Public Assistance at 1-800-687-4040 or 1-800-RELAY-TX (TDD) at least one week prior to the hearing. If you have any questions about this matter, you may contact Heidi Graham from the Water Supply Division at 1-512-239-0844 or me at 1-512-239-4761.

Sincerely,

A handwritten signature in cursive script that reads "Kayla Murray".

Kayla Murray
Staff Attorney
Environmental Law Division

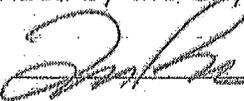
Enclosure

CONSENT FORM

Applicant's Name: City of Kerrville
Application No.: 37316-C

- I concur with the map created 1/28/2013 as a result of the above mentioned application.
- I do not concur with the map created 1/28/2013 and intend to respond by letter dated _____.

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

Signature: 

Printed Name: Todd Parson

Relationship to Applicant: City Manager, City of Kerrville

Date signed: 2/25/13

Mall to or fax to:
Heidi Graham
Utilities & Districts Section, MC 159
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087
Fax (512) 239-6972

CONSENT FORM

Applicant's Name: Kerrville South Water Company, Inc.
Application No.: 37316-C

- I concur with the map created on 1/28/13 as a result of the above referenced application.
- I do not concur with the map created 1/28/13 and intend to respond by letter dated _____

I am authorized by Kerrville South Water Company, Inc. to sign this form.

Signature: 

Printed Name: Glen E. Lewis

Relationship to Applicant: Attorney

Date signed: February 20, 2013

Mail or fax to:
Heidi Graham
Utilities & Districts Section, MC 159
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087
Fax: (512) 239-6972