



Control Number: 43175



Item Number: 32

Addendum StartPage: 0

SOAH DOCKET NO. 473-15-2274.WS  
PUC DOCKET NO. 43175

APPLICATION OF COMMUNITY §  
 WATER SERVICE, INC. and WALTER J. § BEFORE THE STATE OFFICE  
 CARROLL WATER COMPANY, INC. §  
 FOR SALE, TRANSFER, OR MERGER § OF  
 OF FACILITIES AND CERTIFICATE §  
 RIGHTS IN ELLIS COUNTY § ADMINISTRATIVE HEARINGS

RECEIVED  
 2015 MAY 14 PM 12:24  
 PUBLIC UTILITY COMMISSION  
 FILING CLERK

NOTICE OF FILING

COMES NOW Walter J. Carroll Water Co., Inc., and files this *Notice of Filing* and requests that the Administrative Judge assigned herein and all parties of record take notice of the Exhibits attached hereto and listed below, and which are referenced in the pre-filed testimony filed herein in support of the above-referenced Application.

Applicants' Exhibits in Support of Pre-Filed Testimony

<u>Exhibit</u>	<u>Page</u>	<u>Description</u>
A-1	6	Community Water Service, Inc. and the Walter J. Carroll Water Company, Inc.'s Application for Sale, Transfer or Merger of a Retail Public Utility.
A-2	7	Resume of Walter J. Carroll.
A-3	9	July 2013 Agreement between Community Water Services, Inc. and Walter J. Carroll Water Co., Inc.
A-4	10	May 2015 Agreement between Community Water Services, Inc. and Walter J. Carroll Water Co., Inc.
A-5	18	Articles of Incorporation – Community Water Service, Inc.
A-6	21	Warranty Deed 1978.
A-7	23	Bill of Sale 1978.
A-8	24	Resume of Ricky L. Reeder, Operations Manager of Walter J. Carroll Water Co., Inc.
A-9	25	Resume of Charles P. Gillespie, Jr., P.E., President of Consulting Environmental Engineers, Inc.
A-10	26	List of Documents Reviewed by Charles P. Gillespie, Jr., P.E., President of Consulting Environmental Engineers, Inc.
A-11	34	Texas Natural Resource Conservation Commission, <i>Certificate For Outstanding Performance</i> , for period 1992-1996.
A-12	35	List of Documents Reviewed by Walter J. Carroll, President of Walter J. Carroll Water Co., Inc.

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A-14	49	Map of production, transmission and distribution facilities for the Facilities in question.
A-15	51	TCEQ Exit Interview Form April 7, 2015.
A-16	52	Customer List and Deposit Information.
A-17	58	Articles of Incorporation of Walter J. Carroll Water Co., Inc.
A-18	66	Ricky L. Reeder's Class C Ground Water Treatment Operator License issued by the TCEQ.
A-19	67	Records made available by the TCEQ in regard to regulatory performance histories of Community Water Service, Inc. and Walter J. Carroll Water Co., Inc.

Respectfully submitted,

WEYCER, KAPLAN, PULASKI & ZUBER, P.C.



CORY D. HALLIBURTON

State Bar No. 24049044

3030 Matlock Road, Suite 201

Arlington, TX 76015

Telephone: (817) 795-5046

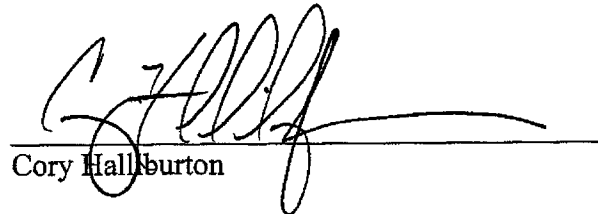
Facsimile: (866) 248-4297

[challiburton@wkpz.com](mailto:challiburton@wkpz.com)

ATTORNEYS FOR WALTER J. CARROLL  
WATER CO., INC.

**CERTIFICATE OF SERVICE**

The undersigned does hereby certify that on this 12<sup>th</sup> day of May, 2015, a true and correct copy of the forgoing Notice of Filing and Exhibits thereto have been forwarded to the parties listed on the service list below via Certified Mail, Return Receipt Requested. I certify that this Certificate of Service complies with Title 1, Part 7, Chapter 155, Subchapter C, Rule § 155.103 of the Texas Administrative Code.



Cory Halliburton

**SERVICE LIST**

<b><u>PARTIES</u></b>	<b><u>REPRESENTATIVE / ADDRESS</u></b>
SOAH	<p><b><u>CM/RRR#7013 0600 0001 8792 4837</u></b>                      The Honorable Lilo D. Pomerleau                      State Office of Administrative Hearings                      PO Box 13025                      Austin, Texas 78711-3025</p>
PUBLIC UTILITY COMMISSION	<p><b><u>VIA FEDEX OVERNIGHT</u></b>                      Mr. Doug M. Brown                      Attorney-Legal Division                      Public Utility Commission                      1701 N Congress Ave., Ste 8-110                      Austin, TX 78711</p>
Walter J Carroll Water Co., Inc.	<p><b><u>CM/RRR#7013 0600 0001 8792 4851</u></b>                      Mr. Walter Carroll                      Walter J. Carroll Water Co., Inc.                      513 Winding Creek Trail                      Red Oak, TX 75154</p>
Community Water Service, Inc.	<p><b><u>CM/RRR#7013 0600 0001 8792 4868</u></b>                      Ms. Bonnie Frame                      Community Water Service, Inc.                      P.O. Box 850155                      Mesquite, TX 75185</p> <p><b><u>CM/RRR#7013 0600 0001 8792 4875</u></b>                      Mr. Dustan Dewinne                      Consulting Environmental Engineers, Inc.                      150 N. Harbin Dr., Ste. 408                      Stephenville, TX 76401</p>
City of Red Oak	<p><b><u>CM/RRR#7013 0600 0001 8792 4882</u></b>                      Mr. Albert E. Lawrence Jr.                      City of Red Oak                      200 Lakeview Parkway                      Red Oak, TX 75154</p> <p><b><u>CM/RRR#7013 0600 0001 8792 4899</u></b>                      Mr. Robert E. Hager                      NICHOLS, JACKSON, DILLARD,                      HAGER &amp; SMITH, L.L.P.                      1800 Ross Tower                      500 North Akard                      Dallas, Texas 75201</p>

**SOAH DOCKET NO. 473-15-2274.WS  
PUC DOCKET NO. 43175**

**APPLICATION OF COMMUNITY §  
WATER SERVICE, INC. and WALTER J. § BEFORE THE STATE OFFICE  
CARROLL WATER COMPANY, INC. §  
FOR SALE, TRANSFER, OR MERGER § OF  
OF FACILITIES AND CERTIFICATE §  
RIGHTS IN ELLIS COUNTY § ADMINISTRATIVE HEARINGS**

**INDEX OF EXHIBITS IN SUPPORT OF PRE-FILED TESTIMONY  
SUBMITTED BY WALTER J. CARROLL WATER CO., INC.**

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# **Exhibit A-1**

**Control Number: 43175: APPLICATION OF COMMUNITY WATER SERVICE, INC. AND WALTER J. CARROLL WATER COMPANY, INC. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN ELLIS COUNTY (37981-S)**

## **Application for Sale, Transfer, or Merger of Retail Public Utility**

**Filed with Public Utility Commission –  
September 18, 2014**

**Item Number: 1**

**[http://interchange.puc.texas.gov/WebApp/Interchange/application/dbapps/filings/pgSearchResults.asp?TXT\\_CNTR\\_NO=43175&TXT\\_ITEM\\_NO=1](http://interchange.puc.texas.gov/WebApp/Interchange/application/dbapps/filings/pgSearchResults.asp?TXT_CNTR_NO=43175&TXT_ITEM_NO=1)**

## Walter J. Carroll

513 Winding Creek Trail  
972-617-0817

Red Oak, Texas 75154  
972-816-8764

### Education & Military Experience

United States Marine Corp - Korean War Veteran

Oklahoma Christian College – Completed 1 year

### Personal Business Experience

Mr. Carroll has spent most of his life self-employed providing for his family of six with his entrepreneurial skills.

#### Walter J. Carroll Water Company, Inc.

1965-Present

Owner Operator of public water systems. Incorporated in 1989. Sole proprietorship from about 1965 – 1989.

The company currently owns, manages and operates four retail public water systems in Ellis County, Texas, with a total of about 1,500 customers and about 463 connections. Mr. Carroll installed an entire retail public water system including well, well site, and transmission lines. Mr. Carroll has overseen repair and maintenance work on these and other systems for about 50 years, and is knowledgeable of the regulatory requirements to operate a retail public water system.

#### Walter J. Carroll Custom Homes

1975-1988

Custom Built Homes

He built custom one of a kind homes in exclusive neighbors in De Soto, Lancaster, and Red Oak, Texas.

#### Walter J. Carroll Trucking

1969-1981

Long Haul Trucking and Brick Sales

He owned and operated the trucking business with several trucks. He was involved in the sale of bricks to custom home builders.

#### Walter J. Carroll Brick Laying

1952-1969

Bricklayer

He started his work life as a skilled bricklayer, a trade he learned from his father. He laid bricks on single family houses, apartment buildings, schools, and churches.

### Other Professional Experience

#### National Life Insurance Company

1966-1967

Life Insurance Sales and Service

Applicants' Exhibit

A-2



He sold and serviced life insurance policies in the Dallas area. He won several awards for his sales.

### **Personal Life Experience**

Mr. Carroll is an active member of the Cold Springs Church of Christ in Lancaster, Texas. He has attended two other Churches of Christ in his lifetime. Those two churches are Peak and Eastside Church of Christ and Glenn Heights Church of Christ.

July 29, 2013

Community Water Service, Inc. agrees:

After the well at 105 Dana St, Red Oak, Texas 75154 is repaired and operating, Community Water Service, Inc. will maintain that well and operate the well providing water service to customers in the Community Water Service, Inc.-Red Oak water system. Community Water Service, Inc. agrees to provide electricity, chemicals and maintenance of this well and the water system until the TCEQ approves the sale of Community Water Service, Inc.-Red Oak to Walter J. Carroll Water Company, Inc. After TCEQ approval of the system, Community Water Service, Inc. agrees to sell the Community Water Service, Inc.-Red Oak system to Walter J. Carroll in the amount of \$25,000. When the bill of sale and money transactions are completed Walter J. Carroll will be given keys to the well lot and well house at 105 Dana St, Red Oak, Texas 75154. The repairs of the well will serve as earnest money to bind this agreement.

If Walter J. Carroll Water Company, Inc. has a reputable well repair company repair the well at 105 Dana St, Red Oak, Texas 75154 and the well fails, Community Water Service, Inc. agrees to sign paperwork selling the well lot including 55,000 gallon storage tank, pressure tank, and pump house including equipment in the well house for the amount of money spent to repair the well. This agreement will serve as security for Walter J. Carroll.

Walter J. Carroll Water Company, Inc. agrees to hire a reputable well repair company to make repairs on the well at 105 Dana St, Red Oak, Texas 75154, and to complete TCEQ paperwork to purchase the Community Water Service, Inc.-Red Oak water system for the amount of \$25,000.

I, Bonnie Frame, representative of Community Water Service, Inc., agree to the above stipulations.

Bonnie Frame

7-29-2013

I, Walter J. Carroll, representative of Walter J. Carroll Water Company, Inc. agree to the above stipulations.

Walter J. Carroll

7-29-2013

**AGREEMENT CONCERNING SALE AND TRANSFER OF WATER SYSTEMS  
FACILITIES AND REAL PROPERTY**

**THIS AGREEMENT** ("Agreement") is made and entered into effective May 8, 2015 (the "Effective Date") by and between **COMMUNITY WATER SERVICE, INC.** ("CWS") and **WALTER J. CARROLL WATER CO., INC.** ("WJCW"). CWS and WJCW are collectively referred to as the "parties."

**WHEREAS**, by letter agreement dated July 29, 2013 (the "2013 Letter Agreement"), a true and correct copy of which is attached hereto as Exhibit A and incorporated herein, CWS agreed to sell, and WJCW agreed to purchase certain real property and water system facilities, known as the "Community Water Service, Inc. – Red Oak" (the "Facilities"), located in Ellis County, Texas, as more fully described herein (collectively, the "Facilities and Real Property");

**WHEREAS**, per the 2013 Letter Agreement, the parties agreed that the transfer of ownership and title of and to the Facilities and Real Property from CWS to WJCW was conditioned upon the following: (1) WJCW's provision of repairs to the Facility, including to the well that services the Facilities (the "Repairs"); (2) the Texas Commission on Environmental Quality's ("TCEQ") approval of the Application for Sale, Transfer, or Merger of a Retail Public Utility for the sale, transfer or merger of the Facilities to WJCW (the "Application"), which is currently the subject of State Office of Administrative Hearings Docket No. 473-15-2274.WS and PUC Docket No. 43175; and (3) WJCW's tender of an additional \$25,000.00 after such approval of the Application by the TCEQ; and

**WHEREAS**, the parties desire to confirm their intentions in regard to the transfer of ownership and title to the Facilities and Real Property.

**NOW, THEREFORE**, for \$10.00 and other good and valuable consideration, the sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereof, the parties agree as follows:

1. CWS agrees and confirms that WJCW has performed all Repairs required by the 2013 Letter Agreement, all to the satisfaction of CWS.
2. WJCW agrees that upon the effective date of the final approval of the Application by the Public Utility Commission, the TCEQ, the State Office of Administrative Hearings or other agency or judicial body (as the case may be), thereby finally approving the sale, transfer and/or merger of the Facilities requested in the Application, WJCW shall be obligated to tender the balance of the purchase price of \$25,000.00 to CWS.
3. CWS agrees that, simultaneously with the receipt of WJCW's tender of the balance of the purchase price of \$25,000.00 and as part of the closing, CWS shall transfer title and ownership of the Facilities and Real Property to WJCW pursuant to the Warranty Deed and Bill of Sale attached hereto as Exhibit B and Exhibit C, respectively, which are incorporated herein by this reference as if set out in full for all purposes.

4. CWS agrees that, simultaneously with the receipt of WJWC's tender of the balance of the purchase price of \$25,000.00 and as part of the closing, CWS shall transfer to WJWC, all books of customer account, maintenance records, the CWS well file, and all other records relating to the operation, design and management of the Facilities. After the closing, if CWS discovers any such records in its possession, custody or control, CWS will promptly provide such records to WJWC.
5. The parties agree that the closing described herein shall occur within 30 days after the date of the final approval of the Application by the Public Utility Commission, the TCEQ or other agency or judicial body (as the case may be), thereby finally approving the sale, transfer and/or merger of the Facilities requested in the Application.
6. Notwithstanding the foregoing, the parties agree that if the Public Utility Commission, the TCEQ, the State Office of Administrative Hearings, or other agency or judicial body (as the case may be) determines that certain substantial capital improvements to the Facilities and/or Real Property shall be required and/or necessary in order for such governmental body to approve the transfer of ownership and title of the Facilities and/or Real Property to WJWC as requested in the Application, WJWC shall have the exclusive right, in its sole discretion, to rescind this Agreement and/or the 2013 Letter Agreement, thereby voiding WJWC's right and further obligations in, under and to this Agreement and/or the 2013 Letter Agreement. Such rescission shall be ineffective unless it is in writing and signed and notarized by an authorized representative of WJWC.
7. The parties agree to use their best efforts to cooperate and to execute such other agreements, documents or forms as may be necessary to accomplish the transfers of the Facilities, Real Property and documents as expressed herein.
8. This Agreement is performable in Ellis County, Texas, may be executed in multiple counterparts, and shall be subject to the laws of the State of Texas. Signed facsimile or PDF versions of this Agreement shall be treated as originals.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives as of the Effective Date.

COMMUNITY WATER SERVICE, INC.

By: Bonnie Frame  
Name: Bonnie Frame  
Title: President and Authorized Representative  
Date: \_\_\_\_\_

WALTER J. CARROLL WATER CO., INC.

By: \_\_\_\_\_  
Name: Walter J. Carroll  
Title: President and Authorized Representative  
Date: \_\_\_\_\_

4. CWS agrees that, simultaneously with the receipt of WJWC's tender of the balance of the purchase price of \$25,000.00 and as part of the closing, CWS shall transfer to WJWC, all books of customer account, maintenance records, the CWS well file, and all other records relating to the operation, design and management of the Facilities. After the closing, if CWS discovers any such records in its possession, custody or control, CWS will promptly provide such records to WJWC.
5. The parties agree that the closing described herein shall occur within 30 days after the date of the final approval of the Application by the Public Utility Commission, the TCEQ or other agency or judicial body (as the case may be), thereby finally approving the sale, transfer and/or merger of the Facilities requested in the Application.
6. Notwithstanding the foregoing, the parties agree that if the Public Utility Commission, the TCEQ, the State Office of Administrative Hearings, or other agency or judicial body (as the case may be) determines that certain substantial capital improvements to the Facilities and/or Real Property shall be required and/or necessary in order for such governmental body to approve the transfer of ownership and title of the Facilities and/or Real Property to WJCW as requested in the Application, WJCW shall have the exclusive right, in its sole discretion, to rescind this Agreement and/or the 2013 Letter Agreement, thereby voiding WJCW's right and further obligations in, under and to this Agreement and/or the 2013 Letter Agreement. Such rescission shall be ineffective unless it is in writing and signed and notarized by an authorized representative of WJCW.
7. The parties agree to use their best efforts to cooperate and to execute such other agreements, documents or forms as may be necessary to accomplish the transfers of the Facilities, Real Property and documents as expressed herein.
8. This Agreement is performable in Ellis County, Texas, may be executed in multiple counterparts, and shall be subject to the laws of the State of Texas. Signed facsimile or PDF versions of this Agreement shall be treated as originals.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives as of the Effective Date.

**COMMUNITY WATER SERVICE, INC.**

By: \_\_\_\_\_  
 Name: Bonnie Frame  
 Title: President and Authorized Representative  
 Date: \_\_\_\_\_

**WALTER J. CARROLL WATER CO., INC.**

By: Walter J. Carroll  
 Name: Walter J. Carroll  
 Title: President and Authorized Representative  
 Date: 5-4-15

**EXHIBIT A**  
**2013 LETTER AGREEMENT**

July 29, 2013

Community Water Service, Inc. agrees:

After the well at 105 Dana St, Red Oak, Texas 75154 is repaired and operating, Community Water Service, Inc. will maintain that well and operate the well providing water service to customers in the Community Water Service, Inc.-Red Oak water system. Community Water Service, Inc. agrees to provide electricity, chemicals and maintenance of this well and the water system until the TCEQ approves the sale of Community Water Service, Inc.-Red Oak to Walter J. Carroll Water Company, Inc. After TCEQ approval of the system, Community Water Service, Inc. agrees to sell the Community Water Service, Inc.-Red Oak system to Walter J. Carroll in the amount of \$25,000. When the bill of sale and money transactions are completed Walter J. Carroll will be given keys to the well lot and well house at 105 Dana St, Red Oak, Texas 75154. The repairs of the well will serve as earnest money to bind this agreement.

If Walter J. Carroll Water Company, Inc. has a reputable well repair company repair the well at 105 Dana St, Red Oak, Texas 75154 and the well fails, Community Water Service, Inc. agrees to sign paperwork selling the well lot including 55,000 gallon storage tank, pressure tank, and pump house including equipment in the well house for the amount of money spent to repair the well. This agreement will serve as security for Walter J. Carroll.

Walter J. Carroll Water Company, Inc. agrees to hire a reputable well repair company to make repairs on the well at 105 Dana St, Red Oak, Texas 75154, and to complete TCEQ paperwork to purchase the Community Water Service, Inc.-Red Oak water system for the amount of \$25,000.

I, Bonnie Frame, representative of Community Water Service, Inc., agree to the above stipulations.

Bonnie Frame 7-29-2013

I, Walter J. Carroll, representative of Walter J. Carroll Water Company, Inc. agree to the above stipulations.

Walter J. Carroll 7-29-2013

**EXHIBIT B**

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**GENERAL WARRANTY DEED**

STATE OF TEXAS

§  
§  
§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF ELLIS

THAT COMMUNITY WATER SERVICE, INC., a Texas corporation ("Grantor"), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) cash in hand paid as well as the provision of valuable goods and services by WALTER J. CARROLL WATER CO., INC., a Texas corporation ("Grantee"), whose address is 513 Winding Creek, Red Oak, Texas 75154, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Grantor, has GRANTED, BARGAINED, SOLD, and CONVEYED, and by these presents does GRANT, BARGAIN, SELL, and CONVEY unto Grantee, that certain tract of real property situated in Ellis County, Texas, described as follows:

Being in Beckley Pike Estates Addition, an addition in Ellis County, Texas, according to the Revised Plat thereof, recorded in Plat Book 1, Page 321, Plat Records of Ellis County, Texas, to wit:

Lot One (1), Block Eight (8), of Beckley Pike Estates Addition, an addition in Ellis County, Texas, according to the Revised Plat thereof, recorded in Plat Book 1, Page 321, Plat Records of Ellis County, Texas, together with all improvements situated thereon.

together with all and singular the rights, privileges, hereditaments, and appurtenances pertaining to such real property, including any and all buildings, improvements and fixtures currently attached to and located thereon (the "Property").

For the same consideration, Grantor has GRANTED, BARGAINED, SOLD, and CONVEYED, and by these presents does GRANT, BARGAIN, SELL, and CONVEY unto Grantee, without warranty, express or implied, all interest of Grantor, if any, in (1) strips and gores, if any, between the Property and any abutting properties, whether owned or claimed by deed, limitations, or otherwise, and whether located inside or outside the Property; and (2) any land lying in or under the bed of any creek, stream, or waterway or any highway, avenue, street, road, alley, easement or right-of-way, open or proposed, in, or across, abutting or adjacent to the Property.

This conveyance is being made by Grantor and accepted by Grantee subject to taxes for the year 2015, the payment of which Grantee assumes.



TO HAVE AND TO HOLD the Property, together with, all and singular, the rights and appurtenances thereto in anywise belonging, to Grantee and Grantee's successors and assigns forever; and subject to the Permitted Exceptions contained herein, Grantor does hereby bind Grantor and Grantor's successors and assigns to warrant and forever defend, all and singular, the Property unto the Grantee and Grantee's successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof.

EXECUTED to be effective as of the \_\_\_\_ day of \_\_\_\_\_, 2015.

**GRANTOR:**

COMMUNITY WATER SERVICE, INC.

By: \_\_\_\_\_  
Name: Bonnie Frame  
Title: President

STATE OF TEXAS           §

COUNTY OF ELLIS       §

BEFORE ME, the undersigned, a notary public in and for said County and State, on this day personally appeared BONNIE FRAME, President of Community Water Service, Inc., a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument and swore to me that he/she executed the same on behalf of said entity, for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said entity.

GIVEN under my hand and seal of office this \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public, State of Texas

**EXHIBIT C**

**BILL OF SALE**

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, COMMUNITY WATER SERVICE, INC., a Texas corporation ("Seller"), hereby bargains, sells, conveys and transfers to WALTER J. CARROLL WATER CO., INC., a Texas corporation, ("Buyer") all of Seller's right, title and interest in all of the wells, well casings, pipes, pumps, motors, meter taps, meters, distribution lines, easement rights, and all material (including all books of customer account, maintenance records, and all other records relating to the operation, design, ownership and management of the Facilities) and equipment of whatever kind whether attached to realty or located on and used in connection with the water supply system (generally referred to herein as the "Facilities") serving Lot One (1), Block Eight (8), of Beckley Pike Estates Addition, an addition in Ellis County, Texas, according to the Revised Plat thereof, recorded in Plat Book 1, Page 321, Plat Records of Ellis County, Texas, and commonly known as the "Community Water Service, Inc. - Red Oak" (all the foregoing collectively referred to as the "Personal Property"). Seller represents that Seller has good and indefeasible title to such Personal Property.

IN WITNESS WHEREOF, Seller has caused this instrument to be executed and delivered as of this \_\_\_ day of \_\_\_\_\_, 2015.

SELLER:

COMMUNITY WATER SERVICE, INC.

By: \_\_\_\_\_  
Name: Bonnie Frame  
Title: President

STATE OF TEXAS           §  
                                  §  
COUNTY OF ELLIS       §

BEFORE ME, the undersigned, a notary public in and for said County and State, on this day personally appeared BONNIE FRAME, President of Community Water Service, Inc., a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument and swore to me that he/she executed the same on behalf of said entity, for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said entity.

GIVEN under my hand and seal of office this \_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public, State of Texas

ARTICLES OF INCORPORATION

OF

COMMUNITY WATER SERVICE, INC.



We, the undersigned natural persons of the age of twenty-one years or more, at least two of whom are citizens of the State of Texas, acting as incorporators of a corporation under the Texas Business Corporation Act, do hereby adopt the following Articles of Incorporation for said corporation:

I.

The name of the corporation is COMMUNITY WATER SERVICE, INC.

II.

The period of its duration is perpetual.

III.

The purpose or purposes for which the corporation is organized are:

The supply of water to the public for irrigation, power, manufacturing, municipal or domestic purposes, and to acquire such water by purchase, development or otherwise, to construct reservoirs or water towers, erect pumping machines, lay water mains, pipes, gates, valves and hydrants; and to collect payments or rentals for the water service furnished.

IV.

The aggregate number of shares which the corporation shall have authority to issue is Ten Thousand (10,000) of the par value of One Dollar (\$1.00) each, and, in addition thereto, a paid in capital surplus of \$15,000 for an aggregate total of \$25,000 in cash.

V.

The corporation will not commence business until it has received for the issuance of its shares consideration of

the value of One Thousand Dollars (\$1,000), consisting of money, labor done, or property actually received.

VI.

The post office address of its initial registered office is 8430 Lake June Road, Dallas, Texas, and the name of its initial registered agent at such address is IRA G. CORN, JR.

VII.

The number of directors constituting the initial Board of Directors is four (4), and the names and addresses of the persons who are to serve as directors at the first annual meeting of the shareholders, or until their successors are elected and qualified, are:

Ira G. Corn, Jr.  
5222 Wenonah Drive  
Dallas, Texas.

D. E. Castle  
209 South La Salle Street  
Chicago, Illinois.

William V. Carroll  
209 South La Salle Street  
Chicago, Illinois

Rosemary Capps  
1508 Dallas Federal Savings Building  
Dallas, Texas

VIII.

The names and addresses of the incorporators are:

Ira G. Corn, Jr.  
5222 Wenonah Drive  
Dallas, Texas

Richard L. Mackay  
1508 Dallas Federal Savings Building  
Dallas, Texas

Rosemary Capps  
1508 Dallas Federal Savings Building  
Dallas, Texas

IN WITNESS WHEREOF, we have hereunto set our hands  
this 30th day of March, 1960.

Ira G. Corn  
Ira G. Corn, Jr.

Richard L. Mackay  
Richard L. Mackay

Rosemary Capps  
Rosemary Capps

STATE OF TEXAS )  
COUNTY OF DALLAS )

I, Dorothy Svehla, a Notary Public, do hereby certify that on this the 30th day of March, 1960, personally appeared before me IRA G. CORN, JR., RICHARD L. MACKAY and ROSEMARY CAPPS, who, each being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators, and that the statements therein contained are true.



Dorothy Svehla  
Notary Public in and for Dallas County,  
Texas.  
(Dorothy Svehla)



this day personally appeared JOSEPH P. DRISCOLL, known to me to be the person whose name is subscribed in the foregoing instrument, and acknowledged to me that he be executed the same for the purposes and consideration therein.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, This 5<sup>th</sup> day of July,  
1978.



Joni O. Bostick  
Notary Public, Tarrant County, Texas  
My commission expires 6/2/79  
19\_\_





## **Ricky L. Reeder**

11650 Center Street  
214-808-0274

Quinlan, Texas 75474  
rick.l.reeder@gmail.com

### **Education & Certifications**

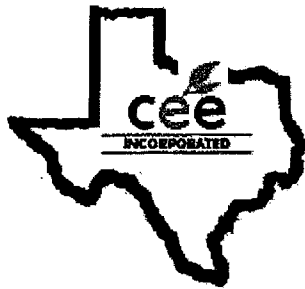
**De Soto High School** De Soto, Texas graduated 1988

**Class C Ground Water Treatment Operator Licenses # WG 0008722** Expires 6/28/2016. All applicable TCEQ courses completed, courses 202-2013

### **Professional Experience**

Carroll Water Company, Inc, Red Oak, Texas 1996 – Present  
Ground Water Production and Distribution Operator  
Responsible for maintenance and operations of 6 wells with 463 connections serving about 1,500 consumers  
Duties include all water system maintenance, meter readings, collections, backhoe operation, monthly sampling, customer service, and interfacing with regulatory agency representatives.

Total Electrical Services, Dallas, 1992 - 1996  
Commercial electrical helper/contractor  
Duties include being an electrician's helper.



## **consulting environmental engineers, inc.**

150 n. harbin drive – suite 408 • stephenville, tx 76401

phone: (254) 968-8130 fax: (254) 968-8134

email: ceelnc@ceelnc.org registered firm #F-2323

### STATEMENT OF QUALIFICATIONS

## CHARLES P. GILLESPIE, JR., P.E.

### EDUCATION

- B.S. in Mechanical Engineering - University of Houston
- M.B.A. - Southern Methodist University
- M.S. in Hazardous and Waste Materials Management - Southern Methodist University
- T.C.E.Q. Training: *Air Permitting* *Asbestos Abatement* *Wastewater Permitting*  
*O.S.S.F.* *Tariff & Utilities Administration*

### PROFESSIONAL LICENSES AND CERTIFICATIONS

- Registered Professional Engineer - State of Texas #20996
- Texas Board of Professional Engineers - Firm #F-2323
- National Society of Professional Engineers - #103683572
- Registered LPST Corrective Action Project Manager - Registration # CAPM01002

### PROFESSIONAL EXPERIENCE

*June 1994 - present*

President - Consulting Environmental Engineers, Inc., Stephenville, TX

*General Environmental Engineering Practice engaging in:*

- Environmental site assessments of facilities ranging from chemical handling facilities and abandoned service stations to ranch and dairy properties
- Design and management of lead abatement/repair/repaint projects on municipal water storage tanks
- Permitting and designing management systems for the land application and beneficial use of wastewater sludge and water treatment sludge
- Design of public water systems including surface and groundwater sources
- Design of paving and utilities for municipal and rural subdivisions
- Design of upgrades, retrofits, and capacity expansions for sewer collection, wastewater treatment, and public water supply systems
- Design of sediment and erosion control systems for surface mines and construction sites
- Studies and designs to satisfy drainage and stormwater regulations
- Design of SPCC and SWP3 plans
- Technical support in environmentally related litigation
- Registration of transporters of wastes and sludge
- Assessment of wastewater treatment system performance and development of corrective action plans
- Total system analysis and mapping using GIS/GPS
- Preparation of grant and permit applications for water and wastewater projects
- Land planning, including subdivision layouts and platting

*April 1986 – June 1994*

Senior Facilities Project Engineer - General Dynamics, Inc. (now Lockheed Corp.)

- Responsible for all projects in the chemical processing and fabrication areas

**EXHIBIT A-10**  
**LIST OF ITEMS REVIEWED BY CHARLES P. GILLESPIE, JR., P.E.**

1. Resume of Charles P. Gillespie, Jr., P.E. (Exhibit A-9).
2. Application for Sale, Transfer, or Merger of a Retail Public Utility filed by Community Water Service, Inc. and Walter J. Carroll Water Company, Inc., together with all exhibits and attachments thereto (file-stamped as received on September 18, 2014 by the Public Utility Commission Filing Clerk) (Exhibit A-1).
3. Instruments filed in SOAH Docket No. 473-15-2274; PUC Docket No. 43175, including those instruments referenced in the attached Index of Documents in SOAH Docket No. 473-15-2274; PUC Docket No. 43175.
4. Direct Testimony of Walter J. Carroll prepared for SOAH Docket No. 473-15-2274; PUC Docket No. 43175.
5. Direct Testimony of Bonnie Frame prepared for SOAH Docket No. 473-15-2274; PUC Docket No. 43175.
6. Direct Testimony of Ricky L. Reeder prepared for SOAH Docket No. 473-15-2274; PUC Docket No. 43175.
7. TEX. WATER CODE § 13.251.
8. TEX. WATER CODE § 13.246.
9. TEX. WATER CODE § 13.301.
10. 16 TEX. ADMIN. CODE § 24.109.
11. 16 TEX. ADMIN. CODE § 24.112.
12. Records made available by the TCEQ in regard to regulatory performance histories of Community Water Service, Inc. and Walter J. Carroll Water Co., Inc.
13. Business Records Affidavit, Patty Hilton, Business Administrator and Records Custodian, Walter J. Carroll Water Co., Inc.

**OTHER OF APPLICANTS' EXHIBITS REVIEWED**  
(some duplicates to the items listed above)

<b>Exhibit</b>	<b>Description</b>
A-1	Community Water Service, Inc. and the Walter J. Carroll Water Company, Inc.'s Application for Sale, Transfer or Merger of a Retail Public Utility.
A-2	Resume of Walter J. Carroll.
A-3	July 2013 Agreement between Community Water Services, Inc. and Walter J. Carroll Water Co., Inc.
A-4	May 2015 Agreement between Community Water Services, Inc. and Walter J. Carroll Water Co., Inc.
A-5	Articles of Incorporation – Community Water Service, Inc.
A-6	Warranty Deed 1978.
A-7	Bill of Sale 1978.
A-8	Resume of Ricky L. Reeder, Operations Manager of Walter J. Carroll Water Co., Inc.
A-9	Resume of Charles P. Gillespie, Jr., P.E., President of Consulting Environmental Engineers, Inc.
A-10	List of Documents Reviewed by Charles P. Gillespie, Jr., P.E., President of Consulting Environmental Engineers, Inc.
A-11	Texas Natural Resource Conservation Commission, <i>Certificate For Outstanding Performance</i> , for period 1992-1996.
A-12	List of Documents Reviewed by Walter J. Carroll, President of Walter J. Carroll Water Co., Inc.
A-13	Business Records Affidavit with Financial Information of Walter J. Carroll Water Co., Inc.
A-14	Map of production, transmission and distribution facilities for the Facilities in question.
A-15	TCEQ Exit Interview Form April 7, 2015.
A-16	Customer List and Deposit Information.
A-17	Articles of Incorporation of Walter J. Carroll Water Co., Inc.
A-18	Ricky L. Reeder's Class C Ground Water Treatment Operator License issued by the TCEQ.

**INDEX OF DOCUMENTS ON FILE IN:**

**SOAH DOCKET NO. 473-15-2274**

**PUC Docket No. 43175**

**APPLICATION OF COMMUNITY WATER SERVICE, INC. AND WALTER J. CARROLL WATER COMPANY, INC. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN ELLIS COUNTY (37981-S)**

- 1      9/18/2014      WALTER J CARROLL WATER COMPANY INC**

APPLICATION OF COMMUNITY WATER SERVICE, INC. AND WALTER J. CARROLL WATER COMPANY, INC. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN ELLIS COUNTY (37981-S)
- 2      9/18/2014      WALTER J CARROLL WATER COMPANY INC**

LETTER FROM TCEQ IN REGARDING COMPREHENSIVE COMPLIANCE INVESTIGATION NO 989603
- 3      9/18/2014      WALTER J CARROLL WATER COMPANY INC**

CONFIDENTIAL INFORMATION CARROLL WATER COMPANY TAXPAYER ID NUMBER BATE STAMP 1 OF 1
- 4      9/18/2014      WALTER J CARROLL WATER COMPANY INC**

LETTER FROM CONSULTING ENVIRONMENTAL ENGINEERS INC TO PUC IN REGARDS TO APPLICATION FROM CARROLL WATER COMPANY NOTICE OF DEFICIENCY
- 5      9/18/2014      WALTER J CARROLL WATER COMPANY INC**

WATER UTILITY TARIFF FOR WALTER J, CARROLL WATER COMPANY INC DBA CARROLL WATER COMPANY
- 6      9/18/2014      WALTER J CARROLL WATER COMPANY INC**

NOTICES TO CURRENT CUSTOMERS NEIGHBORING SYSTEMS AND CITIES
- 7      10/3/2014      PUC CADM**

ORDER NO. 1 ADDRESSING WATER PROGRAM TRANSFER AND PROCEDURAL MATTERS

- 8      10/3/2014      PUC CADM  
ORDER NO. 2 REQUIRING COMMENTS ON STATUS
- 9      10/23/2014      PUC LEGAL  
STAFF'S RESPONSE TO ORDER NO. 2
- 10     10/30/2014      PUC CADM  
ORDER NO. 3 FINDING APPLICATION  
ADMINISTRATIVELY INCOMPLETE, REQUIRING FILINGS,  
AND GRANTING EXTENSION
- 11     11/10/2014      COMMUNITY WATER SERVICE, INC.  
PUBLIC NOTICES
- 12     12/2/2014      PUC LEGAL  
STAFF'S RESPONSE TO ORDER NO. 3
- 13     12/4/2014      PUC CADM  
ORDER NO. 4 FINDING APPLICATION  
ADMINISTRATIVELY COMPLETE AND REQUIRING  
NOTICE; AND ESTABLISHING PROCEDURAL SCHEDULE
- 14     1/14/2015      CONSULTING ENVIRONMENTAL ENGINEERS, INC  
WALTER CARROLL WATER COMPANY - NOTICES AND  
AFFIDAVIT
- 15     1/15/2015      CITY OF RED OAK  
DENIAL OF REQUEST FOR DUAL CCN CERTIFICATION
- 16     1/15/2015      CITY OF RED OAK  
CITY OF RED OAK IS BETTER SUITED TO PROVIDE THE  
RESOURCES NEEDED TO IMPLEMENT THESE  
IMPROVEMENTS IF COMMUNITY WATER SERVICES, INC  
IS PREPARED TO CEASE OPERATIONS
- 17     1/15/2015      CITY OF RED OAK  
CITY OF RED OAK - MINUTES - FINAL CITY COUNCIL  
REGULAR MEETING







**Item 12 – Brief Description of Records made available by the TCEQ in regard to regulatory performance histories of Community Water Service, Inc. and Walter J. Carroll Water Co., Inc.**

1. Red Oak Community – Order 2013-0738-PWS-E
2. TCEQ Enforcement Actions – Red Oak Community Water Service
3. TCEQ Enforcement Actions – Walter Carroll Emerald Forest
4. TCEQ Enforcement Actions – Walter Carroll Grande Casa System
5. TCEQ Enforcement Actions – Walter Carroll Lakeview Ranchettes
6. TCEQ Enforcement Actions – Walter Carroll Spanish Grant System
7. TCEQ Enforcement Orders – Red Oak Community Water Service
8. TCEQ Enforcement Orders – Walter Carroll Grande Casa System
9. TCEQ Enforcement Orders – Walter Carroll Lakeview Ranchettes
10. TCEQ Enforcement Orders – Walter Carroll Spanish Grant System
11. TCEQ Recent Notice of Violations – Red Oak Community Water
12. TCEQ Recent Notice of Violations – Walter Carroll Casa Grande
13. TCEQ Recent Notice of Violations – Walter Carroll Emerald Forest
14. TCEQ Recent Notice of Violations – Walter Carroll Lakeview
15. TCEQ Recent Notice of Violations – Walter Carroll Spanish Grant
16. TCEQ Reported Violations – Red Oak Community Water Service
17. TCEQ Reported Violations – Walter Carroll Emerald Forest
18. TCEQ Reported Violations – Walter Carroll Grande Casa System
19. TCEQ Reported Violations – Walter Carroll Lakeview Ranchettes
20. TCEQ Reported Violations – Walter Carroll Spanish Grant System
21. TCEQ Water Watch Overview – Red Oak Community Water Service

22. TCEQ Water Watch Overview – Walter Carroll Emerald Forest
23. TCEQ Water Watch Overview – Walter Carroll Grande Casa System
24. TCEQ Water Watch Overview – Walter Carroll Lakeview Ranchettes
25. TCEQ Water Watch Overview – Walter Carroll Spanish Grant System
26. Walter Carroll – Order 2001-1379-PWS-E

**TEXAS NATURAL RESOURCE CONSERVATION COMMISSION**

Public Drinking Water Section of the Water Utilities Division

Presents this

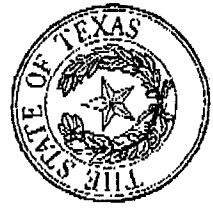
*Certificate For Outstanding Performance*

to

**LAKEVIEW RANCHETTES**

In the last five years your public water system has had no violations related to the total coliform rule. The staff of the Public Drinking Water Section and the Field Operations Division recognize your outstanding performance and award this certificate.

This certificate is awarded for outstanding performance during the five year period 1992-1996.



*Sally C. Gutierrez, R.S.*  
Sally C. Gutierrez, R.S.  
Division Director, Water Utilities Division

Applicants' Exhibit  
A-11

**EXHIBIT A-12**  
**LIST OF ITEMS REVIEWED BY WALTER J. CARROLL**

1. Resume of Walter J. Carroll (Exhibit A-2).
2. Application for Sale, Transfer, or Merger of a Retail Public Utility filed by Community Water Service, Inc. and Walter J. Carroll Water Company, Inc., together with all exhibits and attachments thereto (file-stamped as received on September 18, 2014 by the Public Utility Commission Filing Clerk) (Exhibit A-1).
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8. TEX. WATER CODE § 13.246(c).
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11. 16 TEX. ADMIN. CODE § 24.112.
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**OTHER OF APPLICANTS' EXHIBITS REVIEWED**  
(some duplicates to the items listed above)

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A-18	Ricky L. Reeder's Class C Ground Water Treatment Operator License issued by the TCEQ.











SOAH Docket No. 473-15-2274  
PUC Docket No. 43175

APPLICATION OF COMMUNITY § BEFORE THE STATE OFFICE  
WATER SERVICE, INC. and §  
WALTER J. CARROLL CO., INC. § OF  
INVESTORS, LP, FOR SALE, TRANSFER, §  
OR MERGER OF FACILITIES AND § ADMINISTRATIVE HEARINGS  
CERTIFICATE RIGHTS IN ELLIS COUNTY §  
Application No. 37981-s

BUSINESS RECORDS AFFIDAVIT

STATE OF TEXAS §  
COUNTY OF Ellis §

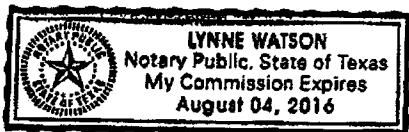
BEFORE ME, the undersigned authority, on this day personally appeared Patty Hilton, who, after being by me duly sworn, upon her oath did state the following:

"My name is Patty Hilton. I am over the age of 18 years and fully competent to testify to the matter stated in this affidavit. I have personal knowledge of the facts and statements contained in this affidavit and each of them is true and correct. I am the Business Administrator and a custodian of the records for Walter J. Carroll Water Co., Inc. and am authorized to make this affidavit on behalf of the Walter J. Carroll Water Co., Inc. Attached to this affidavit are 7 pages of records from the Walter J. Carroll Water Co., Inc. These records are kept by the Walter J. Carroll Water Co., Inc. in the regular course of business, and it was the regular course of business of the Walter J. Carroll Water Co., Inc. for an employee or representative, with knowledge of the acts, events, conditions, opinions, or diagnoses that were recorded, to make these records or to transmit the information to be included in these records. The records were made at or near the time or reasonably soon after the acts, events, conditions, opinions, or diagnoses that were recorded. The records attached to this affidavit are the originals or the exact duplicates of the originals. Further affiant sayeth not."

Patty Hilton  
Patty Hilton

SUBSCRIBED and SWORN TO BEFORE ME by Patty Hilton  
on the 5 day of May, 2015.

Lynne Watson  
NOTARY PUBLIC, STATE OF TEXAS



Business Records Affidavit - Patty Hilton

Applicants' Exhibit  
A-13

Client: 13698 - Walter J. Carroll Water Co., Inc.  
 Engagement: 2014 Tax - Walter J. Carroll Water Co., Inc.  
 Period Ending: 12/31/2014  
 Trial Balance: 0400.1 - S Corporation TB  
 Workpaper: S Corporation TB Combined Detail Classified LS

Account	Description	1st PP-FYAX 12/31/2013	UNADJ 12/31/2014	JE Ref #	FTJE	FTAX 12/31/2014
Group : [L01]	Cash					
Subgroup : None						
1000	Cash	25,084.77	25,084.77		(7,970.02)	17,114.75
				FTJE - 1	(7,970.02)	
Subtotal : None		25,084.77	25,084.77		(7,970.02)	17,114.75
Total [L01] Cash		25,084.77	25,084.77		(7,970.02)	17,114.75
	Current Assets	25,084.77	25,084.77		(7,970.02)	17,114.75
Group : [L10A]	Buildings and other depreciable assets					
Subgroup : None						
2001	Equipment	93,336.57	93,336.57		0.00	93,336.57
2002	Tractor, Backhoe, Loader	13,454.40	13,454.40		0.00	13,454.40
2003	Water Well	70,398.76	70,398.76		34,955.83	105,354.59
				FTJE - 9	34,955.83	
2004	Back Hoe	8,000.00	8,000.00		0.00	8,000.00
2005	Leasehold Improvements	2,827.63	2,827.63		0.00	2,827.63
2006	2003 Truck	26,723.64	26,723.64		0.00	26,723.64
2007	2006 Truck	33,457.59	33,457.59		0.00	33,457.59
2007.1	2005 Truck	8,975.52	8,975.52		0.00	8,975.52
2008	2012 Honda Civic	21,064.81	21,064.81		0.00	21,064.81
2009	2012 Chevy Silverado	35,379.33	35,379.33		0.00	35,379.33
Subtotal : None		314,418.25	314,418.25		34,955.83	349,374.08
Total [L10A] Buildings and other depreciable assets		314,418.25	314,418.25		34,955.83	349,374.08
Group : [L10B]	Less accumulated depreciation					
Subgroup : None						
2500	Accum Depreciation	(264,377.00)	(264,377.00)		(23,323.00)	(287,700.00)
				FTJE - 10	(23,323.00)	
Subtotal : None		(264,377.00)	(264,377.00)		(23,323.00)	(287,700.00)
Total [L10B] Less accumulated depreciation		(264,377.00)	(264,377.00)		(23,323.00)	(287,700.00)
Group : [L12]	Land					
Subgroup : None						
2000	Land	44,190.39	44,190.39		0.00	44,190.39
Subtotal : None		44,190.39	44,190.39		0.00	44,190.39
Total [L12] Land		44,190.39	44,190.39		0.00	44,190.39
	Non-Current Assets	94,231.64	94,231.64		11,632.83	105,864.47
	TOTAL ASSET	119,316.41	119,316.41		3,662.81	122,979.22
	Current Liabilities	0.00	0.00		0.00	0.00
Group : [L20]	Mortgages, notes, bonds payable in 1 year or more					
Subgroup : None						
2802	Notes Payable - 2012 Chevy Truck	(24,806.61)	(24,806.61)		5,663.08	(19,143.53)
				FTJE - 3	5,663.08	
2803	Notes Payable - 2012 Honda Civic	(12,539.15)	(12,539.15)		12,539.15	0.00
				FTJE - 3	897.99	
				FTJE - 5	11,641.16	
Subtotal : None		(37,347.76)	(37,347.76)		18,202.23	(19,145.53)
Total [L20] Mortgages, notes, bonds payable in 1 year or more		(37,347.76)	(37,347.76)		18,202.23	(19,145.53)
	Non-Current Liabilities	(37,347.76)	(37,347.76)		18,202.23	(19,145.53)
	TOTAL LIABILITY	(37,347.76)	(37,347.76)		18,202.23	(19,145.53)
Group : [L22]	Capital stock - Common Stock					
Subgroup : None						
3000	Capital Stock	(1,000.00)	(1,000.00)		0.00	(1,000.00)
Subtotal : None		(1,000.00)	(1,000.00)		0.00	(1,000.00)
Total [L22] Capital stock - Common Stock		(1,000.00)	(1,000.00)		0.00	(1,000.00)
Group : [L23]	Additional paid-in capital					
Subgroup : None						
3001	Additional Paid in Capital	(635.62)	(635.62)		0.00	(635.62)
Subtotal : None		(635.62)	(635.62)		0.00	(635.62)
Total [L23] Additional paid-in capital		(635.62)	(635.62)		0.00	(635.62)
Group : [L24]	Retained earnings - Unappropriated - end of year entry is an override					
Subgroup : None						
3500	Distributions	39,282.50	0.00		33,887.99	33,887.99
				FTJE - 1	7,380.00	
				FTJE - 2	21,660.04	
				FTJE - 4	1,253.08	
				FTJE - 7	3,594.00	
3900	Retained Earnings	(69,231.18)	(80,333.03)		0.00	(80,333.03)
Subtotal : None		(29,948.68)	(80,333.03)		33,887.99	(46,448.04)
Total [L24] Retained earnings - Unappropriated - end of year entry is an override		(29,948.68)	(80,333.03)		33,887.99	(46,448.04)
	Equity	(31,584.30)	(81,968.65)		33,887.99	(48,080.66)
	NET (INCOME) LOSS	(50,384.35)	0.00		(55,753.03)	(55,753.03)
	TOTAL EQUITY	(81,968.65)	(81,968.65)		(21,865.04)	(103,833.69)
	TOTAL LIABILITY AND EQUITY	(119,316.41)	(119,316.41)		(3,662.81)	(122,979.22)
Group : [01A]	Gross receipts or gross sales					

Client: 13638 - Walter J. Carroll Water Co., Inc.  
 Engagement: 2014 Tax - Walter J Carroll Water Co, Inc  
 Period Ending: 12/31/2014  
 Trial Balance: 0400.1 - S Corporation TB  
 Workpaper: S Corporation TB Combined Detail Classified LS

Account	Description	1st PP-FTAX 12/31/2013	UNADJ 12/31/2014	JE Ref #	FTJE	FTAX 12/31/2014
Subgroup : None						
4000	Water Sales	(284,753.56)	0.00		(272,051.13)	(272,051.13)
				FTJE - 1	(266,012.18)	
				FTJE - 2	(8,038.95)	
4001	Customer Refund	0.00	0.00		269.11	269.11
				FTJE - 1	269.11	
Subtotal : None		(284,753.56)	0.00		(271,782.02)	(271,782.02)
Total [01A] Gross receipts or gross sales		(284,753.56)	0.00		(271,782.02)	(271,782.02)
	Revenues	(284,753.56)	0.00		(271,782.02)	(271,782.02)
Group : [05]	Other Income					
Subgroup : None						
4500	Late Fees	0.00	0.00		(7,915.00)	(7,915.00)
				FTJE - 2	(7,915.00)	
4501	Reconnect Fees	0.00	0.00		(4,139.12)	(4,139.12)
				FTJE - 2	(4,139.12)	
4502	Tap Fees	0.00	0.00		(3,000.00)	(3,000.00)
				FTJE - 2	(3,000.00)	
4503	Adjustments	0.00	0.00		(567.84)	(567.84)
				FTJE - 2	(567.84)	
Subtotal : None		0.00	0.00		(15,621.96)	(15,621.96)
Total [05] Other Income		0.00	0.00		(15,621.96)	(15,621.96)
	Other Income	0.00	0.00		(15,621.96)	(15,621.96)
	TOTAL REVENUE	(284,753.56)	0.00		(287,403.98)	(287,403.98)
Group : [A05]	CGS-Other costs (Sch A)					
Subgroup : None						
5000	Chlorine	9,007.98	0.00		9,819.98	9,819.98
				FTJE - 1	9,819.98	
5001	Repairs and Maintenance	60,484.62	0.00		39,700.10	39,700.10
				FTJE - 1	74,655.93	
				FTJE - 8	(34,955.83)	
5002	Auto Expense	12,531.73	0.00		9,949.76	9,949.76
				FTJE - 1	9,949.76	
5003	Utilities	29,895.25	0.00		33,090.61	33,090.61
				FTJE - 1	33,090.61	
5004	Water Samples	3,800.22	0.00		3,211.93	3,211.93
				FTJE - 1	3,211.93	
Subtotal : None		115,819.78	0.00		95,772.38	95,772.38
Total [A05] CGS-Other costs (Sch A)		115,819.78	0.00		95,772.38	95,772.38
	Cost of Sales	115,819.78	0.00		95,772.38	95,772.38
Group : [08]	Salaries and wages					
Subgroup : None						
6016	Wages	73,800.00	0.00		74,975.00	74,975.00
				FTJE - 1	61,361.25	
				FTJE - 8	13,613.75	
Subtotal : None		73,800.00	0.00		74,975.00	74,975.00
Total [08] Salaries and wages		73,800.00	0.00		74,975.00	74,975.00
Group : [12]	Taxes and Licenses					
Subgroup : None						
6011	Taxes - Payroll Tax Expenses	5,682.50	0.00		5,905.20	5,905.20
				FTJE - 1	22,165.39	
				FTJE - 7	(3,594.00)	
				FTJE - 8	(12,666.18)	
6012	Taxes - Property	1,954.68	0.00		1,798.05	1,798.05
				FTJE - 6	1,798.05	
Subtotal : None		7,637.18	0.00		7,703.25	7,703.25
Total [12] Taxes and Licenses		7,637.18	0.00		7,703.25	7,703.25
Group : [13]	Interest					
Subgroup : None						
6004	Interest Expense	1,612.09	0.00		1,073.73	1,073.73
				FTJE - 1	7,584.58	
				FTJE - 3	(6,522.11)	
				FTJE - 5	11.28	
Subtotal : None		1,612.09	0.00		1,073.73	1,073.73
Total [13] Interest		1,612.09	0.00		1,073.73	1,073.73
Group : [14]	Depreciation expense					
Subgroup : None						
9000	Depreciation	7,058.00	0.00		23,323.00	23,323.00
				FTJE - 10	23,323.00	
Subtotal : None		7,058.00	0.00		23,323.00	23,323.00
Total [14] Depreciation expense		7,058.00	0.00		23,323.00	23,323.00
Group : [18]	Other Deductions					
Subgroup : None						
6000	Professional Fees	8,251.50	0.00		0.00	0.00
6001	Bank Fees	1,022.14	0.00		812.54	812.54
				FTJE - 1	812.54	
6003	Insurance	3,832.80	0.00		2,920.57	2,920.57
				FTJE - 1	4,173.65	
				FTJE - 4	(1,253.08)	
6005	Legal and Professional	0.00	0.00		3,455.00	3,455.00

Client: 13698 - Walter J. Carroll Water Co., Inc.  
 Engagement: 2014 Tax - Walter J Carroll Water Co, Inc  
 Period Ending: 12/31/2014  
 Trial Balance: 0400.1 - S Corporation TB  
 Workpaper: S Corporation TB Combined Detail Classified LS

Account	Description	1st PP-FTAX 12/31/2013	UNADJ 12/31/2014	JE Ref #	FTJE	FTAX 12/31/2014
6006	Office Expense	7,035.81	0.00	FTJE - 1	3,455.00	5,433.29
				FTJE - 1	5,433.29	5,433.29
				FTJE - 1	194.30	
6008	Regulatory Expense	3,367.46	0.00	FTJE - 1	3,326.28	3,326.28
				FTJE - 1	3,326.28	3,326.28
6013	Telephone	4,575.71	0.00	FTJE - 1	6,692.26	6,692.26
				FTJE - 1	6,531.22	
				FTJE - 3	161.04	
6018	Fines	265.90	0.00	FTJE - 1	600.77	600.77
				FTJE - 1	600.77	600.77
6020	Miscellaneous	73.63	0.00	FTJE - 1	5,562.88	5,562.88
				FTJE - 1	810.75	
				FTJE - 1	19,350.16	
				FTJE - 5	(11,852.42)	
				FTJE - 5	(1,798.05)	
				FTJE - 8	(947.56)	
Subtotal : None		<u>28,442.15</u>	<u>0.00</u>		<u>28,803.59</u>	<u>28,803.59</u>
Total [19] Other deductions		<u>28,442.15</u>	<u>0.00</u>		<u>28,803.59</u>	<u>28,803.59</u>
Operating Expenses		<u>118,549.43</u>	<u>0.00</u>		<u>135,878.57</u>	<u>135,878.57</u>
Other Expenses		<u>0.00</u>	<u>0.00</u>		<u>0.00</u>	<u>0.00</u>
TOTAL EXPENSE		<u>234,369.21</u>	<u>0.00</u>		<u>231,650.95</u>	<u>231,650.95</u>
NET (INCOME) LOSS		<u>(50,284.36)</u>	<u>0.00</u>		<u>(55,753.03)</u>	<u>(55,753.03)</u>
Sum of Account Groups		0.00	0.00		0.00	0.00

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Client: 13698 - Walter J. Carroll Water Co., Inc.  
 Engagement: 2014 Tax - Walter J Carroll Water Co, Inc  
 Period Ending: 12/31/2014  
 Trial Balance: 0400.1 - S Corporation TB  
 Workpaper: Federal Tax Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
<b>Federal Tax Journal Entries JE # 1</b>				
	To record current year activity	0900.07		
3500	Distributions		7,380.00	
4001	Customer Refund		269.11	
5000	Chlorine		9,819.98	
5001	Repairs and Maintenance		74,655.93	
5002	Auto Expense		9,949.76	
5003	Utilities		33,090.61	
5004	Water Samples		3,211.93	
6001	Bank Fees		812.54	
6003	Insurance		4,173.65	
6004	Interest Expense		7,584.58	
6005	Legal and Professional		3,455.00	
6006	Office Expense		194.30	
6006	Office Expense		5,238.99	
6008	Regulatory Expense		3,326.28	
6011	Taxes - Payroll Tax Expenses		22,165.39	
6013	Telephone		6,531.22	
6016	Wages		61,361.25	
6018	Fines		600.77	
6020	Miscellaneous		810.75	
6020	Miscellaneous		19,350.16	
1000	Cash			7,970.02
4000	Water Sales			266,012.18
<b>Total</b>			<b>273,982.20</b>	<b>273,982.20</b>
<b>Federal Tax Journal Entries JE # 2</b>				
	Adjust other income			
3500	Distributions		21,660.91	
4000	Water Sales			6,038.95
4500	Late Fees			7,915.00
4501	Reconnect Fees			4,139.12
4502	Tap Fees			3,000.00
4503	Adjustments			567.84
<b>Total</b>			<b>21,660.91</b>	<b>21,660.91</b>
<b>Federal Tax Journal Entries JE # 3</b>				
	To adjust interest and loans			
2802	Notes Payable - 2012 Chevy Truck		5,863.08	
2803	Notes Payable - 2012 Honda Civic		697.99	
6013	Telephone		161.04	
6004	Interest Expense			6,522.11
<b>Total</b>			<b>6,522.11</b>	<b>6,522.11</b>
<b>Federal Tax Journal Entries JE # 4</b>				
	To adjust Ted Insurance			
3500	Distributions		1,253.08	

Client: 13698 - Walter J. Carroll Water Co., Inc.  
 Engagement: 2014 Tax - Walter J Carroll Water Co, Inc  
 Period Ending: 12/31/2014  
 Trial Balance: 0400.1 - S Corporation TB  
 Workpaper: Federal Tax Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
6003	Insurance			1,253.08
<b>Total</b>			<b>1,253.08</b>	<b>1,253.08</b>
<b>Federal Tax Journal Entries JE # 5</b>				
To adjust the Honda Civic pay off				
2803	Notes Payable - 2012 Honda Civic		11,841.16	
6004	Interest Expense		11.26	
6020	Miscellaneous			11,852.42
<b>Total</b>			<b>11,852.42</b>	<b>11,852.42</b>
<b>Federal Tax Journal Entries JE # 6</b>				
To adjust Misc				
6012	Taxes - Property		1,798.05	
6020	Miscellaneous			1,798.05
<b>Total</b>			<b>1,798.05</b>	<b>1,798.05</b>
<b>Federal Tax Journal Entries JE # 7</b>				
To adjust Ted Est Tax Payments				
3500	Distributions		3,594.00	
6011	Taxes - Payroll Tax Expenses			3,594.00
<b>Total</b>			<b>3,594.00</b>	<b>3,594.00</b>
<b>Federal Tax Journal Entries JE # 8</b>				
To adjust wages				
6016	Wages		13,613.75	
6011	Taxes - Payroll Tax Expenses			12,666.19
6020	Miscellaneous			947.56
<b>Total</b>			<b>13,613.75</b>	<b>13,613.75</b>
<b>Federal Tax Journal Entries JE # 9</b>				
To adjust repairs				
2003	Water Well		34,955.83	
5001	Repairs and Maintenance			34,955.83
<b>Total</b>			<b>34,955.83</b>	<b>34,955.83</b>
<b>Federal Tax Journal Entries JE # 10</b>				
To adjust depreciation				
9000	Depreciation		23,323.00	
2500	Accum Depreciation			23,323.00
<b>Total</b>			<b>23,323.00</b>	<b>23,323.00</b>

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Accrual Basis

**Carroll Water Company, Inc.**  
**Balance Sheet**  
As of December 31, 2014

	<u>Dec 31, 14</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
Carroll Water Company, Inc.	36,252.70
<b>Total Checking/Savings</b>	<u>36,252.70</u>
<b>Total Current Assets</b>	<u>36,252.70</u>
<b>TOTAL ASSETS</b>	<u><u>36,252.70</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Credit Cards	
Chase CC	-1,917.37
<b>Total Credit Cards</b>	<u>-1,917.37</u>
<b>Total Current Liabilities</b>	<u>-1,917.37</u>
<b>Total Liabilities</b>	-1,917.37
<b>Equity</b>	
Opening Balance Equity	33,549.96
Retained Earnings	12,590.13
Net Income	-7,970.02
<b>Total Equity</b>	<u>38,170.07</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>36,252.70</u></u>



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Accrual Basis

**Carroll Water Company, Inc.**  
**Profit & Loss**  
January through December 2014

	<u>Jan - Dec 14</u>
<b>Ordinary Income/Expense</b>	
Income	
Bank Deposits	266,012.18
<b>Total Income</b>	<u>266,012.18</u>
<b>Gross Profit</b>	266,012.18
Expense	
Accounting & Legal Fees	3,455.00
Bank Account Analysis	812.54
Deposit Corrections	810.75
Gas	9,949.76
Installment Loans	7,584.58
Insurance	4,173.65
Miscellaneous	19,350.16
Office Supplies	5,238.99
Payroll Expenses	61,361.25
Phones	6,531.22
Quickbooks Support	194.30
Return Checks	800.77
Supplies, Parts, Repairs	74,655.93
TCEQ Fees	3,326.28
water deposit refunds	269.11
Water Samples	3,211.93
Well Electric Bills	33,090.61
<b>Total Expense</b>	<u>234,616.83</u>
<b>Net Ordinary Income</b>	31,395.35
<b>Other Income/Expense</b>	
Other Expense	
Payroll Taxes	22,165.39
Water Carrol	7,380.00
Water Use Fees	9,819.98
<b>Total Other Expense</b>	<u>39,365.37</u>
<b>Net Other Income</b>	<u>-39,365.37</u>
<b>Net Income</b>	<u><u>-7,970.02</u></u>

