

ARTICLE XI

SECTION 1: There shall be a regular meeting of the Members annually, on the third (3rd) Saturday of March to transact all business that may be properly brought before it. The Secretary-Treasurer shall give at least fifteen (15) days written notice of such annual meeting to the Membership indicating the time, place, and purpose of such meeting, and shall address and mail the notice to each Member at the address last known to the Corporation.

Failure to hold or call an annual or special meeting in accordance with these By-Laws shall give each Member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership.

Voting will be held at the Corporation office or at another location if deemed necessary by the majority of the Board of Directors.

Members present or represented by proxy shall constitute a quorum for the transaction of business.

SECTION 2: After fixing a date for the notice of a meeting, the Board of Directors shall prepare an alphabetical list of the names of all voting Members who are entitled to vote as of the record date of the meeting. The list must show the address of each voting Member.

Not later than two (2) business days after the date notice is given of the meeting, and continuing through the meeting, the list of voting Members must be available for inspection by any Member entitled to vote at the meeting for the purpose of communication with other Members concerning the meeting at the Corporation's principal office, or at a reasonable place identified in the meeting notice in the city where the meeting will be held. Any voting Member, or voting Member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and their expense, copy the list. Further, the Board shall make the list of voting Members available at the meeting, and shall allow inspection of such list by any voting Member, or voting Member's agent or attorney, at any time during the meeting, including any adjournments thereof.

ARTICLE XII

A special meeting of the Members or Directors may be held upon the posting of notice of such special meeting, in the manner provided under Article V of these By-Laws, at least two hours before the meeting is convened. It shall be the responsibility of the President or his designee to ensure that proper notice is posted. In no event shall any special meeting of the Directors be convened where the business of such meeting could be considered at a regular meeting of the Directors receiving at least seventy-two (72) hours notice as provided under Article V of these By-Laws.

Prior to convening any special meeting of the Members the President shall request in writing that

the Secretary-Treasurer give ten (10) days notice to the Members, and that such special meeting is otherwise noticed as provided under Article V of these By-Laws. Such notice shall specify the time, place and purpose of the meeting, and shall be addressed and mailed to each of the Members at their address last known to the Corporation.

ARTICLE XIII

The Board may employ a manager to handle the business of the Corporation under the Direction of the Board of Directors. The Board shall set the salary for the manager.

ARTICLE XIV

All Members will be billed, disconnected, or reconnected in accordance with the written policies of the Corporation.

In the event a Member should surrender their Membership Certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water service shall be discontinued and his obligation to pay for water service shall be terminated except for the minimum charge for the current month and the charge for water used during the current month and except for any prior unpaid amounts due the Corporation. Any remaining balance from the Membership fee will be refunded to the Member.

In the event Membership is terminated, canceled, withdrawn, or surrendered, whether voluntarily or involuntarily the former Member's rights and interest in the assets of the Corporation will not be forfeited until the equity fee is liquidated.

ARTICLE XV

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation shall be distributed among the Members and former Members in direct proportion to the amount of their patronage with the Corporation insofar as practicable. Any indebtedness due the corporation by a Member for water service or otherwise shall be deducted from such Member's share prior to final distribution. By application for and acceptance of Membership in the Corporation, each Member agrees that, upon such discontinuance of the Corporation by dissolution, or otherwise, all assets of the Corporation transferred to that Member shall be, in turn immediately transferred by the individual Member to an entity that provides a water supply or waste water service, or both, that is exempt from ad valorem taxation. By application for and acceptance of Membership in the Corporation, each Member grants the Corporation's Board of Directors that Member's permission to execute all instruments and documents necessary to effectuate such transfers in order to preserve the Corporation's statutory rights to exemption from income and ad valorem taxation.

ARTICLE XVI

The Corporation shall ensure with a reputable insurance company such of its properties and in such amounts as is required by the Board of Directors, any lender(s), and other applicable agencies.

ARTICLE XVII

The fiscal year of the Corporation shall be January 1 to December 31.

ARTICLE XVIII

SECTION 1: If at the end of any fiscal year or in the event of emergency repairs the Board of Directors determines the total amount derived from the collection of water charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by USDA Rural Development, RUS, so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the years operations, but this provision shall not operate for the benefit of any third party creditor other than USDA Rural Development, RUS, without a favorable vote of the majority of the Members. Any assessments levied to make up operational deficits in any year shall be levied against each Member in equal proportion.

SECTION 2: In the event a Member should surrender their his Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, his obligation to such pay assessments shall be limited to assessments made and levied prior to the date of surrender of his Membership Certificate.

SECTION 3: The Board of Directors shall conduct a rate structure analysis annually by the month of January and shall lower, raise, or leave the rates the same according to the finding of said analysis. A sample rate structure and procedure is included in the Tariff of the Corporation.

SECTION 4: The Board of Directors shall maintain a preventative maintenance contract to ensure that the storage tanks and overhead towers are inspected on a yearly basis. Repairs, if needed, are to be performed based on the results of the inspection to prolong the life of the tanks and towers and to meet regulatory requirements for such maintenance. Monies shall be budgeted each year for the inspection and repair of such facilities.

The Board of Directors shall maintain a preventative maintenance policy on all equipment, lines, tanks, vehicles, etc., that belong to said Corporation.

SECTION 5: The Board of Directors shall maintain a leak adjustment policy.

ARTICLE XIX

The Corporation shall keep correct and complete books and records of accounts and shall keep minutes of the proceedings of its Members, Board of Directors, and Committees, and shall keep a record of the names and addresses of its Members entitled to vote at its registered office or principle office in Texas.

Annually the Board of Directors shall prepare or cause to be prepared an audit of the financial activity of the Corporation for the preceding year including a statement of support, revenue and expenses, changes in fund balance, a statement of functional expenses, and balance sheets for all funds. Such audit shall be prepared by an independent Certified Public Accountant, approved by the Board of Directors and presented to the Members at the annual meeting.

Semi-annually the Board of Directors shall prepare or cause to be prepared an unaudited report of the financial activity of the Corporation for the preceding six (6) month period including a statement of support, revenue and expenses, changes in fund balance, a statement of functional expenses, and balance sheets for all funds. Such semi-annual report shall be prepared by an independent Certified Public Accountant, and approved by the Board of Directors.

With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Public Information Act, Chapter 552, Texas Government Code, including any amendments thereto, shall be available for public inspection and copying by the public or their duly authorized representative during normal business hours subject to a reasonable charge for the preparation of copies.

In the event of any conflict between the provisions of the Public Information Act and the provisions of these By-Laws, the provisions of the Public Information Act shall prevail.

ARTICLE XX

These By-Laws may be altered, amended, or repealed by a vote of a majority of the Members present at any regular meeting of the Members , or at any special meeting of the Members called for that purpose, except that the Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any member of rights and privileges then existing, or so to amend the By-Laws as to effect a fundamental change in the intents and purposes of the Corporation. Notice of any amendment to be made at a regular or special meeting of the Members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered. For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the

USDA Rural Development, RUS , or any other lender, these By-Laws shall not be altered, amended, or repealed without the prior written consent of the State Director of the USDA Rural Development, RUS, for the state of Texas..

ARTICLE XXI

The Seal of the Corporation shall consist of a circle within which shall be inscribed "**COLLEGE MOUND WATER SUPPLY CORPORATION**".

The above By-Laws and regulations were unanimously adopted by the Membership of College Mound Water Supply Corporation, at a meeting of the membership on the 3rd of March, 2001. They were amended on March 3, 2003.

RICK KING
SECRETARY-TREASURER

*COLLEGE MOUND WATER SUPPLY CORPORATION
CONFLICT OF INTEREST POLICY*

ATTACHMENT OF BY-LAWS
ADOPTED MARCH 16, 1993

1. A person is disqualified from serving as a Director on the Board for the Corporation if:
 - A. He or she is a developer of property within the service area of the Corporation;
 - B. He or she is an employee of any developer of property within the service area of the Corporation;
 - C. He or she is an employee of any Director, Manager, Engineer, or Attorney for the Corporation;
 - D. He or she is serving as a Consultant, Engineer, Attorney, Manager, or in any other professional capacity for the Corporation or for a developer of property within the service area of the Corporation;
 - E. He or she is a party to a contract with the Corporation, except a contract for the purchase of water/sewer services furnished by the Corporation to the Corporation's Members generally, or;
 - F. He or she is a party to a contract with any developer of property within the service area of the Corporation, other than a contract limited solely to the purpose of purchasing or conveying real property within the service area of the Corporation for the purpose of establishing a residence or establishing a commercial business within the service area of the Corporation.
 - G. He or she is serving as a decision-maker, managerial employee, or in some professional capacity representing a municipality, district, or utility which is currently contracting with the Corporation for water utility or other service or other conditions or considerations.
 - H. He or she is a member of the immediate family in the first degree (as defined by nepotism charge's), of any Director of the Corporation or of any other person serving in a managerial capacity, as Attorney, Accountant, or as Engineer on behalf of the Corporation or if he or she serves as a Director or as an Officer for any bank or savings and loan association retained as a depository for the funds of the Corporation, or any bank or savings and loan association which holds any indebtedness of the Corporation.
2. A person is disqualified from employment by the Corporation if he or she is a member of the immediate family in the first degree (as defined by nepotism chart's) of any Director of the Corporation or any other person serving in a managerial capacity on behalf of the Corporation.
3. For the purposes of College Mound Water Supply Corporation a developer shall be defined as any individual who invests in and develops real estate for profit, either real or potential. Such real estate, (land or buildings), must be located within an area served by the College Mound Water Supply Corporation, and any land must be divided into two or more parts for the specific purpose of generating improvements either residential, industrial or commercial, which will be sold to others for profit. Such normal improvements can consist of, but are not limited to:
 - A. Additions of utilities
 - B. Streets
 - C. Landscaping
 - D. Egress-access roads
 - E. Installation of sewerage systems, etc.

Any individual who is presently, or who has been involved in the Development of land or buildings,

as stipulated above, for a period of up to three (3) years prior to attaining a position as an Officer or Director of the CMWSC will be deemed to have a personal agenda and will be in direct conflict with the interest of the Corporation.

A developer is not to be construed as an individual who sells a small portion of their property to a relative or close friend as a means of family convenience, as long as this is a one time occurrence and it is not done to circumvent the By-Laws of this Corporation.

4. Any relationship or employment which constitutes a disqualification as set forth herein shall be considered grounds for removal or for termination of employment.

5. No Officer or Director of the Corporation shall be entitled to any compensation for or in consideration of the execution of his duties as such Officer or Director, provided, however, that the actual reasonable expenses of an Officer or Director incurred on the business of the Corporation may, with the approval of the Board of Directors, be paid to them.

6. No Officer or Director of the Corporation shall:

A. Solicit or accept or agree to accept a financial benefit, other than from the Corporation, that might reasonably tend to influence his or her performance of duties for the Corporation or that he or she knows or should know is offered with the intent to influence the Officer's or Director's performance of his or her duties;

B. Accept employment or compensation that might reasonably induce him or her to disclose confidential information acquired in the performance of official duties;

C. Accept outside employment or compensation that might reasonably be expected to create a substantial conflict between the Officer's and Director's private interest and duties of the Corporation; or

D. Solicit or accept or agree to accept a financial benefit from another person in exchange for having performed duties as an Officer or Director of the Corporation in favor of that person.

7. The Board of Directors may accept on behalf of the Corporation or any contribution, gift, request, or device for the general purpose or for any special purpose of the Corporation, provided, however, that the Board of Directors may reject any donation made upon a condition or restriction if in the discretion of the Board of Directors the acceptance of the donation as so conditioned or restricted will not be in the best interests of the Corporation.

8. The removal of any Director of the Corporation because of disqualification under this policy shall not affect the validity of any action taken by the Corporation through its Board of Directors during the time of service by that Director, even though the Director may have been acting under the disqualification at the time of such service.

9. If at any time any Officer or Director is required to vote in his or her capacity as a Director on an issue which may create a conflict of interest, which may be deemed a conflict of interest by the Board, or which may be interpreted by the Membership as a conflict of interest, the Officer or Director shall abstain from voting, as a matter of record, on that issue.

10. Except as otherwise provided by the laws of the State or Federal Government, the Corporation shall adhere to the following policy for awarding contracts:

A. The Board shall advertise for bids for contracts for the purchase of materials, machinery, and all things to constitute the plant, works, facilities, and improvements of the Corporation or for construction. Bonding and proof of insurance will be required on all bids or contracts over \$5,000.

B. A contract may cover all the improvements to be provided by the Corporation, or the various elements of the improvements may be segregated for the purpose of receiving bids and awarding contracts. A contract may provide that the improvements will be constructed in stages over a period of years.

C. A contract may provide for the payment of a total sum that is the completed cost of the improvements or may be based on bids to cover cost of units of the various elements entering into the work as estimated and approximately specified by the Corporation's engineers, or a contract may be let and awarded in any other form or composite of forms and to any responsible person or persons that, in the Board's judgement, will be most advantageous to the Corporation and result in the best and most economical completion of the Corporation's proposed plants, improvements, facilities, works, equipment, and appliances.

D. For contracts for \$25,000 or more, the Board shall advertise the letting of the contract, including the general conditions, time, and place of opening of sealed bids. The notice shall be published in one or more newspapers with general circulation in the State, and one or more newspapers published in any newspaper with general circulation in the area. If no newspaper is published in the county or counties in which the Corporation is located, publication in one or more newspapers with general circulation in the State is sufficient. The notice shall be published once a week for three consecutive weeks before the date that the bids are opened, and first publication shall be not later than the 21st day before the date of the opening of the sealed bids.

E. For contracts for \$5,000 or more but less than \$25,000 the Board shall solicit written competitive bids on uniform written specifications from at least three bidders.

F. For contracts of less than \$5,000 the Board is not required to advertise or seek competitive bids.

G. The Board may not subdivide work to avoid the advertising requirements specified in this policy.

H. The Board may not accept bids that include substituted items, either before or after the Corporation enters into a construction contract, unless the substituted items were included in the original bid proposal and all bidders had the opportunity to bid on the substituted items.

I. Change orders to contracts may be issued only as a result of unanticipated conditions encountered during construction or changes in regulatory criteria, or to facilitate project coordination with other political entities.

J. These policy provisions do not apply to contracts for personal or professional services or for utility service operator. Purchase orders are required for all except expense items purchased with petty cash.



The State of Texas

SECRETARY OF STATE

The undersigned, as Secretary of State of the State of Texas, HEREBY CERTIFIES that the attached is a true and correct copy of the following described instruments on file in this office:

COLLEGE MOUND WATER SUPPLY CORPORATION

ARTICLES OF INCORPORATION

JUNE 17, 1965



IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, this

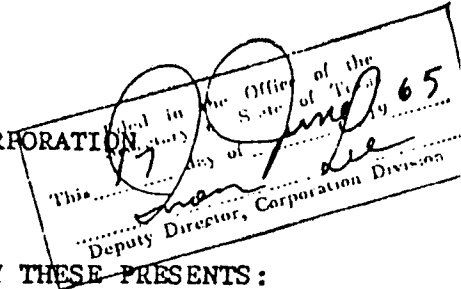
24 day of OCTOBER, A. D. 19 84.

Secretary of State

ARTICLES OF INCORPORATION

OF

COLLEGE MOUND WATER SUPPLY CORPORATION



THE STATE OF TEXAS

COUNTY OF KAUFMAN

KNOW ALL MEN BY THESE PRESENTS:

WE, the undersigned natural persons of the age of twenty-one (21) years or more, at least three of whom are citizens of the State of Texas, acting as incorporators of a Corporation, do hereby adopt the following Articles of Incorporation for such Corporation:

ARTICLE I.

The name of the Corporation is College Mound Water Supply Corporation.

ARTICLE II.

The Corporation is a non-profit Corporation organized under Article 1434a of the Revised Civil Statutes of Texas of 1925, as amended, supplemented by the Texas Non-Profit Corporation Act, Article 1.01 et seq., as amended, and is authorized to exercise all powers, privileges and rights conferred on a Corporation by these Acts, and all powers and rights incidental in carrying out the purposes for which the Corporation is formed, except such as are inconsistent with the express provisions of these Acts.

ARTICLE III.

The period of its duration is perpetual.

ARTICLE IV.

The Corporation is formed for the purpose of furnishing a water supply for general farm use and domestic purposes to individuals residing in the rural community of College Mound, Texas, and the surrounding rural areas. The places where the business of the Corporation is to be transacted shall be the College Mound Community in Kaufman County, Texas and the surrounding rural areas.

ARTICLE V.

The street address of the initial registered office of the Corporation is Route 3, Terrell, Texas, and the name of its initial registered agent at such address is George H. Mitchell.

ARTICLE VI.

The number of directors constituting the initial Board of Directors of the Corporation is five (5), and the names and addresses of the persons who are to serve as the initial directors are:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
<u>George H. Mitchell</u>	<u>Route 3</u>	<u>Terrell, Texas</u>
<u>B. J. Bridges</u>	<u>R. F. D.</u>	<u>Wills Point, Texa</u>
<u>Jim R. Copeland</u>	<u>R. F. D. 1</u>	<u>Kaufman, Texas</u>
<u>L. R. Garrison</u>	<u>Route 2</u>	<u>Terrell, Texas</u>
<u>W. B. Flanery</u>	<u>Route 2</u>	<u>Terrell, Texas</u>

ARTICLE VII.

The name and street address of each incorporator is:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
<u>George H. Mitchell</u>	<u>Route 3</u>	<u>Terrell, Texas</u>
<u>B. J. Bridges</u>	<u>R. F. D.</u>	<u>Wills Point, Texas</u>
<u>Jim R. Copeland</u>	<u>Route 1</u>	<u>Terrell, Texas</u>
<u>L. R. Garrison</u>	<u>Route 2</u>	<u>Terrell, Texas</u>
<u>W. B. Flanery</u>	<u>Route 2</u>	<u>Terrell, Texas</u>

Each incorporator shall be a member of the Board of Directors who are to serve as directors until the first annual meeting of the members, or until their successors are elected and qualified.

ARTICLE VIII.

The Corporation is and shall continue to be a Corporation without capital stock, and membership in the Corporation shall be deemed personal estate and shall be transferable only on the books of the Corporation in such manner as the By-Laws may prescribe.

IN WITNESS WHEREOF, we have hereunto set our hands, this the 14th
day of June, 1965.

George H. Mitchell
B. J. Bridges
Jim R. Copeland
L. R. Garrison
W. B. Flanery

THE STATE OF TEXAS

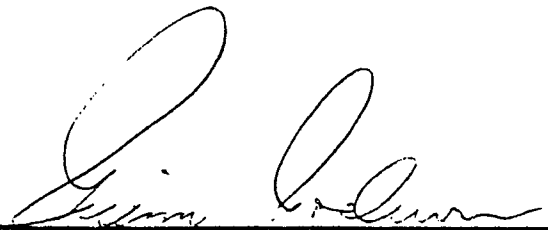
COUNTY OF KAUFMAN

I, Guinn Godwin, a Notary Public, do
hereby certify that on this 14th day of June, 1965,
personally appeared before me, George H. Mitchell, B. J. Bridges, Jim
R. Copeland, L. R. Garrison and W. B. Flanery,

who each being by me first duly sworn, severally declared that they are the per-
sons who signed the foregoing document as incorporators, and that the statements
therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and
year above written.

Guinn Godwin



Notary Public in and for
Kaufman County, Texas

(Notarial Seal)

My Commission expires June 1, 1967.



The State of Texas

Secretary of State

FEB. 13, 1989

GENE TAYLOR
ROUTE 3
KAUFMAN, TX 75142

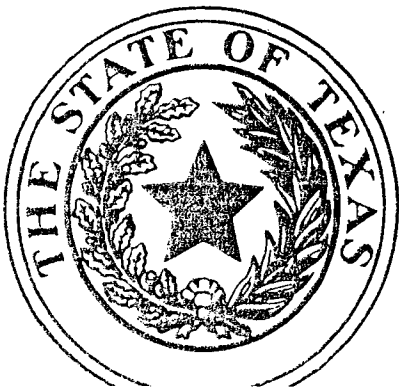
RE:
COLLEGE MOUND WATER SUPPLY CORPORATION
CHARTER NUMBER 00214395-01

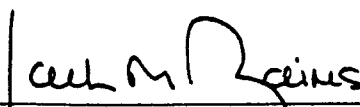
THIS IS TO ADVISE YOU THAT THE ABOVE REFERENCED CORPORATION'S REPORT REQUIRED BY ARTICLE 1396-9.01, TEXAS NON-PROFIT CORPORATION ACT, HAS BEEN FILED IN THIS OFFICE, AND YOUR REMITTANCE OF \$5.00 HAS BEEN APPLIED AS THE FILING FEE FOR SAME.

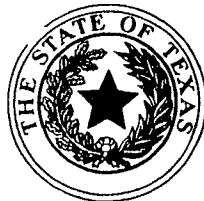
AS THE LAW DOES NOT PROVIDE FOR THE FURNISHING OF A CERTIFICATE OF FILING, THIS LETTER MAY BE USED AS EVIDENCE OF SUCH FILING.

SINCERELY,

CORPORATIONS SECTION
STATUTORY FILINGS DIVISION




Secretary of State



463-5701

The State of Texas
Secretary of State

JAN 17, 1989

GEORGE H MITCHELL, REGISTERED AGENT
COLLEGE MOUND WATER SUPPLY CORPORATION
ROUTE 3
TERRELL, TX

RE: COLLEGE MOUND WATER SUPPLY CORPORATION
CHARTER NO. 00214395-01

DEAR SIR OR MADAM:

YOU ARE HEREBY NOTIFIED THAT ARTICLE 1396-9.01, TEXAS NON-PROFIT CORPORATION ACT, REQUIRES NON-PROFIT CORPORATIONS TO FILE THE ATTACHED REPORT WITH THE SECRETARY OF STATE. THE FILING FEE IS \$5.00.

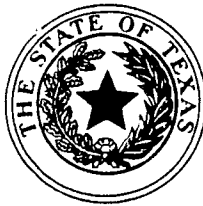
THE CORPORATION SHOULD RETURN ONE COPY OF THE REPORT TO THE SECRETARY OF STATE AND RETAIN THE OTHER COPY FOR ITS PERMANENT RECORDS.

FAILURE TO FILE THIS REPORT WITHIN 30 DAYS FROM THE ABOVE DATE WILL RESULT IN THE FORFEITURE OF THE CORPORATION'S RIGHT TO CONDUCT AFFAIRS IN THE STATE OF TEXAS. SUBSEQUENTLY, THE CORPORATION'S CHARTER WILL BE FORFEITED PURSUANT TO ARTICLE 1396-9.02E, TEXAS NON-PROFIT CORPORATION ACT.

IF YOU HAVE ANY QUESTIONS, PLEASE DO NOT HESITATE TO CONTACT THIS OFFICE.

SINCERELY,

CORPORATIONS SECTION
STATUTORY FILINGS DIVISION



The State of Texas

Secretary of State

JACK RAINS
SECRETARY OF STATE

CHARTER NO. 00214395-01
ARTICLE 9.01, T.N.P.C.A. REPORT
FILING FEE \$5.00

PURSUANT TO THE PROVISIONS OF ARTICLE 9.01 OF THE TEXAS NON-PROFIT CORPORATION ACT, THE UNDERSIGNED CORPORATION HEREBY FILES ITS REPORT SETTING FORTH:

1. THE NAME OF THE CORPORATION IS:

COLLEGE MOUND WATER SUPPLY CORPORATION

2. IT IS INCORPORATED UNDER THE LAWS OF: TEXAS

3. THE STREET ADDRESS OF THE REGISTERED OFFICE OF THE CORPORATION IN THE STATE OF TEXAS IS: ROUTE 3 TERRELL, TX Rt 3 Kaufman, Texas 75142

4. ITS REGISTERED AGENT AT SUCH ADDRESS IS: GEORGE H MITCHELL Gene Taylor

5. IF A FOREIGN CORPORATION, THE STREET ADDRESS OF ITS PRINCIPAL OFFICE IN THE STATE OR COUNTRY UNDER THE LAWS OF WHICH IT IS INCORPORATED IS:

6. THE NAMES AND RESPECTIVE ADDRESSES OF ITS DIRECTORS (OR TRUSTEES, ETC.) AND OFFICERS ARE:

NAME	OFFICE	ADDRESS
Bobby H. Anglin	President/Director	5310 Harvest Hill LB126 Dallas7
Don Lambert	Vice President/Director	3326 Creekbend Dr. Garland 7504
Bill Pruitt	Secretary-Treasurer/Direct	Rt 3 Box 472 Kaufman 75142
Gayle Box	Member /Director	Rt 2 Box 754 Terrell 75160

SEE ATTACHED LIST

7. THE FOREGOING INFORMATION IS GIVEN AS OF THE DATE OF THE EXECUTION OF THIS REPORT:

DATED February 7, 19 89

College Mound Water Supply Corporation

NAME OF CORPORATION

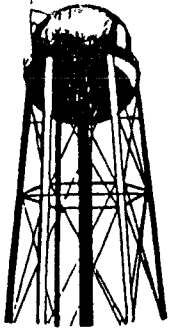
BY

ITS

Secretary-Treasurer

(AUTHORIZED OFFICER)

NOTE: ALL ITEMS MUST BE COMPLETED. MAKE CHANGES TO ITEMS 3 AND 4 AS NECESSARY. RETURN TO SECRETARY OF STATE, CORPORATIONS SECTION, P.O. BOX 13697, AUSTIN, TEXAS 78711-3697 WITH \$5.00 FEE.



College Mound Water Supply Corporation

Route 3
Kaufman, Texas 75142
(214) 932-6672

Name

Office

Address

Bobby Crow

Member /Director

Rt 3 Box 564 Kaufman 75142

Harvey Chitty

Member /Director

P.O. Box 13 Terrell 75160

Tommie Sneed

Member /Director

Rt 3 Box 685B Kaufman 75142

APPLICATION TO OBTAIN OR AMEND A WATER OR SEWER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)



GENERAL INFORMATION

★★★ THIS APPLICATION IS NOT A RATE CHANGE APPLICATION. THE APPROPRIATE FORMS NEEDED TO FILE A RATE CHANGE APPLICATION MAY BE OBTAINED BY CONTACTING THE UTILITIES AND DISTRICTS SECTION, TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ). ★★★

- ☞ Pursuant to V.T.C.A., Water Code, Chapter 13, Subchapter G:
- † CCNs *may be obtained* by any retail public water and sewer utility.
 - † CCNs *are required* for
 - a) Investor Owned Utilities (IOU);
 - b) Non-profit, member-owned, member-controlled water supply or sewer service corporations (WSC) incorporated under Water Code Chapter 67; and
 - c) affected counties.
 - † CCNs *may be required* for political subdivisions, except affected counties, before utility service can be provided to an area already lawfully being served.
- ☞ A CCN gives the holder:
- † the legal right to provide water and/or sewer utility service;

- † for compensation, either directly through a monthly rate or indirectly through maintenance fees, property owners fees, etc.;
- † a delineated service area; **AND**
- † obligates the certificate holder to provide service to every customer and qualified applicant who requests service within that area.

☞ A CCN is ***not required*** when service is either submetered pursuant to Water Code, Chapter 13, Subchapter M or included in the rental of the property.

☞ IOUs and WSCs with 15 or less potential connections may register as “exempt” and then are not required to possess a CCN for their service area if they meet the exemption criteria.

☞ **If this application was downloaded from the TCEQ web site or sent via E-mail, it shall not be changed, altered or amended from its original form only available from the Commission.**

PROCESSING YOUR CCN APPLICATION

☞ FLOW CHART

Enclosed in this packet is a flow chart of the review process. Your application will go through an Administrative Review and, when accepted for filing, through a Technical Review. For uncontested applications, processing time depends on the response time of the applicant. Contested applications generally take longer because of the need for scheduling a public hearing, and processing time depends on whether a settlement agreement between the applicant and the protestor(s) is reached. The dates provided in the flow chart are generally the time it takes to process an uncontested application.

☞ ADMINISTRATIVE REVIEW OF YOUR CCN APPLICATION

- † Your application will be reviewed for completeness by the Commission staff within ten (10) working days after it is received in our offices.
- † If necessary, you may be requested to provide additional information within **thirty (30) days** to complete the application.
- † Proposed notice forms are included with the application.
- † If the application is administratively incomplete, you will be sent a letter that outlines the application's deficiencies and describing what you need to do to correct the deficiencies
 - a) After receiving that letter, you will have **thirty (30) days** to make the necessary corrections
 - b) **If you fail to make the corrections in full**
 - (a) **the application will be returned,**
 - (b) **the application fee will be forfeited, and**
 - (c) **if you are already operating a system, you will be referred for enforcement action which may include administrative penalties of up to \$500 per day.**

☞ NOTICE

The Commission cannot grant a CCN until proper notice of the application has been given. It is the applicant's responsibility to ensure that proper notice is given. Notice forms for publication,

neighboring cities and systems, and customers are included with this application to use in preparing your proposed notices. These notice forms are also available in Spanish upon request. If the applicant is an operating IOU currently providing service without a CCN, then proposed notices must be provided for publication, to neighboring cities and systems and current customers in the proposed service area. All three forms must be completed and submitted with the application. However, if the applicant has no customers in the proposed area at the time of filing and is only proposing to provide service at some future date, or if the applicant is a WSC or political subdivision, then only the notices for publication and neighboring cities and systems must be submitted. **Do not publish the notice or send copies of the proposed notices or maps to anyone at the time you submit this application to the Commission.** Your proposed notices and maps will be reviewed for completeness. When your application is accepted for filing, you will be directed to provide the appropriate notices for publication, to the neighboring cities and systems and, if necessary, to current customers.

TECHNICAL REVIEW OF YOUR CCN APPLICATION

When the application is complete, you will be notified by mail and be required

- † to publish notice once each week for two (2) consecutive weeks in a newspaper of general circulation in your local area and county. If the proposed area is in more than one county, publication in each county is required;
- † to provide a copy of the individual notice with copy of location map (CCN map) to neighboring cities and systems within
 - a) two (2) miles of your proposed service area, if you are an existing retail public utility amending the existing service area **or**
 - b) five (5) miles if you are obtaining a new CCN to serve a new service area; and
 - c) to provide individual mailed notice with copy of location map (CCN map) to all affected current customers if you are required to have a CCN but are currently providing service without a CCN;

If the application is ***technically incomplete***, you will be sent a letter that outlines the application's deficiencies and describing what you need to do to correct the deficiencies

- † After receiving that letter, you will have ***thirty (30)*** days to make the necessary corrections
- † **If you fail to make the corrections in full,**
 - a) **the application will be returned**
 - b) **the application fee will be forfeited and**
 - c) **if you are already operating a system, you will be referred for enforcement action which may include administrative penalties of up to \$500 per day.**

V.T.C.A. Water Code Section 13.246(c) requires the Commission to consider the following factors before it can issue a CCN:

- † the adequacy of service currently provided to the requested area,
- † the need for additional service in the requested area,
- † the effect of the granting of a certificate on a recipient of the certificate and on any retail public utility of the same kind already serving the proximate area,
- † the ability of the applicant to provide adequate service,
- † the feasibility of obtaining service from an adjacent retail public utility,
- † the financial stability of the applicant, including, the adequacy of the applicant's

- ‡ debt-equity ratio,
- ‡ environmental integrity, **AND**
- ‡ the probable improvement of service or lowering of cost to consumers in that area resulting from the granting of the certificate.

In addition to these factors,

- ‡ the Commission must ensure that the applicant possesses the financial, managerial, and technical capability to provide continuous and adequate service **AND**
- ‡ the applicant must also demonstrate that regionalization or consolidation with another retail public utility is not economically feasible.

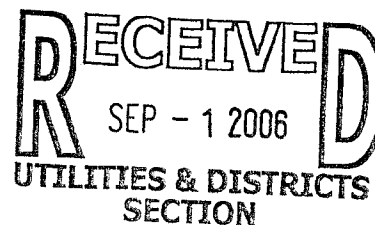
If there are no protests, you will be provided a copy of the technical staff recommendation and proposed CCN. If you have any questions or concerns, you should contact the technical staff person assigned to your application immediately. If you disagree with the staff recommendation and/or proposed CCN, the application will be considered contested, and a hearing may be requested.

If the application is contested and a hearing is requested, the application may be referred to the State Office of Administrative Hearings (SOAH). During the preliminary hearing, the presiding Administrative Law Judge (ALJ) may give the parties time to negotiate a settlement. Alternative Dispute Resolution (ADR) is available upon request of all of the parties. If a settlement is reached, the application will be remanded to staff for administrative processing. If a settlement is not reached, a discovery schedule and a date for an evidentiary hearing will be set. The ALJ will take testimony from each party and present a report to the Commission to consider in making a final decision on the application.

The completed application and copies should be sent to:

Texas Commission on Environmental Quality
Registration, Review & Reporting Division
Permits Administrative Review Section
Water Quality Applications Team
MC-156
P. O. Box 13087
Austin, TX 78711-3087

☆☆☆THIS APPLICATION IS NOT A RATE CHANGE APPLICATION. THE APPROPRIATE FORMS NEEDED TO FILE A RATE CHANGE APPLICATION MAY BE OBTAINED BY CONTACTING THE UTILITIES AND DISTRICTS SECTION, TEXAS COMMISSION ON ENVIRONMENTAL QUALITY.☆☆☆



*If known (See instructions)

PURPOSE OF THIS APPLICATION

OBTAIN ☐ New Water CCN ☐ New Sewer CCN
 AMEND ☒ Water CCN # 10825 ☐ Sewer CCN #

I. APPLICANT INFORMATION

Utility Name: College Mound WSC
 Utility Address (city/state/zip) 12731 FM 429
Terrell, TX 75161
 Utility Phone and Fax Number (972) 563-1355 Phone (972) 551-7176 Fax

Contact Person: Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title related to the applicant.

Name: Tyler N. Hendrickson P. E. Title: Engineer
 Address: 930 E. Corsicana Telephone (903) 675 - 3903
 City Athens St TX Zip 75751 Fax(903) 675 - 8345
 County(ies) in which service is proposed Kaufman

A. Provide the following information about the utility's certified operators

Name	Classes	License Number
John P. Washburn	Class C	WD0001546
Tommy C. Wilson	Class C	WD0002780

- Attach additional sheet(s) if necessary -

B. Check the appropriate box and provide information regarding the legal status of the applicant:

	Investor owned utility
	Individual
	Home or Property Owners Association
	For-profit corporation
x	Non-profit, member-owned, member-controlled cooperative corporation (Water Code Chapter 67, Water Supply or Sewer Service Corporation)
	Municipality
	District
Other	Please explain:

- C. If the applicant is a For-Profit Corporation:
- i. Please provide a copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts. (See Note below).
 - ii. Please provide the corporation's charter number as recorded with the Office of the Texas Secretary of State. _____.
- D. If the applicant is a Water Code Chapter 67 water supply or sewer service corporation or other non-profit corporation:
- i. Please provide a copy of the Articles of Incorporation and By-Laws. **See Attachment A**
 - ii. Please provide the corporation's charter number as recorded with the Office of the Texas Secretary of State. **See Attachment A**

2. LOCATION INFORMATION

- B. Are there people already living in the proposed area?
YES x NO
If YES, are any currently receiving utility service?
YES _____ NO _____, if YES, from Whom _____.
- C. Have you received any requests for service in the requested service area?
YES x NO
If yes, please indicate the number of verbal and number of written requests and provide a clear explanation of the need for service in the requested area.
WRITTEN _____ VERBAL x
On a separate page, list the name, address, and phone number of persons requesting service. Include any letters of intent, service inquiries, and/or any other documentation demonstrating a need for service in the proposed area. Requests for service must be identified on the large scale map. See 2.E.i.a below. If no, please justify the need for service in the proposed area.
- D. Is any portion of the proposed service area inside an incorporated city?
YES _____ NO x
If YES, within the city limits of:
Provide a copy of any franchise, permit, or consent granted by the city. If not available, please explain:
- E. Is any portion of the proposed service area inside another utility's CCN area?
YES x NO
If YES, has the current CCN holder agreed to decertify the proposed area.
YES x NO
If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest.
- F. Attach the following maps with each copy of the application: (*All maps should include applicant's name, address, telephone number, and date of drawing or revision. All maps should be folded to 8½ x 11 inches*).
- i. Subdivision plat or engineering plans or other large scale map showing the following:

- A. The exact proposed service area boundary showing locations of requests for service and locations of existing connections (if applicable).

NOTE: Applicant may send their facility line map showing current connections (if available), OR estimate the number of connections along each side of the street on the large scale map.

- B. The existing service area (if applicable).
- C. Metes and bounds (if available).
- D. Proposed and existing service area boundaries should be plotted on the map in relation to verifiable natural and man-made landmarks such as roads, creeks, rivers, railroads, etc.
- E. *Service area boundaries should be shown with such exactness that they can be located on the ground.*

NOTE: *Applicant may use a USGS 7.5"-minute series map if no other large scale map is available.*

- ii. Small scale location map delineating the proposed service area. The proposed service area boundary should be delineated on a copy of the TCEQ official CCN map. This map will assist TCEQ staff in locating the proposed service area in relation to neighboring utility service areas. *A copy of the TCEQ official CCN map may be obtained by contacting the Utilities & Districts Section at 512/239-4691 or by mailing a written request to the following address:*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
Water Supply Division
Utilities & Districts Section
MC-153
P.O. Box 13087
Austin, TX 78711-3087

NOTE: If the proposed service areas shown on the large scale map and small scale map do not delineate the same area, the more detailed large scale map will be used to delineate the official CCN service area.

- iii. **Hard copy maps should include the following items:**

- A. Map scale should be prominently displayed.
- B. Color coding should be used to differentiate the applicants existing service areas from the proposed service area.
- C. Attach a written description of the proposed service area.
- D. Proposed service area should be the same on all maps.
- E. Include map information in digital format (if available), *see Section 3, GIS Information.*

- iv. Each utility shall make available to the public at each of its business offices and designated sales offices within Texas the map of the proposed service area currently on file with the Commission. The applicant employees shall lend assistance to persons requesting to see a map of the proposed area upon request.

3. GIS INFORMATION

We are currently developing a state wide Geographic Information Systems (GIS) coverage of all CCN service areas. The mylar maps are being retired. In order to assist us in this move, we are requesting that a digital file of the proposed CCN service area boundary be submitted with the 3 hard copy maps. **This is not a requirement.** It is understood that not all utilities employ the services of an engineering company or use mapping software to produce a map of the proposed CCN service area boundary. However, by submitting the information digitally, the evaluation of your CCN will be faster and more accurate. Also, by receiving the information in digital form it is easier for us to update and maintain the CCN GIS coverage.

A. **Digital Map Requirements** In order that your digital data can be properly used, the following information is necessary:

- i. Submit digital data of the proposed CCN service area on a 3.25" diskette or CD. Only one diskette or CD is necessary. Most files of CCNs (minus the base map) should be small enough to zip up and put on a diskette or CD.
- ii. The digital data should include all items represented in the hard copy maps (see Section 2, items E.i and E.ii).
- iii. Please identify data file format, projection information, map units and base map used. **Acceptable Data File Formats:**
 - a. ArcView shape file (preferred)
 1. AutoCAD dwg file
 2. Arc/Info E00 file
 3. DXF file
 4. Microstation dgn files

NOTE: If you use a format that is not listed, contact the Cartographer at the number listed below to see if we can use the data.

- a. **Projection, Datum, and Units Information** The data should be submitted in the Texas State Mapping System (TSMS) Projection. However, if it cannot be submitted in TSMS, list the Projection (e.g. State Plane Central Zone, NAD27) or coordinate system being used and Units (e.g. meters, feet, etc.)

- b. **Base Map Information** List the base map used (e.g. TxDOT county digital road maps, USGS maps, etc.) Base map information should be included only if it has been produced in-house and is not easily available at most data repositories.

NOTE: TCEQ uses TxDOT county (urban) digital road maps as the official CCN base map. Copies of these files can be obtained from Texas Natural Resources Information Systems (TNRIS) at (512) 463-8337 or downloaded from the TNRIS website at <http://www.tnris.state.tx.us/DigitalData/TxDOT/txdot.htm>.

- c. **Read-me text file** Data file format, base map used, projection and units information, and other necessary information can be specified in a read-me text file.

B. **Important Information** For those applicants that submit digital data:

- i. Please make sure the proposed service area boundary shown on the hard

copy map is identical to the digital data. If the proposed service area shown on the digital data does not delineate the same area shown on the hard copy map, the hard copy map will be used to delineate the official CCN service area.

- ii. Modifications may be made to submitted digital data in order to match the proposed service area boundary to features represented on the TxDOT base map, as opposed to the same features used in the applicants base map.
- iii. If an applicant proposes to amend a portion of their existing CCN service area, the existing service area shown on the digital data must match the official CCN service area that was previously certificated to the utility. If it does not, then only the proposed portion of the digital data will be used.

If you have any questions about sending the data or our GIS CCN coverage, please contact the Cartographer of the Utilities & Districts Section, Water Supply Division at (512) 239-4691.

4. NEW SYSTEM INFORMATION OR UTILITIES REQUESTING A CCN FOR THE FIRST TIME

- B. Please provide the following information:
 - i. A list of all public drinking water supply systems or sewer systems within a 2 mile radius of the proposed system.
 - ii. Copies of written requests seeking to obtain service from each of the public drinking water supply systems or sewer systems listed in #4.a.i above or documentation that it is not economically feasible to obtain service from them.
 - iii. Copies of written responses from each system or evidence that they did not reply.
- B. Were your requests for service denied?
 - i. If yes, continue.
 - ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each system that granted your request for service.
- C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any:
- D. Date of plat approval, if required:
Approved by:
- E. Date Plans & Specifications submitted for approval _____ Log No.
Attach copy of approval letter if available.
- F. Date construction is scheduled to commence
- G. Date service is scheduled to commence

5. **EXISTING SYSTEM INFORMATION**

A. Please provide the following information for **each** water and/or sewer system:

i. Water system's TCEQ Public Water System identification number:

1	2	9	0	0	1	2	;									;								
---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	---	--	--	--	--	--	--	--	--

							;									;								
--	--	--	--	--	--	--	---	--	--	--	--	--	--	--	--	---	--	--	--	--	--	--	--	--

ii. Sewer system's TCEQ Discharge Permit number: (for each system)

W	Q						-					;	W	Q						-				
---	---	--	--	--	--	--	---	--	--	--	--	---	---	---	--	--	--	--	--	---	--	--	--	--

iii. Date of last inspection April 25, 2006

iv. Attach a copy of the most recent inspection report letter. **See Attachment B**

v. For each system deficiency listed in the inspection report letter, attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates. **See Attachment B**

B. Using the current number of customers, is any facility component in systems named in #5A above operating at 85% or greater of minimum standard capacity?

Yes x No

Attach an explanation listing the actions to be taken to make system improvements including proposed completion dates (See 291.93(3)(A) of TCEQ Rules).

C. List in the table below, the number of existing and/or proposed metered and non-metered connections (by size). The proposed number should reflect the information presented in the business plan and reflect the number of service requests identified in Question 2.b above.

Water System			Sewer System		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter	2734	138	Residential		
1" meter or larger	12		Commercial		
Non-Metered			Industrial		
Other:			Other:		
Total Water	2746	138	Total Sewer		

D. If this application is for a water CCN only, please explain how sewer service is provided:

This is a rural area, and sewer service is provided by septic systems.

E. If this application is for a sewer CCN only, please explain how water service is provided: N/A

F. What is the effect of the granting or amending a certificate on a recipient of the certificate and on any retail public utility of the same kind already serving the proximate area: There is essentially no effect.

G. Do you currently purchase or plan to purchase water or sewer treatment capacity from another source?

i. No ☒ (skip the rest of this question and go to #6)

ii. Water

Yes

Purchased on a (☒)regular - ()seasonal - ()emergency basis?

Source	% of total supply
City of Terrell	25%
North Texas MWS	75%

iii. Sewer treatment capacity

Yes

Purchased on a ()regular - ()seasonal - ()emergency basis

Source	% of total treatment

iv. Provide a **certified** copy of the most current water or sewer treatment capacity purchase agreement or contract.

6. FINANCIAL INFORMATION

A. For new systems and for applicants with existing CCNs who are constructing a new stand alone system:

i. the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.

ii. Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates should correlate to the growth projections in #6.A above.

iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.

B. For existing systems:

i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed). **See Attachment C**

ii. Attach a proposed rate schedule or tariff. **See Attachment C**

NOTE: An existing system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application.

- C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.
- D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.

7. NOTICE REQUIREMENTS

- A. All proposed notice forms must be completed and submitted with the application. However, do not mail or publish them until you receive written approval from the Commission to do so.
- B. The Commission cannot grant a CCN until proper notice of the application has been given. Commission rules do not allow a waiver of these notice requirements.
- C. It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.
- D. Recommended notice forms for publication, neighboring cities and systems, and customers are included with this application to use in preparing your proposed notices. (These notice forms are also available in Spanish upon request.)
- E. After reviewing and, if necessary, modifying the proposed notice, the Commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully and note any additional neighboring utilities which may be included in the acceptance letter.
- F. Notice For Publication:
The applicant shall publish the notice in a newspaper having general circulation in the county or counties where a certificate of convenience and necessity is being requested, once each week for two consecutive weeks beginning with the week after the notice is received from the Commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the Commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.
- G. Notice To Neighboring Utilities:
 - i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area; and
 - ii any city whose extra-territorial jurisdiction (ETJ) overlaps the proposed service area.
 - iii. For applications for the issuance of a **NEW** certificate of public convenience and necessity, the applicant must mail the notice with a copy of the location map (CCN map) to all cities and neighboring

retail public utilities providing the same utility service within **five (5) miles** of the requested service area, and any city with an ETJ which overlaps the proposed service area.

iv. For applications for the **AMENDMENT** of certificate of public convenience and necessity, the applicant must mail the notice with a copy of the location map (CCN map) to all cities and neighboring retail public utilities providing the same utility service within **two (2) miles** of the requested service area, and any city with an extra-territorial jurisdiction which overlaps the proposed service area.

II. Notice to Customers

Investor Owned Utilities (IOUs) that are currently providing service without a certificate must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted, and any other information required in the application.

I. The Commission may require the applicant to deliver notice to other affected persons or agencies.

OATH

State of Texas

I, Tonia Parker, being duly sworn, file this application as SECRETARY (indicate relationship to Applicant, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the maps filed with this application, and have complied with all the requirements contained in this application; and, that all such statements made and matters set forth therein are true and correct. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Texas Commission on Environmental Quality.

I further represent that the application form has not been changed, altered or amended from its original form available only from the Commission.

I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants for service within its certificated service area.

Tonia Parker

AFFIANT

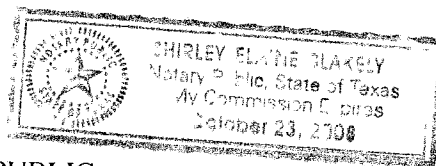
(Applicant's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this 23rd day of August, 2006.

Shirley Elanie Blakely

SEAL



NOTARY PUBLIC

Notice for Publication

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE
AND NECESSITY (CCN) TO PROVIDE WATER/SEWER
UTILITY SERVICE IN Kaufman COUNTY(IES)

College Mound W.S.C. has filed an application for a
CCN / to amend CCN No. 10825 / and to decertify a portion(s) of College Mound WSC
with the Texas Natural Resource Conservation Commission to provide water
(specify 1) water or 2) sewer or 3) water & sewer) utility service in Kaufman
County(ies).

The proposed utility service area is located approximately _____ miles
[direction] of downtown Terrell, [City or Town] Texas,
and is generally bounded on the north by _____; on the
east by _____; on the south by
; and on the west by _____. The total area being requested
includes approximately _____ acres and _____ current customers.

A copy of the proposed service area map is available at 12731 FM 429 Terrell, TX
972-563-1355

A request for a public hearing must be in writing. You must state (1) your name, mailing address,
and daytime telephone number; (2) the applicant's name, application number or another
recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a
brief description of how you or the persons you represent, would be adversely affected by the
granting of the application for a CCN; and (5) your proposed adjustment to the application or
CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

within thirty (30) days from the date of this publication or notice. A public hearing will be held
only if a legally sufficient hearing request is received or if the Commission on its own motion
requests a hearing. Only those individuals who submit a written hearing request or a written
request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Executive Director will not issue the CCN and will forward
the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no
settlement is reached and an evidentiary hearing is held, the SOAH will submit a
recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be
a legal proceeding similar to a civil trial in state district court.

Si desea informacion en Espanol, puede llamar al 512-239-0200.

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN)
TO PROVIDE WATER/SEWER UTILITY SERVICE IN Kaufman COUNTY(IES)

To: _____ Date Notice Mailed: _____, 20
(Neighboring System or City)
(Address)
(City State Zip)

College Mound WSC has filed an application for a CCN / to amend CCN No. 10825 / and to decertify a portion(s) of (Name of Decertificated Utility) with the Texas Commission on Environmental Quality to provide water (specify 1) water or 2) sewer or 3)water & sewer) utility service in Kaufman County(ies).

The proposed utility service area is located approximately _____ miles [direction] of downtown _____, [City or Town] Texas, and is generally bounded on the north by _____; on the east by _____; on the south by _____; and on the west by _____. See enclosed map of the proposed service area. The total area being requested includes approximately _____ acres and _____ current customers.

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Executive Director will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

Si desea informacion en Espanol, puede llamar al 512-239-0200.

Notice to Customers of IOUs in Proposed Area

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND
NECESSITY (CCN)
TO PROVIDE WATER/SEWER UTILITY SERVICE IN Kaufman COUNTY

Dear Customer:

Date Notice Mailed _____, 20

College Mound WSC has filed an application for a CCN to amend CCN No. 10825 and to decertify a portion(s) of Name of Decertificated Utility with the Texas Commission on Environmental Quality to provide water (specify 1) water or 2) sewer or 3) water & sewer) utility service in Kaufman County(ies).

The proposed utility service area is located approximately _____ miles
[direction] of downtown _____, [City or Town] Texas

A copy of the proposed service area map is available at 12731 FM 429, Terrell, TX 972-563-1355

The current utility rates which were first effective on _____, 20__ are:

- Monthly Flat Rate of \$ _____ per connection

-OR-

- Monthly Base Rate including _____ gallons per connection for:

5/8" meter	\$
1" meter	\$
1½" meter	\$
2" meter	\$
Other _____	\$

Gallonge charge of \$ _____ per 1,000 gallons above minimum (same for all meter sizes)

Miscellaneous Fees

-Regulatory Assessment	1%
-Tap Fee (Average Actual Cost)	\$
-Reconnection fee:	
-Non Payment (\$25.00 max)	\$
-Transfer	\$
-Customer's request	\$
-Late fee	\$5.00 or 10%
-Returned Check charge	\$
-Customer Deposit (\$50.00 max)	\$
-Meter test fee (Actual Cost not exceed \$25.00)	\$
-Other Fees	\$

Your utility service rates and fees cannot be changed by this application. If you are currently paying rates, those rates must remain in effect unchanged. Rates may only be increased if the utility files and gives notice of a separate rate change application.

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Executive Director will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

IF A HEARING IS HELD, it is important that you or your representative attend to present your concerns. Your request serves only to cause a hearing to be held and is not used during the hearing.

Si desea informacion en Espanol, puede llamar al 512-239-0200.

Historical Profit & Loss Statement					
	Current Year (a)	(a) - 1 year	(a) - 2 years	(a) - 3 years	(a) - 4 years
Number of connections					
Income.					
Gross Revenue					
Fees					
Other					
Gross Income					
Expenses General & Administrative					
Salary Expense					
Office Expense					
Computer Expense					
Auto Expense					
Insurance Expense					
Telephone Expense					
Utilities Expense					
Property Tax Expense					
Professional Fees					
Other					
Total General & Administrative					
Expenses Operational					
Salary Expense					
Auto Expense					
Utilities Expense					
Supply Expense					
Maintenance & Repair Expense					
Other Expense					
Total Operational					
Total Expenses					
Net Income					

Historical Balance Sheets - ASSETS					
	Current Year (a)	(a) - 1 year	(a) - 2 years	(a) - 3 years	(a) - 4 years
CURRENT ASSETS					
Cash					
Cost Accounts Receivable					
Inventories					
Income Tax Receivables					
Other					
TOTAL CURRENT ASSETS					
FIXED ASSETS					
Land					
Collection/Distribution System					
Buildings					
Equipment					
Other					
TOTAL FIXED ASSETS					
Less:					
Accum Depreciation/Reserve					
NET FIXED ASSETS					
TOTAL ASSETS					

Historical Balance Sheets LIABILITIES					
	Current Year (a)	(a) - 1 year	(a) - 2 years	(a) - 3 years	(a) - 4 years
CURRENT LIABILITIES					
Accounts Payable					
Notes Payable, Due ~ 1 Year					
Accrued Expenses					
Customer Deposits					
Other					
TOTAL CURRENT LIABILITIES					
LONG TERM LIABILITIES					
Notes Payable, Due ~ 1 Year					
Other					
TOTAL LONG TERM LIABILITIES					
OWNER'S EQUITY					
Paid-in Capital					
Retained Equity					
Other					
Current Period Profit or Loss					
TOTAL OWNER'S EQUITY					
TOTAL LIABILITIES & EQUITY					

Projected Profit & Loss Statement					
	Year 1	Year 2	Year 3	Year 4	Year 5
Number of connections					
Income					
Gross Revenue					
Fees					
Other					
Gross Income					
Expenses: General & Administrative					
Salary Expense					
Office Expense					
Computer Expense					
Auto Expense					
Insurance Expense					
Telephone Expense					
Utilities Expense					
Property Tax Expense					
Professional Fees					
Other					
Total General & Administrative					
Expenses: Operational					
Salary Expense					
Auto Expense					
Utilities Expense					
Supply Expense					
Maintenance & Repair Expense					
Other Expense					
Total Operational					
Total Expenses					
Net Income					

Projected Balance Sheets - ASSETS					
	Year 1	Year 2	Year 3	Year 4	Year 5
CURRENT ASSETS					
Cash					
Cost Accounts Receivable					
Inventories					
Income Tax Receivables					
Other					
TOTAL CURRENT ASSETS					
FIXED ASSETS					
Land					
Collection/Distribution System					
Buildings					
Equipment					
Other					
TOTAL FIXED ASSETS					
Less:					
Accum Depreciation/Reserve					
NET FIXED ASSETS					
TOTAL ASSETS					

Projected Balance Sheets - LIABILITIES					
	Year 1	Year 2	Year 3	Year 4	Year 5
CURRENT LIABILITIES					
Accounts Payable					
Notes Payable, Due < 1 Year					
Accrued Expenses					
Customer Deposits					
Other					
TOTAL CURRENT LIABILITIES					
LONG TERM LIABILITIES					
Notes Payable, Due > 1 Year					
Other					
TOTAL LONG TERM LIABILITIES					
OWNER'S EQUITY					
Paid-in Capital					
Retained Equity					
Other					
Current Period Profit or Loss					
TOTAL OWNER'S EQUITY					
TOTAL LIABILITIES & EQUITY					

Projected Statements of Sources & Uses of Cash					
	Year 1	Year 2	Year 3	Year 4	Year 5
SOURCES OF CASH					
Net Profit					
Depreciation (if funded)					
Loan Proceeds					
Other					
TOTAL SOURCES					
USES OF CASH					
Net Loss					
Principal portion of payments					
Fixed Asset Purchases					
Reserve					
Other					
TOTAL USES					
NET CASH FLOW					
AVAILABLE DEBT SERVICE COVERAGE (ADSC)					
Cash Available for Debt Service					
Net Profit/Loss					
Depreciation or Reserve					
Interest					
TOTAL ADSC					
REQUIRED DEBT SERVICE COVERAGE (RDSC)					
Principal + Interest					
DEBT SERVICE COVERAGE RATIO (ADSC/RDSC)					

List of Neighboring Cities & Systems for College Mound WSC

10820- Becker-Jiba WSC
15269 FM 2680
Kaufman, TX 75142

10813- Elmo WSC
PO Box 10
Elmo, TX 75118

11205- North Kaufman
PO Box 870
Kaufman, TX 75142

College Mound WSC Affected Landowners List

Last Name	First Name	Address	City	State	Zip
Parlin	Dennis	2497 CR 280	Kaufman	TX	75142
Poston	James	7325 CR 315S	Terrell	TX	75160
McDonald	Madeline	11468 E I-20	Terrell	TX	75161
Hunnicut	B K	215 Collins	Terrell	TX	75160
Crosby	Tod	410 W James	Wills Point	TX	75169
Crosby	Kay	451 VZ CR 3804	Wills Point	TX	75169
Southerland	Texas	9670 Ranch Road 12	Wimberly	TX	78676
Smith	Charles	9223 CR 314	Terrell	TX	75161
Lawrence	Danny	7700 CR 314	Terrell	TX	75161
Guy	Bill	7748 CR 314	Terrell	TX	75160
Dailey	Forest	7660 CR 314	Terrell	TX	75160
Chitty	Harvey	PO Box 13	Terrell	TX	75160
Farmer	John	8576 Flash Lane	Terrell	TX	75160
Gieger	Victor	8582 Flash Lane	Terrell	TX	75160
Plevnic	conrad	7419 CR 315	Terrell	TX	75160
McCoy	Roy	1617 W 2nd	Taylor	TX	76574
Dodd	J M	8231 CR 315	Terrell	TX	75160
Crues	Roger	8752 CR 314	Terrell	TX	75161
Gill	Tommy	9003 CR 315	Terrell	TX	75161
Smith	Gary	8949 CR 315	Terrell	TX	75161
Brooks	Pat	4963 Old River	Hickory	NC	28602
Vick	Aubrey	8560 CR 314	Terrell	TX	75160
Polley	William	8400 Flash Lane	Terrell	TX	75161
Hinson	Odis	9051 CR 315	Terrell	TX	75161
Benjamin	Edward	445 Hidden Pass	Royse City	TX	75189
Hunt Oil Co		1445 Ross At Field	Dallas	TX	75202
Lochhead	Randy	944 W Kearney	Mesquite	TX	75149
Goodman	Norman	7424 CR 308	Terrell	TX	75160
Baker	Franklin	11628 CR 309	Terrell	TX	75160
Reynolds	Herman	PO Box 116209	Carrollton	TX	75011
Webster	Jeanne	11729 CR 309	Terrell	TX	75160

**COLLEGE MOUND WATER SUPPLY CORPORATION
TERRELL, TEXAS**

FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2005 AND 2004

COLLEGE MOUND WATER SUPPLY CORPORATION
TERRELL, TEXAS

FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2005 AND 2004

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To the Board of Directors
College Mound Water Supply Corporation

We have compiled the accompanying balance sheets of College Mound Water Supply Corporation (a tax-exempt corporation) as of June 30, 2005 and 2004, and the related statements of income, membership equity and cash flows for the six months then ended, and the accompanying supplementary information contained in Schedule "1", which is presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



Certified Public Accountants

Tyler, Texas
August 15, 2005

FINANCIAL STATEMENTS

COLLEGE MOUND WATER SUPPLY CORPORATION

TERRELL, TEXAS

BALANCE SHEETS

JUNE 30, 2005 AND 2004

ASSETS	<u>6/30/2005</u>	<u>6/30/2004</u>	<u>INCREASE (DECREASE)</u>
<u>Current Assets</u>			
Cash in bank			
Operating system	\$ 45,169	\$ 38,550	\$ 6,619
Investments:			
Membership fees account	230,955	230,555	400
Equity fees account	315,068	413,812	(98,744)
Total investments	<u>546,023</u>	<u>644,367</u>	<u>(98,344)</u>
Accounts receivable - net	215,589	188,940	26,649
Accrued unbilled sales	82,243	62,832	19,411
Inventory	45,393	45,681	(288)
Prepaid expenses	<u>14,007</u>	<u>12,305</u>	<u>1,702</u>
Total current assets	<u>948,424</u>	<u>992,675</u>	<u>(44,251)</u>
<u>Restricted Assets</u>			
Revenue bond debt service account	109,322	105,402	3,920
Revenue bond reserve account	290,053	285,084	4,969
Revenue bond early retirement	<u>11,998</u>	<u>11,949</u>	<u>49</u>
Total restricted assets	<u>411,373</u>	<u>402,435</u>	<u>8,938</u>
<u>Fixed Assets</u>			
Plant, property and equipment	11,111,541	10,539,576	571,965
Less: Accumulated depreciation	<u>(4,621,423)</u>	<u>(4,294,593)</u>	<u>(326,830)</u>
Total fixed assets	<u>6,490,118</u>	<u>6,244,983</u>	<u>245,135</u>
<u>Other Assets</u>			
Bond discount	81,838	96,661	(14,823)
Bond issue costs (net)	<u>27,314</u>	<u>32,261</u>	<u>(4,947)</u>
Total other assets	<u>109,152</u>	<u>128,922</u>	<u>(19,770)</u>
TOTAL ASSETS	<u>\$ 7,959,067</u>	<u>\$ 7,769,015</u>	<u>\$ 190,052</u>

COLLEGE MOUND WATER SUPPLY CORPORATION

TERRELL, TEXAS

BALANCE SHEETS

JUNE 30, 2005 AND 2004

	<u>6/30/2005</u>	<u>6/30/2004</u>	<u>INCREASE (DECREASE)</u>
LIABILITIES AND MEMBERSHIP EQUITY			
<u>Current Liabilities</u>			
Payable from current assets:			
Accounts payable and accrued liabilities	\$ 43,228	\$ 48,749	\$ (5,521)
Current portion of note payable	71,638	-	71,638
Total current liabilities payable from current assets	<u>114,866</u>	<u>48,749</u>	<u>66,117</u>
Payable from restricted assets:			
Bonds payable	180,000	165,000	15,000
Accrued interest on bonds	49,177	53,403	(4,226)
Total current liabilities payable from restricted assets	<u>229,177</u>	<u>218,403</u>	<u>10,774</u>
Total current liabilities	<u>344,043</u>	<u>267,152</u>	<u>76,891</u>
<u>Long-Term Liabilities</u>			
Bonds payable - net of current portion	1,740,000	1,920,000	(180,000)
Note payable - net of current portion	281,001	-	281,001
Total long-term liabilities	<u>2,021,001</u>	<u>1,920,000</u>	<u>101,001</u>
Total liabilities	<u>2,365,044</u>	<u>2,187,152</u>	<u>177,892</u>
<u>Membership Equity</u>			
Contributed capital:			
Membership fees	230,955	230,555	400
Paid in capital	2,751,783	2,660,574	91,209
Total contributed capital	<u>2,982,738</u>	<u>2,891,129</u>	<u>91,609</u>
Retained earnings:			
Reserved per revenue bond indentures	170,198	172,083	(1,885)
Unreserved	2,441,087	2,518,651	(77,564)
Total retained earnings	<u>2,611,285</u>	<u>2,690,734</u>	<u>(79,449)</u>
Total membership equity	<u>5,594,023</u>	<u>5,581,863</u>	<u>12,160</u>
TOTAL LIABILITIES AND MEMBERSHIP EQUITY	<u>\$ 7,959,067</u>	<u>\$ 7,769,015</u>	<u>\$ 190,052</u>