



Texas Commission on Environmental Quality

APPLICATION NO. _____

AFFIDAVIT OF NOTICE TO LANDOWNERS

STATE OF TEXAS

COUNTY OF _____

_____ has provided individual notice to the following entities:

DATE

	DATE
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

OATH

I, _____, being duly sworn, file this form as _____ (indicate relationship to applicant, that is, owner, member of partnership, title of officer of corporation, or other authorized representative of applicant); that in such capacity, I am qualified and authorized to file and verify such form, am personally familiar with the notices given with this application, and have complied with all notice requirements in the application and application acceptance letter; and that all such statements made and matters set for therein are true and correct.

Applicant's Authorized Representative

If the applicant 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 this _____ day of _____, 20____, to certify which witness my hand and seal of office.

Notary Public in and for the State of Texas

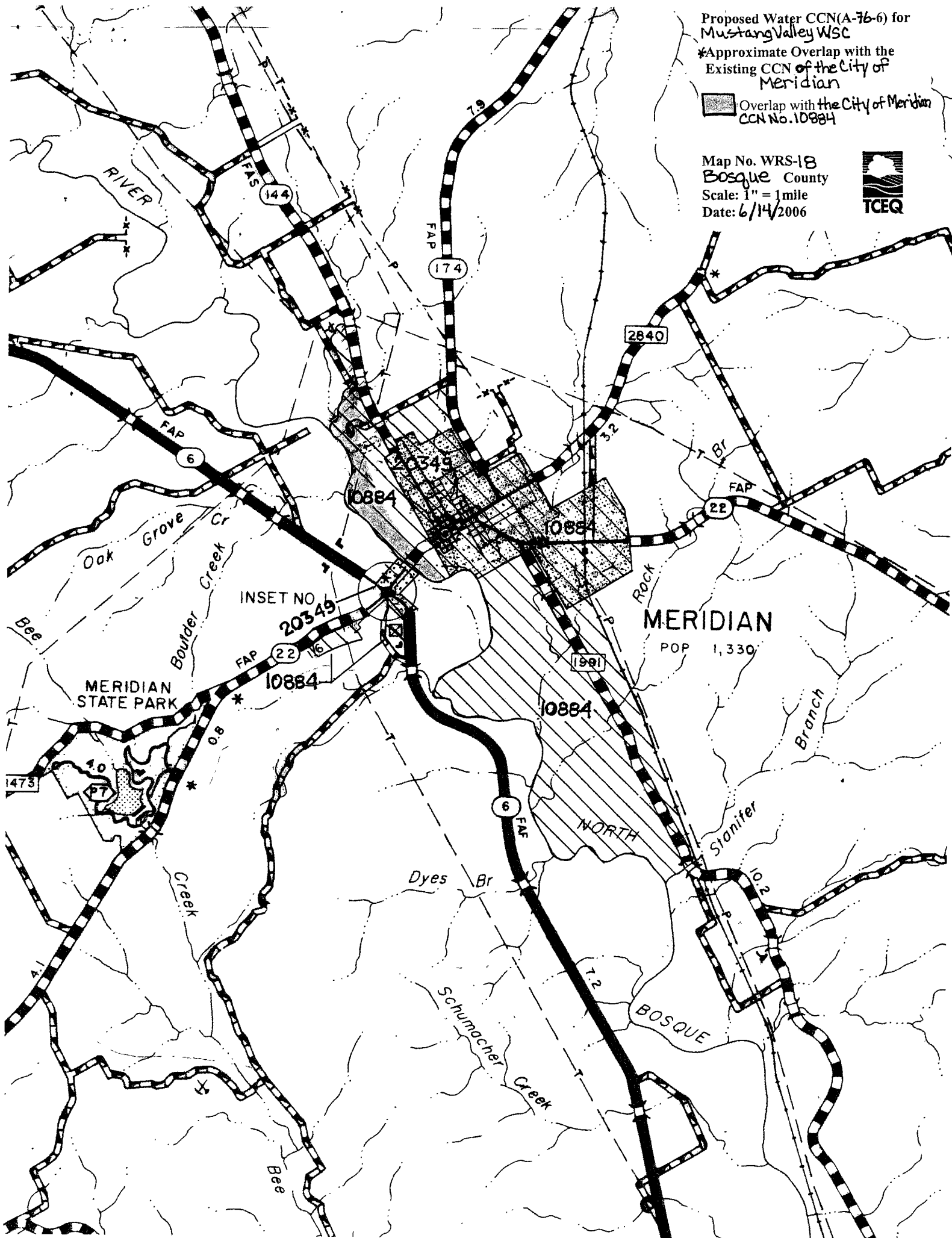
Print or Type Name of Notary Public
Commission Expires

Proposed Water CCN(A-76-6) for Mustang Valley WSC

*Approximate Overlap with the Existing CCN of the City of Meridian

Overlap with the City of Meridian CCN No. 10884

Map No. WRS-18
Bosque County
Scale: 1" = 1 mile
Date: 6/14/2006



**ROBERTSON, ROBERTSON & SILAS,
ATTORNEYS, L.L.P.**

P. O. BOX 547
815 WEST FIFTH STREET
CLIFTON, TEXAS 76634-0547
TELEPHONE 254-675-8663
FACSIMILE 254-675-4567

RECEIVED
JUN - 5 2006
**UTILITIES & DISTRICTS
SECTION**
OF COUNSEL
STEVE ROBERTSON

**PHIL ROBERTSON
ANTHONY E. SILAS
PATRICIA FERGUSON COY**

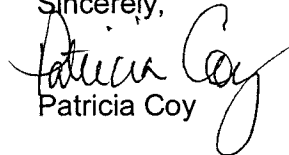
June 2, 2006

Texas Commission on Environmental Quality
Registration, Review and Reporting Division
Water Quality Application Team
MC-156
P.O. 13087
Austin, Texas 78711-3087

To Whom It Who Concern:

Please find enclosed Mustang Valley Water Supply Corporation's Application for Amended Certificate of Convenience and Necessity. If anything additional is needed please do not hesitate to call.

Sincerely,


Patricia Coy



**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.☆☆☆



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

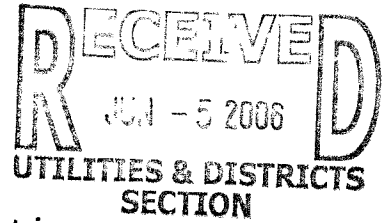
*RN # 101221083

*CN # 600662522

*If known (See instructions)

PURPOSE OF THIS APPLICATION

OBTAIN [] New Water CCN [] New Sewer CCN
AMEND [X] Water CCN # 11175 [] Sewer CCN #



1. APPLICANT INFORMATION

Utility Name: Mustang Valley Water Supply Corporation
Utility Address (city/state/zip): P.O. Box 6
Cranfills Gap, Texas 76637
Utility Phone and Fax Number: (254) 597-2445 Phone (254) 597-2445 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: Ray Piner Title: President
Address: P.O. Box 6 Telephone (254) 597-2445
City Cranfills Gap, TX Zip 76637 Fax (254) 597-2445
County(ies) in which service is proposed Bosque

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

Table with 3 columns: Name, Classes, License Number. Row 1: G&K Contracting, Inc., C, WG0000722

- Attach additional sheet(s) if necessary -

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

Table with 2 columns: Status, Description. Rows include Investor owned utility, Individual, Home or Property Owners Association, For-profit corporation, Non-profit, member-owned, member-controlled cooperative corporation (checked), Municipality, District, Other (Please explain).

- C. If the applicant is a For-Profit Corporation:
- Please provide a copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts. (See Note below).
 - Please provide the corporation's charter number as recorded with the Office of the Texas Secretary of State. N/A
- D. If the applicant is a Water Code Chapter 67 water supply or sewer service corporation or other non-profit corporation:
- Please provide a copy of the Articles of Incorporation and By-Laws.
 - Please provide the corporation's charter number as recorded with the Office of the Texas Secretary of State 363623-01

2. **LOCATION INFORMATION**

- A. Are there people already living in the proposed area?
 YES X NO _____
 If YES, are any currently receiving utility service?
 YES X NO _____, if YES, from Whom Mustang Valley W.S.C.
- B. Have you received any requests for service in the requested service area?
 YES _____ NO X
 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 _____
 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. Customers in this area are already being served by Mustang Valley W.S.C.
- C. 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: N/A
- D. Is any portion of the proposed service area inside another utility's CCN area?
 YES _____ NO X
 If YES, has the current CCN holder agreed to decertify the proposed area.
 YES _____ NO _____
 If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest. N/A
- E. 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 8 1/2 x 11 inches).
- Subdivision plat or engineering plans or other large scale map showing the following:
 - 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.
 - The existing service area (if applicable).
 - 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:

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.tnr.is.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

A. Please provide the following information: N/A

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? N/A

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. N/A

C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any: N/A

D. Date of plat approval, if required: N/A
Approved by: _____

E. Date Plans & Specifications submitted for approval N/A Log No. _____
Attach copy of approval letter if available.

F. Date construction is scheduled to commence N/A

G. Date service is scheduled to commence N/A

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:

0	1	8	0	0	3	0													
---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

W	Q																		
---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

iii. Date of last inspection 3/8/06

iv. Attach a copy of the most recent inspection report letter.

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. Deficiencies have been resolved.

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 _____ No X

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).

N/A

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	652		Residential	N/A	
1" meter or larger			Commercial		
Non-Metered			Industrial		
Other:			Other:		
Total Water	652		Total Sewer		

D. If this application is for a water CCN only, please explain how sewer service is provided:
Individual 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: could result in dual certification for both entities.

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
N/A	

iii. Sewer treatment capacity

Yes _____

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

Source	% of total treatment
N/A	

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

6. FINANCIAL INFORMATION

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

- 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).
 - ii. Attach a proposed rate schedule or tariff.

★ 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.
- H. 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.

Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the Commission. Wait until you receive written authorization to do so. This will occur after the Commission has reviewed the notices for completeness, and your application has been accepted for filing.

OATH

State of Texas

I, Ray Piner being duly sworn, file this application as President (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.

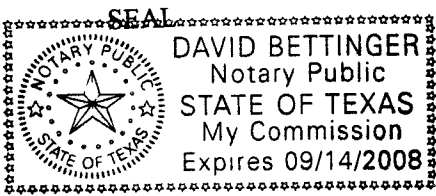
I further represent that the application form has not been changed, altered or amended from its original form available only from the Commission.

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.

Ray Piner
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 1st day of June, 2006.



David Bettinger
NOTARY PUBLIC

Notice for Publication

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

Mustang Valley W.S.C. Name of Applicant has filed an application for a CCN / to
amend CCN No. 11175 / and to decertify a portion(s) of (Name of Decertificated Utility) with the
Texas Natural Resource Conservation Commission to provide water (specify 1) water or 2) sewer
or 3) water & sewer) utility service in Bosque & Coryell County(ies).

The proposed utility service area is located approximately 1 miles northwest [direction] of
downtown Meridian, [City or Town] Texas, and is generally bounded on the north
by F.M. 1238; on the east by State Highway No. 6
; on the south by F.M. 182; and on the west by

Hamilton County Line.

The total area being requested includes approximately 144,632.8 acres and 652 current customers.

A copy of the proposed service area map is available at (Utility Address and Phone Number)
420 North 3rd Street, Cranfills Gap, Texas Telephone 254-597-2445

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 Bosque & Coryell COUNTY(IES)

To: SEE LIST ATTACHED Date Notice Mailed: _____, 20 06
(Neighboring System or City)

(Address)

(City State Zip)

Mustang Valley W.S.C. has filed an application for a CCN / to

Name of Applicant

amend CCN No. 11175 / and to decertify a portion(s) of (Name of Decertified Utility) with
the Texas Commission on Environmental Quality to provide water (specify 1) water or 2) sewer
or 3) water & sewer) utility service in Bosque & Coryell County(ies).

The proposed utility service area is located approximately 1 miles northwest [direction] of
downtown Meridian, [City or Town] Texas, and is generally bounded on the north
by F.M. 1238; on the east by State Highway 6
; on the south by F.M. 182; and on the west by Hamilton County Line. See enclosed map of the proposed service area.

The total area being requested includes approximately _____ acres and 652 current customers.
144,632.8

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.

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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.

**LIST OF NEIGHBORING CITIES AND PUBLIC WATER SYSTEMS
WITHIN A 2 MILE RADIUS OF
MUSTANG VALLEY WATER SUPPLY CORPORATION**

**CITY OF WALNUT SPRINGS
P.O. Box 272
Walnut Springs, TX 76690**

**CITY OF IREDELL
P.O. Box 1 47
Iredell, TX 76649**

**CITY OF CRANFILLS GAP
313 N. 3rd Street
Cranfills Gap, TX 76637**

**CITY OF CLIFTON
403 W. 3rd Street
Clifton, TX 76634**

**CITY OF MERIDIAN
111 N. Main Street
Meridian, TX 76665**

**CHILDRESS CREEK WATER SUPPLY CORPORATION
700 CR 3430
Clifton, Texas 76634**

**CORYELL CITY WATER SUPPLY DISTRICT
9440 FM 929
Gatesville, TX 76528**

**MOSHEIM WATER SUPPLY
3067 F.M. 217
Valley Mills, TX 76689**

Notice to Customers of IOUs in Proposed Area

N/A

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

Dear Customer:

Date Notice Mailed _____, 20__

_____ has filed an application for a CCN to/ _____ Name of Applicant amend CCN No. _____ and to decertify a portion(s) of _____ Name of Decertificated Utility with the Texas Commission on Environmental Quality to provide _____ (specify 1) water or 2) sewer or 3)water & sewer) utility service in _____ 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 _____ (Utility Address and Phone Number)

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 _____ \$_____
- | | |
|--|--|
| Gallage 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
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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.

ADDENDUM
FOR APPLICATION TO OBTAIN OR AMEND A
CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)

I. Demonstrate Need for Service by Providing the Following:

A. The proposed service area encompasses an area generally bounded by State Highway 6 from the City of Meridian to the City of Iredell and then westerly toward the Hamilton County line along F.M. 1238. The line then follows the Hamilton County line south to Cranfills Gap, around the Gap city limits and south again to the Coryell County line and easterly to along the Coryell - Bosque County line to F.M. 182 to County Road 4245 until it reaches F.M. 219. At F.M. 219 the boundary turns northward along various county roads to State Highway 22 near Meridian State Park and then eastward back to the City of Meridian.

B. Most of the area under consideration is at the present time being served by Mustang Valley Water Supply Corporation without a current CCN for the area. This application is being made to correct this oversight. However, this has not deterred the corporation from supplying water to any and all who have requested service. The water system has also made application to Rural Development for a loan to extend service to an existing subdivision. This extension of service will eventually serve approximately 50 new families who own property in the subdivision. This extension of service is included in the proposed CCN area. Within the next five years the corporation also plans to drill a new well on State Highway 6 between Meridian and Iredell and offer service to the area west of the highway. The City of Iredell is also interested in this as an alternate source of water.

C. Property owners within the proposed area that do not currently receive service from Mustang Valley rely on private wells for water. Depending on the formation where the wells are completed, this water is often high in iron. By approving the amendment to the existing CCN, Mustang Valley could offer a more reliable and better quality of water to the area.

D. There are currently no requests for service in the proposed area.

E. There are no market reports available; however, the area in and around the intersection of State Highways 6 and 22 could be considered a growth corridor. Mustang Valley has consistently and for many years provided service to the residents and businesses along the highways. The visibility of this area to people traveling these highways makes this the most attractive area for growth. Mustang Valley has placed itself in a position to continue to provide reliable service to the area.

II. Effect of Granting of a Certificate of Amendment:

A. Granting of a Certificate

1. The Applicant: As previously stated Mustang Valley serves the proposed area with the exception of the most north and western portion of the proposed area and they know that by including this area that they are committed to providing service. As demand in this area grows, Mustang will make the required and necessary improvements to the system to continue to provide affordable quality water to their certified area. As the service base of the system grows the corporation will be able to sustain and improve their infrastructure using loans from Rural Development and the Texas Water Development Board. The system was recently inspected and has made the necessary corrections so as to be in compliance with TCEQ requirements.

2. Retail Public Utility: The cities of Clifton, Meridian and Cranfills Gap provide retail public water sales in close proximity to Mustang Valley Water Supply Corporation. As of this date, the only one who has shown any interest in extending their service area is the City of Meridian. The city currently provides minimal service across the Bosque River to the State Highway 6 and 22 corridors (**Reference TCEQ Docket No. 2005-2089 UCR**). Mustang more than meets the minimum requirements for this area and has done so for many years. The effects on the City of Meridian of granting the amendment to Mustang Valley are unknown.

3. Landowners: Mustang Valley Water Supply Corporation is currently in compliance and including the new area in their CCN will only enhance the value of the property not currently served by a public water system. Most of the property in the northwestern part of the proposed area is made up of large tracts and any person who owns more than 25 acres can opt out of the service area. Growth of this area has been slow due to the lack of a reliable source of water.

III. Ability to Provide Adequate Service

A. The water supply corporation has demonstrated over the years the willingness to supply areas of Bosque County where no other public water service was available. The system has expanded two times after the original system was constructed and is in the process of providing service to Crossbow Ranch subdivision. The subdivision has been largely unbuilt upon due to the lack of water. Mustang Valley will meet this need sometime within the next eight to twelve months. The water system has also stated their intention to continue to provide water service to outlying areas as the demand arises. Including the proposed areas in the amended CCN will give rise to this demand and Mustang Valley will expand their infrastructure to meet these needs.

Current population density of those areas not served by a public water system is quite low and would be expected to remain so for a number of years. In isolated cases, some densities of three to four people per acre could be seen if subdivisions are developed. However, this area is relatively isolated from major metropolitan areas and we would not expect this type of

Mustang Valley Water Supply Corporation
Amendment To An Existing Certificate of Convenience and Necessity

May 31, 2006

growth to be very prevalent. Land use is agricultural and is expected to remain in cultivation and livestock production.

IV. Effect on the Land

A. The continued supply of water to the area currently served by Mustang Valley is not expected to change the use of the land. Those land areas bordered by Highway 6 and Highway 22 are expected to see continued growth of commercial property because of the traffic patterns and the proximity of housing in the immediate area. Those rural agricultural areas of the proposed CCN should not change within the foreseeable future. The growth that Mustang Valley has seen has often been the sale of large parcels of land that are valued for their natural beauty more than their commercial value. This order of growth should remain the same.

V. Map Requirements

A. See Attached Maps.

B. The proposed service area encompasses an area generally bounded by State Highway 6 from the City of Meridian to the City of Iredell and then westerly toward the Hamilton County line along F.M. 1238. The line then follows the Hamilton County line south to Cranfills Gap, around the Gap city limits and south again to the Coryell County line and easterly to along the Coryell - Bosque County line to F.M. 182 to County Road 4245 until it reaches F.M. 219. At F.M. 219 the boundary turns northward along various county roads to State Highway 22 near Meridian State Park and then eastward back to the City of Meridian.

Mustang Valley W.S.C.

PO Box 6

Cranfills Gap, Texas 76637

254-597-2445

September 12, 2005

Dear Co-Op Member,

Mustang Valley Water Association is increasing the water minimum usage amount by \$3.00 a month. In the past, there was a charge of \$24.00 for 2,000 gallons. This will now increase to \$27.00 for 2,000 gallons.

Attached is a new rate card which goes into effect on the October meter readings, which is due on or before November 10, 2005.

The increase is caused by more expense in maintenance of pipe line and water wells. This year, lightening hit two of our wells causing the pumps to be pulled and replaced. Insurance covered part of this cost, but there was still some out of pocket expense. As you know, gasoline and all petroleum products have gone up and the PVC pipe we use is a petroleum product. We have over 200 miles of water lines and some of the problems are caused by the age of the lines and various leaks.

Mustang Valley is strong financially, we pay our obligations on time and we plan to continue to operate in a good business manner.

We appreciate your business and if you have any questions, please call.

Sincerely,



Ruth Tucker
Manager

Gal.	Amt.
2,000	\$ 27.00
3,000	29.25
4,000	31.50
5,000	33.75
6,000	36.00
7,000	38.25
8,000	40.50
9,000	42.75
10,000	45.00
11,000	47.50
12,000	50.00
13,000	52.50
14,000	55.00
15,000	57.50
16,000	60.00
17,000	62.50
18,000	65.00
19,000	67.50
20,000	70.00
20,000-50,000	\$3.00 per 1,000 gal.
50,000	153.00
Anything over 50,000	\$3.50 per 1,000 gal.

WATER TARIFF

for

MUSTANG VALLEY WATER SUPPLY CORPORATION

~~Route 2, Box 1500~~
~~Meridian, Texas 76665~~

PO Box 6
Cranfills Gap Tx 76637

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MUSTANG VALLEY WATER SUPPLY CORPORATION

WATER TARIFF
EFFECTIVE 9-76
REVISED 1-99

1-03

Section .

1.0 Membership

New members may join Mustang Valley Supply Corporation by payment of a ~~\$2,050.00~~ fee consisting of the following:

- a. \$ ^{2500.00} 100.00 membership fee
- b. ~~1,900.00~~ Installation/ tap fee ^{2350.00}
- c. 50.00 hydraulic investigation

Before a meter can be set, the following must be completed and sent to the corporation office.

- a. Membership application
- b. Service agreement
- c. Right Of Way easement
- d. Service Inspection Certification

When all of the above are complete and in the corporation files, Mustang Valley Water Supply Corporation will check the location of the proposed service to see if prior engineering studies have approved additional service in that area. If not, an engineer's opinion will be requested to insure that the corporation can adequately serve the member in accordance with state and USDA requirements.

Mustang Valley Water Supply Corporation will set water meters on existing service lines for only the membership fee and the installation/ tap fee. If the meter to be set is not on an existing service line,

1. The corporation will set the meter not more than five feet inside the member's property.
2. All lines must conform to corporation standards,
3. All meters are to be set by the corporation's operator.
4. A member may transfer membership in Mustang Valley Water Supply Corporation by completing a, transfer of membership form and remitting it to the corporation office. Membership fees and installation/tap fees are not refundable.

2.0 Service Policies

Mustang Valley Water Supply Corporation will sell and deliver water to the member, and member will purchase and receive water from the corporation, in accordance with the bylaws and rules and regulations of the corporation as amended from time to time.

The member will pay the corporation for service at the rates and upon the terms and conditions set forth in the rate schedule adopted from time to time by the corporation's board of directors.

SECTION 1.0

DEFINITIONS

- 1.03 Board of Directors or Board means the Board of Directors elected by the members of the Corporation with the by-laws of the Corporation.
- 1.04 Member, user, customer and consumer means a member of the Corporation who purchases water service.
- 1.05 Corporation means Mustang Valley Water Supply Corporation.
- 1.06 Commission means the Public Utility Commission of Texas.
- 1.07 United States Department Of Agriculture means the United States Department Of Agriculture.
- 1.08 Other Regulatory Agency means the Texas Department of Health Resources, United States Environmental Protection agency, Texas Natural Resource Conservation Commission, and such other agencies as may now or in the future exercise regulatory authority in the operation of the Corporation,
- 1.09 Service means the actual delivery of water to the customer and it includes any and all acts done, rendered, or performed in the delivery of water by the Corporation.

MUSTANG VALLEY WATER SUPPLY CORPORATION

Section .

1.01 MEMBERSHIP

New members may join Mustang Valley Supply Corporation by payment of a ~~\$2,050.00~~ fee consisting of the following:

- a. \$ ^{250.00} 100.00 membership fee
- b. ~~1,900.00~~ installation/ tap fee ^{2350.00}
- c. 50.00 hydraulic investigation

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1. The corporation will set the meter not more than five feet inside the member's property.
2. All lines must conform to corporation standards,
3. All meters are to be set by the corporation's operator.
4. A member may transfer membership in Mustang Valley Water Supply Corporation by completing a, transfer of membership form and remitting it to the corporation office. Membership fees and installation/tap fees are not refundable.

1.02 SERVICE POLICIES

Mustang Valley Water Supply Corporation will sell and deliver water to the member, and member will purchase and receive water from the corporation, in accordance with the bylaws and rules and regulations of the corporation as amended from time to time.

The member will pay the corporation for service at the rates and upon the terms and conditions set forth in the rate schedule adopted from time to time by the corporation's board of directors.

Section 3

Geographic Area Served

3.01 Listing of Counties and Communities Served

- A. Bosque County, Texas, including the communities of Mustang Valley, Meridian, Norse and Clifton.
- B. Northern corner, Coryell County, Texas.

Section 2

Statement of Utility Operation

- 2.01 Statement of Organization, Mustang Valley Water Supply Corporation is a member owner non-profit corporation incorporated 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, for the purpose of furnishing a water supply for general farm use and domestic purposes to individuals in rural communities in Bosque and a part of Coryell counties, Texas, and the surrounding rural areas. Corporation operating policies, rates, tariffs and regularions are formulated and effected by a Board of Directors elected by the member/users of the Corporation and under the guidance and direction of the United States Department of Agriculture, Farmers Home Administration.
- 2.02 Statement of Non-Discrimination Policy - Membership in the Corporation and service of water is provided to all applicants who comply with the provisions of the tariff regardless of race, color, creed, sex or marital status.

SECTION 4

SERVICE Rules and Regulations

4.01 New Taps and Services

- A, Corporation Water Main in Place on user Property after proper application made by member and receipt by the Corporation of applicable membership and tap fees, the Corporation shall effect the installation of a meter box and 3/4" water meter at a mutually agreeable point not more than five feet in distance from the existing water main. In the event the Corporation water main does not have sufficient capacity to serve the new applicant with water service without reducing service to existing users below regulatory standards. The applicant shall in addition to paying the regular tap-aid to construction and membership fee, pay for such additional facilities that may be required to provide the service and any facilities so provided shall be the property of the Corporation.
- B. Corporation Water Main Not On User Property
In the event an Applicant desires water service on a property which does not currently have Corporation water mains in place the applicant, in addition to paying the appropriate tap and membership fee, shall pay for additional facilities as may be required to provide the service and any facilities so provided shall be the property of the Corporation.
- 1, The Corporation will set the meter not more than five feet inside the member's property.
 2. All lines must conform to Corporation standards,
 3. All meters are to be set by the Corporation's Operator.
- C. Application Requiring Professional Services Of Engineer
If the services of a registered professional engineer are required as a result of an application for service received by the Corporation, the engineer will be selected by the Corporation and applicant for service will bear all expenses incurred from these services,
4. A member may transfer membership in Mustang Valley Supply Corporation by completing a transfer of membership form and remitting it to the Corporation office. Membership fees and installation tap fees are not refundable.

- D. Payment of Due Amounts
Every applicant who previously has been a customer of the Corporation and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all amounts due the Corporation.
- E. Regular Service
There will be no non-standard service. All water will be metered by meters to be furnished and installed by the Corporation. The meter and/or connection is for the sole use of the member or customer and is to serve water to only one dwelling or only one business, and does not permit the extension of pipe or pipes to transfer water from one property to another nor share, resell or sub-meter water to any other persons, dwelling, business, property./ etc.

In the event the total water supply is insufficient to meet all of the needs of the members, or in the event there is a shortage of water, the Corporation may prorate the water available among the various members on such basis as is deemed equitable by the board of directors, and may also prescribe a schedule of hours covering the use of water for garden purposes, provided that, if at any time total water supply be insufficient to all of the needs of all members, the Corporation must first satisfy all of the needs of all members for domestic purposes before supplying any water for livestock purposes and must satisfy all the needs of the members for both domestic and livestock purpose before supplying any water for gardening purposes.

The member will install at his own expenses a service line from the water meter to the point of use.

The member will hold the Corporation harmless from any and all claims or demands for damage to real or personal property occurring from the point the member ties on to the water meter to the final destination of the line installed by member.

The member will grant to the Corporation an easement of right-of-way for the purpose of installing, maintaining and operating such pipe lines, meters, valves and any other equipment which may be necessary for the Corporation on such form as is required by the Corporation.

The Corporation will have the right to locate a water service meter and the pipe necessary to connect the meter on the property of the members, and will have access to its property and equipment located upon member's premises at all reasonable times for any purpose connected with or in the furtherance of its business operations, and upon discontinuance of service will have the right to remove any of its property from the member's premises.

F. REFUSAL OF SERVICE

A. Compliance by Applicant

The Corporation may decline to serve an applicant until such applicant has complied with the state and municipal regulations of the Corporation on file with the Commission governing the service applied for or for the following reasons,

(1) Applicant's facilities inadequate: if the applicant's installation or equipment is know to be hazardous or of such character that satisfactory service cannot be given.

(2) For indebtedness: if the applicant is indebted to any utility for the same kind of service as that applied for.

B. Applicant's Recourse

In the event that the Corporation shall refuse to serve an applicant under the provisions of these rules, the Corporation must inform the applicant of the basis of its refusal and that the applicant may file a complaint with the Commission thereon.

4.02 BILLINGS

All members will read their meter on the twentieth (20) day of the month and bills will be payable before the tenth (10). If payment is made after the tenth, a penalty of \$ 10.00 will be charged. If payment is not made within 30days, the member will be notified by Certified letter and the meter will be disconnected. To have the meter reconnected the member must pay the outstanding balance due, plus an additional installation tap fee in effect at the time of reconnection.

4.03 DISPUTED BILLS

In the event of a dispute between the customer and the utility regarding any bill, the Corporation shall forthwith make such investigation as shall be required by the particular case, and report to the customer.

4.04 On the 20th day of each month, members shall read their meter, record the reading and compute the zamount of their bill using the self-billing book provided by the Corporation. Payment shall be submitted with the member's computed bill.

4.05 METER TESTS ON REQUEST OF CUSTOMER

The Corporation shall, upon the request of a customer, and if he desires, in his presence or in that of his authorized representative, make without charge a test of the accuracy of the customer's meter. The test shall be made during the Corporation normal working hours at a time convenient to the customer if he desires to observe the test. The test shall be made preferably on the customer's premises, but may at the Corporation's discretion be made at the Corporation's test laboratory. If the meter has been tested by the Corporation, or by an

authorized agency at the customer's request and request, and within a period of four years the customer requests a new test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the Corporation may charge the customer a fee which reflects the cost to test the meter, but this charge shall in no event be more than seventy-five dollars (\$75.00) for a residential customer. Following the completion of any requested test, the Corporation shall promptly advise the customer of the date of removal of the meter. The date of the test the result of the test and who made the test.

4.06 BILL ADJUSTMENT DUE TO METER ERROR

If any meter is found to be outside of the accuracy standards established by the American Water Works Association, proper correction shall be made of previous readings for the period of six month's immediately preceding the removal of such meter from service for test, or from the time the meter was in service since last tested, but not exceeding six months, as the meter shall have been shown to be in error by such test, and adjusted bill shall be rendered. No refund is required from the Corporation except to the customer last served by the meter prior to the testing. If a meter is found not to register for any period un less by passed or tampered with, the Corporation shall make a charge for units used, but not metered, for a period not to exceed three months based on amounts used under similar conditions during periods preceding or subsequent thereto, or during corresponding periods years.

4.07 DISCONTINUANCE OF SERVICE

A. The due date of the bill, for utility service shall not be less than the 10th day of the month following the date of meter reading. A bill for utility is delinquent if unpaid by the due date.

B. A one-time penalty not to exceed five percent (5%) may be made on delinquent commercial or industrial bills, However no such penalty shall apply to residential bills under this rule.

C. A customer's utility service may be discontinued if the bill has not been paid or a deferred payment agreement entered into within thifty (30) days from the date of issuance and if proper notice has been given. Proper notice shall consist of a mailing or hand delivery at least five days prior to a stated date of disconnection.

D. Utility service may be disconnected for any of the following reasons:

- (1) Failure to pay a delinquent account or failure to comply with the terms of a deferred payment agreement.
- (2) Violation of the Corporation's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the customer and the customer is provided with a reasonable opportunity to remedy the situation.
- (3) Without notice where a known dangerous condition exists for as long as the condition exists: and
- (4) Tampering with the Corporation's meter or equipment or bypassing the same.

E. Utility service may not be disconnected for any of the following reasons:

- (1) Delinquency in payment for service by the previous occupant of the premises.
- (2) Failure to pay for merchandise or charges of nonutility service provided by the utility.
- (3) Failure to pay for a different type or class of utility service unless fee for such service is included on the same bill.
- (4) Failure to pay the account of another customer as guarantor thereof, unless the Corporation has in writing the guarantee as a condition precedent to service.
- (5) Failure to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billing.
- (6) Failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with.

- F. Unless a dangerous condition exists, or unless the customer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the Corporation are not available to the public for the purpose of making collections and reconnecting service.
- G. The Corporation may not abandon a customer or a certified service area without written notice to its customers therein and all similar neighboring utilities, and approval from the collections.

4.08 Extension Policy

It is the policy of the Corporation that all extensions or improvements to facilities required as a result of an application or applications for service except those that are a part of a program to be financed by Farmers Home Administration as a general extension project shall be paid for in full by the applicant or applicants for such service. Payment received by the Corporation for such extension or improvement shall be in addition to the standard membership and tap-aid to construction requirements.

SECTION 5
RATE SCHEDULES

5.01 Rate Schedule Ru-1-Original System-Residential of Farm single user.

Minimum Rate \$ 20.00 Per Month
(includes water usage up to first 2,000 gallons)

All usage in excess of 2,000 gallons- \$ 2.25 PER THOUSAND

Reconnect Fee \$ ~~1,900.00~~ 2500.00

Membership Fee 100.00

Aid to construction and Tap. Fee ~~1,900.00~~ 2350.00

Hydraulic investigation 50.00

Returns check/ service charge 10.00

BY-LAWS

MUSTANG VALLEY WATER SUPPLY CORPORATION

By-Laws of MUSTANG VALLEY Water Supply Corporation,
having been presented to the Board of Directors of said Corporation
and duly adopted as follows:

ARTICLE I

The President shall preside at all Members' and Directors' meetings. The President may, and upon demand of one-third (1/3) of the Members, shall call a special meeting of the Members or Directors. Such special meetings shall be held upon giving the notice required in Article XII of the By-Laws. The President shall perform all other duties that usually pertain to the office or are delegated to him by the Board of Directors.

ARTICLE II

The Vice-President shall, in case of the absence or disability of the President, perform the duties of the President.

ARTICLE III

The Secretary-Treasurer shall have the custody of all the monies and securities of the Corporation. The Secretary-Treasurer shall keep regular books and shall keep minutes of all meetings of Members and Directors. All monies of the Corporation shall be deposited by the Secretary-Treasurer in such depository as shall be selected by the Directors. Checks must be signed by the Secretary-Treasurer and the President or Vice-President, in the absence of the President. The Secretary-Treasurer shall have custody of the seal of the Corporation and affix it as directed hereby or by resolution passed by the Board of Directors or Members. The Board

Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. The Directors shall serve without pay, but may be compensated for actual expenses by a majority vote of Directors.

Upon the death or resignation of a Director, a successor shall be elected by a majority of the existing Directors to serve until the next regular or special Membership meeting at which time the general Membership shall elect a successor for the remaining balance of the previously vacated term.

Section 2. Officers and Directors may be removed from office in the following manner except as otherwise provided in Article V: Any Member, Officer, or Director may present charges against a Director or Officer by filing such charges in writing with the Secretary-Treasurer of the Corporation. If presented by a Member, the charges must be accompanied by a petition signed by at least ten (10) percent of the Members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the Membership and shall be effective if approved by a vote of 2/3 majority of those voting if a quorum is present. The Director(s) or Officer(s) against whom such charges have been presented shall be informed in writing, of such charges at least twenty days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the

election to a position on the Board of Directors.

Section 4. The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership.

ARTICLE V

Section 1. Regular meetings of the Board of Directors shall be held at such time and place as the Board may determine at the next previous regular meeting, and shall include posting of the meeting as required by the Texas Open Meetings Act, Article 6252-17, Tex. Rev. Civ. Stat., by furnishing the notice to the _____

COUNTY CLERK COURTHOUSE BOSQUE COUNTY

and by posting such notice in a place readily convenient to the public in its administrative office at all times for at least seventy-two (72) hours preceding the scheduled time of the meeting. Such notice shall specify the date, hour, place and subject of each meeting held by the Board of Directors.

Section 2. Any Director failing to attend two (2) consecutive regular monthly meetings shall be given written notice by the balance of the Board of Directors that failure by said Director to attend a third consecutive monthly meeting, without justifiable cause acceptable to the balance of the Board of Directors, shall give rise to removal of said Director from the Board. A successor

2 For Water Supply Corporations serving in three or fewer counties, insert: County clerk or clerks of the county or counties in which the Corporation provides service. For Water Supply Corporations serving in four or more counties, insert: the Secretary of State and to the county clerk of the county in which the administrative office of the Corporation is located.

employees of the Corporation; or by legal counsel, public accountants, or other persons retained by the Corporation for the development of professional advice and information falling within such person's professional or expert competence; (2) may believe, in good faith and with ordinary care, that the assets of the Corporation are at least that of their book value; and (3) in determining whether the Corporation has made adequate provision for the discharge of its liabilities and obligations; and may rely in good faith and with ordinary care on the financial statements of, or other information concerning, any person or entity obligated to pay, satisfy or discharge some or all of the Corporation's liabilities or obligations; and may rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more Officers or employees of the Corporation; legal counsel, public accountants, or other persons provided the Director reasonably believes such matters to fall within such person's professional or expert competence. Nevertheless, a Director must disclose any knowledge he or she may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

ARTICLE VI

The Corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have, during

America, or in readily marketable securities backed by the full faith and credit of the United States of America. Securities so purchased shall be deemed at all times to be part of the reserve fund account.

ARTICLE VIII

Section 1. Every person (which includes any legal entity) owning or having a legal right to the control, possession or occupancy of property served or which may reasonable be served by the Corporation, shall have the right to become a Member of the Corporation upon payment of the Membership fee hereinafter provided and upon compliance with the Corporation's conditions of water and/or sewer service as provided for in its published charges, rates and conditions of service. Membership shall not be denied because of the applicant's race, color, creed, citizenship, or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis to all persons desiring service to the extent that the capabilities of the system will reasonably permit.

Section 2. The Membership fee shall be \$ 100.00. Payment of Membership fee or transfer of Membership shall entitle an applicant to further qualify for one (1) connection to the system or shall entitle a transferee of Membership to continue to qualify for service to an existing connection to the system by meeting the conditions for water and/or sewer as provided in the Corporation's published rates, charges, and conditions of service. A person may own more than one Membership but each Member shall be entitled to

Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

ARTICLE X

Section 1. In order to ensure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the Members of the Corporation, Membership in the Corporation shall be transferred in accordance with the following:

(a) Except as herein provided, Membership in the Corporation shall be deemed personal estate and a person or entity that owns any stock of, is a Member of, or has some other right of participation in the Corporation may not sell or transfer that stock, Membership, or other right of participation to another person or entity except: (1) by will to a transferee who is a person related to the testator within the second degree by consanguinity; (2) by transfer without compensation to a transferee who is a person related to the owner of the stock or other interest within the second degree by consanguinity; or (3) by transfer without compensation or by sale to the Corporation.

(b) Subsection (a) of this section does not apply to a person or entity that transfers the Membership or other right of participation to another person or entity as part of the conveyance of real estate from which the Membership or other right of participation arose.

(c) The transfer of stock, a Membership, or another right of

hereinabove provided, the consideration for the transfer of any Membership in the Corporation from the original Members, their transferees, pledges, administrators or executors, or other persons, shall never exceed the amount of the original costs of such Membership. No gain or profit shall ever be realized from the sale or transfer of a Membership.

ARTICLE XI

Section 1. There shall be a regular meeting of the Members annually, on ~~SECOND MONDAY~~ ³ ~~APRIL~~ 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 by proxy shall be permitted. Members holding ten percent (10%) of the votes entitled to be cast, represented in person or 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

³ This meeting shall be held between January 1 and May 1.
Insert the day of week, week of month and month of year.

ARTICLE XII

Special meetings of the 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 at least ten (10) days prior 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 business of the Corporation shall be handled under the direction of the Board of Directors by a manager to be elected by majority vote of the Board. The manager shall serve with or without compensation. The manager, with the approval of the Board of Directors, may employ, with or without compensation, such supervisory, clerical or other employees as may be required to effectively operate the business of the Corporation.

Corporation transferred to that Member shall be in turn immediately transferred by the individual Member to an entity that provides a water supply or wastewater service, or both, that is exempt from ad valorem taxation.

ARTICLE XVI

The fiscal year of the Corporation shall be JULY 1
to JUNE 30.

ARTICLE XVII

For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the Farmers Home Administration, the Corporation shall insure with a reputable insurance company such of its properties and in such amounts as is required by the State Director of the Farmers Home Administration for the State of Texas.

ARTICLE XVIII

Section 1. If at the end of the 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 Farmers Home Administration, 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 year's

expenses, and balance sheets for all funds or such financial reports as required by Farmers Home Administration. Such report shall be approved by the Board of Directors.

With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Open Records Act, Article 6252-17a, Tex. Rev. Civ. Stat., including any amendments thereto, shall be available for public inspection and copying by the public or their duly authorized representatives 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 Open Records Act and the provisions of these By-Laws, the provisions of the Open Records 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 Corporation, or at any special meeting of the Corporation 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 policies of the Corporation. Notice of any amendment to be made at a special meeting of the Members must be given at



The State of Texas

SECRETARY OF STATE

IT IS HEREBY CERTIFIED that the attached is a true and correct copy of the following described document on file in this office:

THE MUSTANG VALLEY WATER SUPPLY CORPORATION
FILE NO. 363623-01

ARTICLES OF INCORPORATION

JULY 3, 1975



IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on July 23, 2001.

Henry Cuellar

Henry Cuellar BAM
Secretary of State