



Texas Commission on Environmental Quality

APPLICATION NO. \_\_\_\_\_

PUBLISHER'S AFFIDAVIT

STATE OF TEXAS

COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_,

who being by me duly sworn, deposes and says that (s)he is the \_\_\_\_\_ of the

TITLE

\_\_\_\_\_ ; that said

NAME OF NEWSPAPER

newspaper is regularly published in \_\_\_\_\_

County(ies) and generally circulated in \_\_\_\_\_

County (Counties), Texas; and that the attached notice was published in said newspaper on the following date(s), to wit: \_\_\_\_\_

\_\_\_\_\_  
Newspaper Representative's Signature

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2005, 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 \_\_\_\_\_



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
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

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 \_\_\_\_\_

Notice for Publication

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

South Central Water Company

Name of Applicant

has filed an application for a CCN / to

amend CCN No. 20964 / and to decertify a portion(s) of (Name of Decertified Utility) with the Texas Natural Resource Conservation Commission to provide sewer (specify 1) water or 2) sewer or 3) water & sewer) utility service in Parker County(ies).

The proposed utility service area is located approximately 7 miles Southwest [direction] of downtown Fomball Wethersford, [City or Town] Texas, and is generally bounded on the north by Brazos River; on the east by FM 1189; on the south by Lacy Dr; and on the west by 10.5 miles east of S.H. 281.

The total area being requested includes approximately 430 ~~2007~~ acres and 0 current customers.

A copy of the proposed service area map is available at (Utility Address and Phone Number)  
5818 Beverly Hill, Suite 200, Houston, Texas 77057 - 713-783-6611

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

6-7-05  
Jeff called  
to say this  
should of  
been  
Wethersford

hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

**Peggy Fox - Re: New project**

---

**From:** Peggy Fox  
**To:** Goebel, Jeff  
**Date:** 5/23/2005 6:51:06 AM  
**Subject:** Re: New project

---

Good morning, Jeff-

I'll try to get the addresses for you.

No, I haven't declared A-072-5 admin complete yet. You haven't responded to my email of 5/4/05, or, my letter of 5/9/05.

p

>>> "Jeff Goebel" <texaswater@sbcglobal.net> 5/20/2005 6:17:35 PM >>>  
Peggy,

Can you help?  
I need the addresses to the following permits  
14557  
12692  
14608  
14381

Let me know if you can get these for me

Thank you,

Jeff Goebel

Also have you declared admin complete a CCN application for South Central Water Company called Sugartree? Please let me know

To: Administrative Reviewer Date: May 18, 2005  
From: Cartographer-Utilities & Districts Section  
Subject: Overlap & Notice Check for Administrative Review No.  
A-072-5: South Central Water Company to Amend Sewer CCN in  
Parker County

1. No new overlap of service areas exists.
2. An overlap :
3. Dual certification
4. An overlap exists with the city limits of:
5. If this is a Sale, Transfer, or Merger, is additional area being requested?
6. Due to  an inadequate map  no map filed by the applicant, a determination cannot be made as to the actual location of requested service boundary.
7. Map submitted is in a digital version. Attach insert to request electronic copy with response letter.
8. Need a more detailed map, such as a subdivision plat or USGS topo map with the boundary clearly identified.
9. Utility notice was sufficient.
- X 10. Utility notice was insufficient. In addition to those systems listed in the application, they will also need to notify:
- X 11. Notice: **Change west to York Ln**
12. Other comments:  
X **Need legible plat map showing metes and bounds for CCN or a copy of the metes and bounds, and digital file saved as an AutoCAD 2000 format.**

  
\_\_\_\_\_  
Komal Patel

**Checklist For Obtaining or Amending CCN**

**Purpose of Application:**

**Administrative Review #** A - 072.5

Obtain New Water CCN Registration # A                       Obtain New Sewer CCN Registration # A

Amend Water CCN # 13061                       Amend Sewer CCN # 20964

Filing Fee \$100 (Page 4 of Instructions & Check List)

Crystal

- Utility Name (Item 1 on page 5 of the application)
- Utility Address and phone number (Item 1 on page 5 of the application)
- Contact Person (Item 1 on page 5 of the application)
- Contact person Address and phone number (Item 1 on page 5 of the application)
- Original and three copies of application received (Item 2 on page 2 of Instructions & Checklist)

Current State Comptroller's "Certification of Account Status" for all for profit corporations, if applicable.

If the applicant is a Water Code Chapter 67 water supply or sewer service corporation or other non-profit corporation:

- copy of the Articles of Incorporation (1.D.i)
- copy of By-Laws (1.D.i)
- corporation's charter number as recorded with the Office of the Texas Secretary of State (1.D.ii)

**Governmental Agencies:** Federal, city, or local government-type entities. Examples: I.S.D.; County; State Agencies; Federal Agencies; Water Authority.

**New System Information or Utilities Requesting a CCN for the First Time:**

- certified copy of most current water and/or sewer agreement (5.G.iv)
- Core Data Sheet

**Existing System Information:**

- PWS ID numbers for water system(s) (5.A.i)
- copy of the most recent inspection report letter (5.A.iv.)
- copy of response to most recent inspection report letter (5.A.v.)
- certified copy of most current water and/or sewer agreement (5.G.iv)
- proposed rate schedule or tariff (6.B.ii)
- Financial Information (Audit, Balance Sheet, Profit & Loss Statement, etc.) (Pages 18-24 of the application)

Kathleen Hartnett White, *Chairman*  
R. B. "Ralph" Marquez, *Commissioner*  
Larry R. Soward, *Commissioner*  
Glenn Shankle, *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

May 9, 2005

**CERTIFIED MAIL**

Mr. Jeff Goebel  
5818 Beverly Hill Street  
Houston, Texas 77057-6710

Re: Application of South Central Water Company  
CCN Numbers: 13061 (water) and 20964 (sewer)  
CN: 602602179; RN: 104220637 (water); RN 104220645 (sewer)  
Administrative Review Number: A-072-5  
Type of Application: Amend Water and Sewer CCNs

Dear Mr. Goebel:

The above referenced application was received by the Water Quality Applications Team on April 29, 2005 and it is currently under review. Your attention to the following items is requested before we can declare the application administratively complete. Please submit your response within 30 days from the date of this letter.

1. Please verify if you are requesting both water and sewer CCNs be amended. Your cover letter states sewer and the application states both.

Please submit the complete response, addressed to my attention by June 10, 2005. My fax number is (512) 239-0884. If the requested information is not received by the given deadline, pursuant to 30 TAC Chapter 281, the application will be removed from our list of pending applications. If you should have any questions, please do not hesitate to call me at (512) 239-6168.

Sincerely,

A handwritten signature in cursive script that reads "Peggy Fox".

Peggy Fox  
Water Quality Applications Team (MC 156)  
Permits Administrative Review Section  
Registration, Review & Reporting Division



**Peggy Fox - South Central Water Company - Sugartree (Admin Review A-072-5)**

---

**From:** Peggy Fox  
**To:** texaswater@sbcglobal.net  
**Date:** 5/4/2005 8:18:56 AM  
**Subject:** South Central Water Company - Sugartree (Admin Review A-072-5)

---

Hi, Jeff-

I've noticed on the last several CCN applications you've submitted that you're not putting the CCN number at the top. (Just above 1.) If you are going to amend a CCN it asks for the CCN # not a check mark.

One thing I'll put in my NOD to you is that your cover letter caption says you want to amend the sewer CCN, but the application itself says you want to amend both water and sewer.

If you can fax me a new first page of the application with the correct CCN numbers and the action you want, it will make me a happy camper.

My fax number is (512) 239-0884.

Many thanks -

Peggy

South Central  
5818 Beve  
Houston, Te  
713-7

---

April

Texas Commission on Environmental Qual  
Water Quality Team  
MC-156  
PO Box 13087  
Austin Texas 78711-3087

RE: Submittal of Application to Amend CC

To Whom It May Concern:

Please see enclosed application to amend th  
Central Water Company. The required reve  
section as required.

If you have any questions please call me at '

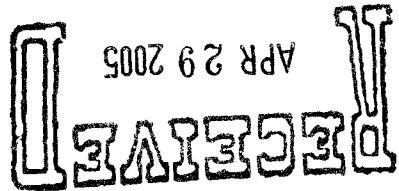
Thank you,



Jeff Goebel

South Central Water Company  
Proposed Amendment CCN Application

WATER QUALITY APPLICATIONS TEAM



Submitted to:

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

Sugartree



**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 issue a CCN:

- the adequacy of service currently provided to the recipient
- the need for additional service in the requested area
- the effect of the granting of a certificate on a recipient 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 recipient
- the financial stability of the applicant, including, the applicant's
- environmental integrity, **AND**
- the probable improvement of service or lowering of the cost of the granting of the certificate.

In addition to these factors,

- the Commission must ensure that the applicant possesses the capability to provide continuous and adequate service
- the applicant must also demonstrate that regionalization of utility is not economically feasible.

If there are no protests, you will be provided a copy of the technical report. If you have any questions or concerns, you should contact the technical staff immediately. If you disagree with the staff recommendation and/or protest is considered contested, and a hearing may be requested.

If the application is contested and a hearing is requested, the applicant will be scheduled for Administrative Hearings (SOAH). During the preliminary hearing, the staff may give the parties time to negotiate a settlement. Alternative Dispute Resolution may be requested by all of the parties. If a settlement is reached, the application will proceed to processing. If a settlement is not reached, a discovery schedule and a hearing will be set. The ALJ will take testimony from each party and present a report to the Commission for 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 OF SERVICE APPLICATION. IF YOU ARE INTERESTED IN OBTAINING THE APPROPRIATE FORMS NEEDED TO FILE AN APPLICATION, YOU MAY OBTAIN THEM BY CONTACTING THE PERMITS AND DISTRICTS SECTION, TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. • • •





--	--

- 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). **See Attachment 'A'**
  - ii. Please provide the corporation's charter number as recorded with the Office of the Texas Secretary of State. 01611296200.
  
- 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.
  - ii. Please provide the corporation's charter number as recorded with the Office of the Texas Secretary of State

2. **LOCATION INFORMATION**

- A. Are there people already living in the proposed area?  
YES  NO   
If YES, are any currently receiving utility service? **THEY USE WATER ONLY**  
YES  NO , if YES, from Whom Water from  
Parker County WSC
  
- B. Have you received any requests for service in the requested service area?  
YES  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 1 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. **See Attachment 'B'**
  
- C. Is any portion of the proposed service area inside an incorporated city?  
YES  NO   
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: \_\_\_\_\_  
\_\_\_\_\_
  
- D. Is any portion of the proposed service area inside another utility's CCN area?  
YES  NO   
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.
  
- 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 8½ x 11 inches).* **See Attachment 'C'**
  - 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: See Attachment 'D'*

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. **NEWSYSTEM INFORMATION OR UTILITIES REQUESTING A CCN FOR THE FIRST TIME**

- A. Please provide the following information: **See Attachment 'E'**
- i. A list of all public drinking water supply systems or sewer systems within a 2 mile radius of the proposed system. **No sewer systems**
  - 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.
- C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any: The wastewater designed and sized to match the phases of development. Additional construction will coincide with the phasing of the TPDES permit and as new phases of development are opened.
- D. Date of plat approval, if required: NOT KNOWN  
Approved by: \_\_\_\_\_
- E. Date Plans & Specifications submitted for approval \_\_\_\_\_ Log No. \_\_\_\_\_  
Attach copy of approval letter if available. Once TPDES permit is issued plans will be submitted
- F. Date construction is scheduled to commence Roads are already constructed
- G. Date service is scheduled to commence 2005

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:  

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

--	--	--	--
- Proposed TPDES -**
- iii. Date of last inspection not constructed
  - 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.
- 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   
 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			Residential	0	500
1" meter or larger			Commercial	0	0
Non-Metered			Industrial	0	0
Other:			Other:	0	0
<b>Total Water</b>			<b>Total Sewer</b>	0	500

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

- E. If this application is for a sewer CCN only, please explain how water service is provided:  
THE WATER IS BEING PROVIDED BY PARKER COUNTY WSC

- 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: \_\_\_\_\_  
No effect is anticipated

- 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

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).
- 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**

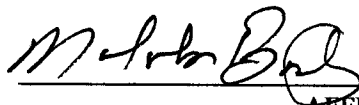
**OATH**

State of Texas

I, Malcolm Bailey, 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.**



\_\_\_\_\_  
AFFIANT

(Applicant's Authorized Representative)

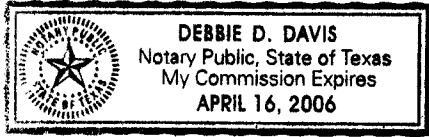


If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this 22<sup>nd</sup>  
\_day of April, 2005.

SEAL

Debbie D Davis  
NOTARY PUBLIC



Notice for Publication

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

South Central Water Company has filed an application for a CCN / to  
Name of Applicant  
amend CCN No. 20964 / and to decertify a portion(s) of (Name of Decertified Utility) with the  
Texas Natural Resource Conservation Commission to provide sewer (specify 1) water or 2) sewer or  
3)water & sewer) utility service in Parker County(ies).

The proposed utility service area is located approximately 2 miles East [direction] of  
downtown Tomball, [City or Town] Texas, and is generally bounded on the north by  
Brazos River; on the east by FM 1189  
; on the south by Lacy Dr; and on the west by 10.5 miles  
east of S.H. 281.

The total area being requested includes approximately 230+/- acres and 0 current customers.

A copy of the proposed service area map is available at (Utility Address and Phone Number)  
5818 Beverly Hill, Suite 200, Houston, Texas 77057 - 713-783-6611

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.

Notice to Neighboring Systems and Cities

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

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

South Central Water Company \_\_\_\_\_ has filed an application for a CCN / to  
Name of Applicant  
amend CCN No. 20964 / and to decertify a portion(s) of (Name of Decertificated Utility) with  
the Texas Commission on Environmental Quality to provide Sewer (specify 1) water or 2) sewer or  
3)water & sewer) utility service in Parker County(ies).

The proposed utility service area is located approximately 12 miles southwest [direction] of  
downtown Weatherford, [City or Town] Texas, and is generally bounded on the north by  
Brazos River; on the east by FM 1189  
\_\_\_\_\_; on the south by Lacy Ln; and on the west by 10.5 miles  
east of S.H. 281. See enclosed map of the proposed service area.

The total area being requested includes approximately 230+/- acres and 0 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.

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  
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.

**Historical Profit & Loss Statement**

	Current Year (a)	(a) - 1 year	(a) - 2 years	(a) - 3 years	(a) - 4 years
Number of connections					
<b>Income:</b>					
Gross Revenue					
Fees					
Other					
<b>Gross Income</b>					
<b>Expenses: General &amp; Administrative:</b>					
Salary Expense					
Office Expense					
Computer Expense					
Auto Expense					
Insurance Expense					
Telephone Expense					
Utilities Expense					
Property Tax Expense					
Professional Fees					
Other					
<b>Total General &amp; Administrative</b>					
<b>Expenses: Operational</b>					
Salary Expense					
Auto Expense					
Utilities Expense					
Supply Expense					
Maintenance & Repair Expense					
Other Expense					
<b>Total Operational</b>					
<b>Total Expenses</b>					
<b>Net Income</b>					



Historical B		
	Current Year (a)	(a)
<b>CURRENT ASSETS</b>		
Cash		
Cost Accounts Receivable		
Inventories		
Income Tax Receivables		
Other		
<b>TOTAL CURRENT ASSETS</b>		
<b>FIXED ASSETS</b>		
Land		
Collection/Distribution System		
Buildings		
Equipment		
Other		
<b>TOTAL FIXED ASSETS</b>		
Less:		
Accum Depreciation/Reserve		
<b>NET FIXED ASSETS</b>		
<b>TOTAL ASSETS</b>		

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

Projected Profit & Loss Statement					
	Year 1	Year 2	Year 3	Year 4	Year 5
Number of connections	100	200	300	400	500
<b>Income.</b>					
Gross Revenue	33,600	60,000	88,800	117,600	141,600
Fees	-	-	-	-	-
Other	-	-	-	-	-
<b>Gross Income</b>	<b>33,600</b>	<b>60,000</b>	<b>88,800</b>	<b>117,600</b>	<b>141,600</b>
<b>Expenses: General &amp; Administrative:</b>					
Salary Expense	4,200	7,500	11,000	14,700	17,700
Office Expense	6,000	6,000	6,000	6,000	6,000
Computer Expense	2,400	2,400	2,400	2,400	2,400
Auto Expense	2,400	2,400	2,400	2,400	2,400
Insurance Expense	3,600	3,600	3,600	3,600	3,600
Telephone Expense	1,500	1,500	1,500	1,500	1,500
Utilities Expense	-	-	-	-	-
Property Tax Expense	300	300	300	300	300
Professional Fees	5,000	1,200	1,200	5,000	1,200
Other	6,000	6,000	6,000	6,000	6,000
<b>Total General &amp; Administrative</b>	<b>31,400</b>	<b>30,900</b>	<b>34,500</b>	<b>41,900</b>	<b>41,100</b>
<b>Expenses. Operational</b>					
Salary Expense	5,040	9,000	12,320	17,640	21,240
Auto Expense	-	-	-	-	-
Utilities Expense	3,250	5,625	8,325	11,025	13,275
Supply Expense	3,000	3,000	3,000	3,000	3,000
Maintenance & Repair Expense	6,000	6,000	6,000	6,000	6,000
Other Expense	5,040	9,000	13,320	17,640	21,240
<b>Total Operational</b>	<b>22,330</b>	<b>33,625</b>	<b>45,965</b>	<b>58,305</b>	<b>70,755</b>
<b>Total Expenses</b>	<b>53,730</b>	<b>64,525</b>	<b>80,465</b>	<b>100,205</b>	<b>111,855</b>
<b>Net Income</b>	<b>&lt;15,930&gt;</b>	<b>&lt;4,525&gt;</b>	<b>8,335</b>	<b>17,395</b>	<b>29,745</b>

Projected Balance Sheets - ASSETS					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>CURRENT ASSETS</b>					
Cash					
Cost Accounts Receivable					
Inventories					
Income Tax Receivables					
Other					
<b>TOTAL CURRENT ASSETS</b>					
<b>FIXED ASSETS</b>					
Land	10,000	10,000	10,000	10,000	10,000
Collection/Distribution System	900,000	900,000	900,000	1,750,000	1,750,000
Buildings	-	-	-	-	-
Equipment	150,000	150,000	300,000	300,000	300,000
Other					
<b>TOTAL FIXED ASSETS</b>	<b>1,060,000</b>	<b>1,060,000</b>	<b>1,210,000</b>	<b>2,060,000</b>	<b>2,060,000</b>
Less:					
Accum Depreciation/Reserve					
<b>NET FIXED ASSETS</b>					
<b>TOTAL ASSETS</b>					

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

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

**Attachment A**  
**Certificate of Account Status**  
**Item 1ci**



**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**  
CAROLE KEETON STRAYHORN • COMPTROLLER • AUSTIN, TEXAS 78774

April 11, 2005

**CERTIFICATE OF ACCOUNT STATUS**

THE STATE OF TEXAS  
COUNTY OF TRAVIS

I, Carole Keeton Strayhorn, Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY that according to the records of this office

**SOUTH CENTRAL WATER COMPANY**

is, as of this date, in good standing with this office having no franchise tax reports or payments due at this time. This certificate is valid through the date that the next franchise tax report will be due May 16, 2005.

This certificate does not make a representation as to the status of the corporation's Certificate of Authority, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted entity is subject to franchise tax as required by law. This certificate is not valid for the purpose of dissolution, merger, or withdrawal.

GIVEN UNDER MY HAND AND  
SEAL OF OFFICE in the City of  
Austin, this 11th day of  
April, 2005 A.D.

Carole Keeton Strayhorn  
Texas Comptroller

Taxpayer number: 17606670101  
File number: 0161296200

Form 05-304 (Rev. 02-03/14)



**Attachment B**  
**Letter of Intent**  
**Item 2b**

F.6 Corp

SUGARTREE ON THE BRAZOS DEVELOPMENT  
**SEWERAGE COLLECTION & TREATMENT SYSTEM AGREEMENT**

This SEWERAGE COLLECTION & TREATMENT SYSTEM AGREEMENT (hereinafter the "Agreement"), relating to the construction of a system for the collection and treatment of sewage and the construction of a wastewater treatment facility, is made by and between BLUEGREEN SOUTHWEST ONE, L. P., by and through its General Partner BLUEGREEN SOUTHWEST LAND, INC., (hereinafter referred to as the "DEVELOPER"), and SOUTH CENTRAL WATER COMPANY, a Texas corporation (hereinafter referred to as "SCWCO"). The DEVELOPER and SCWCO shall sometimes be collectively referred to as the "Parties."

WHEREAS, the DEVELOPER is the current owner of certain tracts of land in Parker County, Texas, as described on **Exhibit "A"** attached hereto, and is primarily engaged in the subdivision of those tracts of land principally into residential lots which have been heretofore designated as SugarTree on the Brazos according to map or plat thereof to be recorded in the Map and Plat Records of Parker County, Texas (hereinafter "Development"). DEVELOPER has provided SCWCO a copy of the preliminary plat of the Development.

WHEREAS, the DEVELOPER desires to have a sewerage and wastewater collection system and treatment facility constructed within and exclusively for the Development to be available to serve the residents thereof.

WHEREAS, SCWCO represents that it has considerable experience in successfully constructing, maintaining and operating such wastewater systems, having continuously been and being now engaged primarily in the construction and operation of water distribution and/or wastewater treatment facilities and/or systems for both commercial properties and residential subdivisions; that its systems have been and will be constructed, maintained and operated using safe and acceptable methods common to like kind operators and suppliers and approved by all governmental authorities; that it agrees to install and operate a wastewater treatment facility and system within the Development consisting of an expandable treatment plant with adequate storage components, treatment facilities, valves, and meters of a design adequate to service all residential and commercial customers within the Development all in accordance with applicable rules and regulations of the Texas Commission on Environmental Quality (hereinafter the "TCEQ") or any other state or federal governmental authority.

NOW, therefore, DEVELOPER and SCWCO, for and in consideration of the mutual promises, covenants, agreements and provisions hereinafter contained hereby agree as follows:

1. **Development Concept:** DEVELOPER shall provide SCWCO with a development plan for the entire Development and a projected schedule (which timeline is subject to change) for each phase or section of the Development. The System (as defined below) shall be constructed in phases as the Development is constructed. DEVELOPER shall provide reasonable and prompt assistance and information to SCWCO to ensure that the Development and the expansion of the Wastewater Treatment Facility are coordinated so as to provide adequate capacity for the treatment of effluent placed into the sewerage collection system by the

customers of the DEVELOPER in a manner consistent with the guidelines and standards of the TCEQ.

2. **Construction and Design of System:** DEVELOPER at its sole expense, agrees to design, construct, install, and duly mark or identify the location of all wastewater collection lines, including low pressure force mains to the Wastewater Treatment Facility, effluent lines from the Wastewater Treatment Facility to the point of discharge to the standards and requirements of the TCEQ or any other federal authority (the "System"). DEVELOPER shall provide SCWCO a set of "as-built" drawings of the completed System for the Development within the non-exclusive easements designated by DEVELOPER for that purpose on the said recorded plat of the Development. The System is to be designed by Baird, Hampton & Brown, Inc., of Fort Worth, Texas, licensed civil engineers, and SCWCO shall have the opportunity to review and comment on the design of the System, as well as inspect the construction of the System. SCWCO may suggest modifications and changes to the designed System in the event that it should observe any potential problems with the collection system based on its past experience in operating such Systems. Such suggested changes may be higher than the minimum design standards and requirements of the TCEQ, and such suggested changes that are higher than the minimum required design standards of the TCEQ shall be at the sole expense of SCWCO unless agreed otherwise in writing by the DEVELOPER.

3. **Construction to TCEQ Standards.** DEVELOPER covenants, represents, and warrants that the System will be constructed in a good, safe, workmanlike manner in accordance with accepted engineering practices, and that when completed, the System will be of sufficient capacity to meet the minimum requirements for sewerage collection systems to handle effluent from the expected Five Hundred (500) single family residential and commercial users as promulgated by the minimum standards of the TCEQ as of the date of this Agreement or as amended in the future. The System, when completed, shall furnish sufficient and adequate sewer service for all of the improvements located or to be located, constructed or to be constructed, within the Development. SCWCO shall have an opportunity to inspect the construction of the System to ensure that it is being constructed in accordance with the plans and specifications.

4. **Non-Exclusive Easements.** DEVELOPER agrees that installation of the System will be coordinated with the construction and installation of the roads and other utilities, and DEVELOPER'S other activities in the Development. The designated and platted easements within the Development where the System will be located will be non-exclusive in as much as other utilities may be placed in close proximity of the sewerage collection and/or trunk lines SCWCO acknowledges that it may, at its own expense and at its sole option, have inspectors on-site at all times while the sewerage collection system is being constructed.

5. **Construction and Design of Wastewater Treatment Facility.** SCWCO agrees, at its own expense, to design, construct, install, operate and maintain a Wastewater Treatment Facility on a parcel of land hereinafter identified and conveyed to SCWCO via Special Warranty Deed with Vendor's Lien. The Wastewater Treatment Facility shall be constructed in phases and shall include TCEQ required treatment facilities, holding tanks, pumps and other accessory equipment required by state and federal regulatory bodies to adequately treat the effluent of the residential and commercial users in the Development. The DEVELOPER shall have the

opportunity to review and comment on the design of the Wastewater Treatment Facility. The DEVELOPER and its agents may suggest modifications and changes to the designed Wastewater Treatment Facility in the event that it should observe any potential problems with the design based on its past experience and professional opinion. Such suggested changes may be higher than the minimum design standards and requirements of the TCEQ, and such suggested changes that are higher than the minimum required design standards of the TCEQ shall be at the sole expense of DEVELOPER unless agreed otherwise in writing by the SCWCO. The Wastewater Treatment Facility, when completed, shall furnish sufficient and adequate sewer service for at least Five Hundred (500) residential and commercial users of the improvements located or to be located constructed or to be constructed, within the Development. Construction of the Wastewater Treatment Facility shall begin upon receipt of the necessary governmental approvals. The Wastewater Treatment Facility shall be for the Development's use only, and can be expanded by SCWCO for use outside the Development only with the written consent of the DEVELOPER.

6. **Wastewater Treatment Facility Expansion by SCWCO.** SCWCO shall from time to time need to expand the capacity of the Wastewater Treatment Facility in advance of the then existing Wastewater Treatment Facility reaching a capacity level that would require expansion pursuant to the TCEQ rules and regulations governing sewage treatment facilities. It is understood by both Parties to this Agreement that the Development will be constructed and sold in Phases or Sections, and the wastewater/sewer services will be required to match the Development. SCWCO shall expand the Wastewater Treatment Facility pursuant to or earlier than the TCEQ time requirements but in no event shall allow the Wastewater Treatment Facility to inadequately serve all of the Development's required needs for sewage facilities. If SCWCO does not expand the Wastewater Treatment Facility pursuant to or earlier than the timelines created by TCEQ, then SCWCO shall be in default of this Agreement.

7. **Operational Facility.** SCWCO agrees that it will have a full operational Wastewater Treatment Facility with a 38,000 gallons per day capacity ready to receive effluent no later than ninety (90) days after the current discharge permit is amended and approved by the TCEQ for the first Phase or Section of the SugarTree Development.

8. **Regulatory Requirements:**

8.1. DEVELOPER agrees to assist SCWCO in obtaining the sewer Certificate of Convenience and Necessity (hereinafter the "CCN") for the SugarTree Development.

8.2. **Permits and Regulations.** The Parties understand that their rights and obligations under this Agreement are, or may be, subject to, without limitation: (i) the laws of the State of Texas; (ii) the laws of the United States; (iii) the regulations promulgated by the Texas Commission on Environmental Quality; (iv) the regulations promulgated by the United States Environmental Protection Agency; (v) the regulations promulgated by the United States Fish & Wildlife Service; (vi) the United States Army Corps of Engineers, and (vii) the regulations promulgated by any other regulatory agency(ies) which may now or in the future have jurisdiction over SCWCO. This Agreement is contingent upon the obtaining of all necessary permits, CCNs and tariffs.

8.3. SCWCO shall, upon execution of this agreement, promptly initiate and perform without unreasonable delay the following

8.3.1. SCWCO, at its sole expense, shall make application with the TCEQ, and any other applicable regulatory agency (state or federal) to increase the existing discharge permit as well as the conversion of the existing discharge permit from discharge into the Brazos River to the use of effluent from the Wastewater Treatment Facility for golf course irrigation. SCWCO will also obtain all other necessary permits and approvals for the Development as required to operate and construct a Wastewater Treatment Facility and System. Regulatory Agency shall mean any regulatory authority, federal, state, local or other having jurisdiction concerning the treatment of waste water, sewage and effluent discharge, water standards, or other environmental matters, zoning and subdivision permitting or otherwise having jurisdiction over the Development.

8.3.2. Create a tariff schedule acceptable to the TCEQ and DEVELOPER. The initial tariff shall be set forth on **Exhibit "B"**, attached hereto and made a part hereof.

9. **Ownership of System:** Contemporaneous with the completion of construction of each phase of the System and delivery of "as-built" drawings sufficient to provide an accurate description and location of the System as completed by the DEVELOPER. DEVELOPER shall convey to SCWCO that finished and particular phase of the System via Bill of Sale and subject to the terms in this Agreement. If multiple phases are completed at one time, DEVELOPER shall convey all completed and accepted phases with one (1) instrument.

10. **Ownership of the Wastewater Treatment Plant Site.** DEVELOPER agrees to grant to SCWCO an option to purchase a mutually acceptable, cleared and accessible wastewater treatment plant site (hereinafter the "Plant Site") with adequate electrical service and adjacent to an all weather road for the consideration of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration in hand paid in consideration for SCWCO proceeding with the construction of the Wastewater Treatment Facilities. The form of the transfer documents shall be attached as **Exhibit "C"**. The conveyance of the Plant Site shall be by Special Warranty Deed with Vendor's Lien and a Deed of Trust executed by SCWCO for the benefit of the DEVELOPER. The Deed of Trust shall be security that SCWCO completes its obligation under this Agreement to construct, in a timely manner, necessary expansions of the Wastewater Treatment Facility, and that it will maintained and operated pursuant to the current TCEQ standards as such may be amended or modified, as well as through using safe and acceptable methods for wastewater treatment that are required by a Regulatory Agency or are common to like kind operators and suppliers and approved by all governmental authorities. Once the entire System and the initial Wastewater Treatment Facility has been completed and put into service DEVELOPER will release the Deed of Trust thereby conveying all of its right, title and interest in the System to SCWCO free and clear of all liens or encumbrances.

11. **Subordination.** DEVELOPER agrees that its security interest may from time to time be subordinated to any financing that SCWCO may require to finance the construction of the Wastewater Treatment Facility for this Development. In no event shall the amount of financing to, which the DEVELOPER is willing to subordinate its security interest to be for an amount of value in excess of the existing Wastewater Treatment Facility and the reasonable costs of expansion expenditures.

12. **Ownership of Easements:** The DEVELOPER will retain ownership and control of the utility easement areas wherein the System is to be located. The DEVELOPER expressly, hereinafter reserves the sole power to grant to other utilities not already existing within the Development, the right to use the same easements granted to SCWCO save and except the other utilities must abide by the terms and conditions of the rules and regulations relating to the installation of utility lines in common easement areas. The DEVELOPER reserves the right to transfer and convey such easements, subject to the utilities therein, to the ST on the Brazos Property Owners Association, Inc. DEVELOPER expressly makes no representations concerning the ownership, use, purpose or rights held by others.

13. **SCWCO's Obligations and Representations.** SCWCO obligates itself to and represents to DEVELOPER the following:

13.1. SCWCO shall make all necessary applications and file all necessary documents, at SCWCO's expense, in the TCEQ for the sewer CCN that covers the Development as well as apply for and obtain all necessary modifications to the current discharge permit and expand such discharge permit in the appropriate governmental and Regulatory Agencies;

13.2. Engineer or caused to be engineered, a Wastewater Treatment Facility selected by SCWCO, in strict compliance with all applicable federal, state and local laws, rules, regulations and safety standards, and in no event shall the design be less than the minimum standards as promulgated by TCEQ.

13.3. Construct, at its expense and in accordance with the engineered plans and specifications, a Wastewater Treatment Facility within and upon the parcel of land to which the DEVELOPER has granted an option and designated on the subdivision plat of the Development for such purposes. The Wastewater Treatment Facility shall be for the Development's use only, and can be expanded by SCWCO for use outside the Development only with the written consent of the DEVELOPER.

13.4. Periodically inspect and immediately replace or repair any pipes and/or valves, and location markers thereof, which may be, or become, inoperable or in an unsafe consideration and maintain records thereof.

13.5. Comply with the rules and regulations of the TCEQ or any other state or federal governmental agency having authority over the System and Wastewater Treatment Facility, as the rules and regulations now exist or may hereafter be amended from time to

time, and to obtain and maintain all licenses and permits necessary for the installation and operation of a public sanitary sewer and wastewater system.

13.6. Provide a tap in a timely manner to all property owners in the Development who desire to be connected to the System. SCWCO's proposed initial tariff schedule shall be attached hereto as **Exhibit "B"** and incorporated herein by reference so as to indicate the current fees and charges of SCWCO as of the date of this Agreement. SCWCO reserves the ability to modify the fees and charges on its initial tariff pursuant to the requirements of the TCEQ or any other Regulatory Agency that may have jurisdiction over such charges.

13.7. SCWCO has adequate financing and means to complete the Wastewater Treatment Facility, and the construction of same will move forward in a reasonable manner with the Development.

13.8. SCWCO shall operate and maintain the System and the Wastewater Treatment Facility in accordance within all required state, local or federal governmental standards for a wastewater plant and system.

14. **DEVELOPER's Obligations and Representations.** DEVELOPER obligates itself and represents the following:

14.1. DEVELOPER will provide non-exclusive easements for installation of the System, all as more fully shown on the preliminary plat of the Development not yet recorded in the Map and Plat Records of Parker County, Texas.;

14.2. DEVELOPER shall be responsible to SCWCO for a minimum operating revenue of TWO THOUSAND, FIVE HUNDRED AND NO/100 DOLLARS (\$2,500.00) per month until SCWCO obtains such minimum operating revenue from the System operations;

14.3. DEVELOPER shall provide notice to all Lot Purchasers of the necessity of an individual grinder pump, of a type approved by SCWCO to be purchased, installed and connected to the System at the Lot Purchasers expense. Such notification shall be included in the DEVELOPER's Land Purchase Contracts. All contracts executed prior to this Agreement are exempt from this requirement.

14.4. DEVELOPER shall provide SCWCO an option to purchase a Plant Site as described above for TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration;

14.5. After the completion of each phase of construction on the System and as certified by DEVELOPER's Engineer, convey to SCWCO, that particular phase of the System via Bill of Sale along with an "as built" drawing to identify locations of the System in the properly dedicated non-exclusive easements.

14.6. DEVELOPER has adequate financing to complete and market the Development.

15. **Default and Termination.** In the event that SCWCO or DEVELOPER shall fail to comply with the terms, conditions and/or obligations as herein set forth for any reason or cause, save and except "Force Majeure," or so called "Acts of God" (which is defined as naturally occurring events beyond the control and without the interference of any human agency or power of man) the non-defaulting party, or its assigns, shall have the sole right and option to terminate this Agreement upon five (5) days written notice subject to the right to cure any alleged default. The party not in default must give written notice to the defaulting party, expressly notifying it of the default. If the defaulting party fails to fully cure the default specified in the written notice within thirty (30) days after receipt of such notice, or if default cannot be reasonably cured within thirty (30) days, and the defaulting party has failed to use reasonable efforts to attempt to cure such default, the party not in default shall have the right to pursue all remedies allowed by law, including specific performance of this Agreement or may terminate this Agreement.

16. **Water Code Remedy.** SCWCO represents that when it ultimately becomes the holder of the sewer CCN and associated water quality permit (hereinafter the "Permit") for the Development, which allows it to provide sewer service to residents of the Development for compensation, SCWCO shall provide continuous and adequate service in compliance with its service obligations and covenants, DEVELOPER shall have the right and standing to seek corrective orders from the TCEQ. Any request by DEVELOPER to replace SCWCO as the certified utility service provider within the service area, after SCWCO's failure to remedy and cure any noticed service deficiency under TCEQ rule and order shall recognize the compensation obligations of the Texas Water Code § 13.254.

17. **Insurance Requirements.** SCWCO shall carry General Liability insurance, comprehensive coverage, automobile coverage and workers compensation insurance satisfactory to the DEVELOPER and until the Wastewater Treatment Facility and the System is completed by SCWCO and/or DEVELOPER, and evidence of the coverage, represented by certificates issued by the insurance carrier, must be furnished to the DEVELOPER prior to the commencement of work naming DEVELOPER as an "additional insured." All certificates of insurance shall state that DEVELOPER will be notified in writing at least 30 days prior to cancellation or renewal of insurance.

18. **Assignment.** No assignment of this agreement by SCWCO shall be valid unless consented to in writing by the DEVELOPER, which consent shall not be unreasonably withheld. Any assignment by SCWCO shall conform to the standards of all governmental authorities. Any assignment by SCWCO shall require the assignee to expressly agree to perform all of the SCWCO's obligations as herein set forth and conform to the standards of all governmental authorities. Nothing herein shall prevent DEVELOPER, or its assigns, from requiring such additional obligations of the assignee as may be necessary to fulfill the intent of this Agreement.

19. **Binding Effect.** This agreement shall extend to and bind the successors and assigns of the respective Parties.



20. **SCWCO as Independent Contractor.** SCWCO is an independent contractor. Neither the DEVELOPER, nor its successors or assigns, shall direct, provide tools or materials to SCWCO nor have control over the management or operation of SCWCO business. Neither this Agreement nor the sale of the Plant Site to SCWCO and vendor's lien reserved by DEVELOPER shall constitute a partnership or joint venture or any other kind of business relationship, whether as an employer-employee or otherwise, as between the DEVELOPER, its successors or assigns, and SCWCO, its successors or assigns.

21. **DEVELOPER Indemnification.** DEVELOPER shall indemnify, defend and hold harmless SCWCO, its officers, directors, employees and agents from and against any and all claims, demands, debts, suits, causes of action, losses, damages, judgments, fines, penalties, liabilities, and costs, including reasonable attorney fees and defense costs incurred by SCWCO arising out of or relating to the Construction and installation of the System.

22. **SCWCO Indemnification.** SCWCO shall indemnify, defend and hold harmless DEVELOPER, its officers, directors, employees and agents from and against any and all claims, demands, debts, suits, causes of action, losses, damages, judgments, fines, penalties, liabilities, and costs, including reasonable attorney fees and defense costs incurred by DEVELOPER arising out of or relating to the Construction and installation of the Wastewater Treatment Facility and any expansions of the Wastewater Treatment Facility.

23. **Entire Agreement.** This Agreement contains all of the agreements of the Parties, and no warranty, covenants, representation, or condition so expressly set forth herein shall be binding upon the Parties. This Agreement may not be altered except in writing, signed by both Parties hereto.

24. **Notices.**

24.1. All notices hereunder to SCWCO will be sufficient if sent by overnight, certified mail or facsimile transmission with confirmation of delivery, addressed to SCWCO to the attention of Malcolm Bailey, P. O. Box 570177, Houston, Texas 77257 or 5818 Beverly Hill, Suite 200, Houston, Texas 77057, or fax (713) 783-6321 with copies to Mark H. Zeppa, 4833 Spicewood Springs Road, Suite 202, Austin, Texas 78759, or fax (512) 346-6847.

24.2. All notices to DEVELOPER will be sufficiently given if sent by certified mail or facsimile transmission with confirmation of delivery to the attention of Terrell Jones, 4960 Conference Way North, Boca Raton, Florida 33431 or fax (561) 912-8121 and Oscar Rohne, 2000 E. Lamar Boulevard, Suite 290, Arlington, Texas 76006 or fax (817) 303-2174; with copies to Matthew D. Bradley, PIPKIN, OLIVER & BRADLEY, L.L.P., 1020 Northeast Loop 410, Suite 810, San Antonio, Texas 78209, or fax (210) 820-0077.

24.3. All notices will be deemed to have been given on the date of mailing or sending of such notice. Any Party may change its address upon five days written notice to the other Party.

25. Miscellaneous.


25.1. This Agreement shall be construed and enforced in accordance with Venue for the litigation of any dispute arising hereunder shall be in Park venue for any dispute within the jurisdiction of the TCEQ shall be before and for any appeal from a final decision of the TCEQ shall be in Travis C

25.2. In the event one or more provisions contained in this Agreement shall reason be held invalid, illegal, or unenforceable in any respect, such illegality, or unenforceability shall not affect any other provision here Agreement shall be construed as if such invalid, illegal, or unenforceable provisions never been contained herein.

IN WITNESS WHEREOF, the Parties have executed this agreement on the dates stated below in multiple counterparts, each of which shall constitute an original.

**SCWCO:**

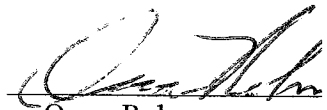
SOUTH CENTRAL WATER COMPANY, INC.

By:   
Malcolm Bailey  
President

Date: 3-25-05

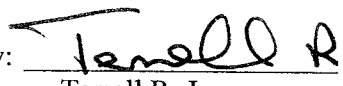
**DEVELOPER:**

BLUEGREEN SOUTHWEST ONE,  
by its General Partner  
BLUEGREEN SOUTHWEST LANE

By:   
Oscar Rohne  
Vice President

Date: 3/17/05

BLUEGREEN SOUTHWEST ONE,  
by its General Partner  
BLUEGREEN SOUTHWEST LANE

By:   
Terrell R. Jones,  
Vice President

Date: 3/17/05