



Control Number: 47899



Item Number: 10

Addendum StartPage: 0

DOCKET NO. 47899

2019 MAR -5 AM 10:15

APPLICATION OF JOE C. DESMIT §
D/B/A KNOB HILL WATER SYSTEM §
AND KNOB HILL WATER UTILITY §
CORP. FOR SALE, TRANSFER, OR §
MERGER OF FACILITIES AND §
CERTIFICATE RIGHTS IN §
DENTON COUNTY §

PUBLIC UTILITY COMMISSION

OF TEXAS

FIRST AMENDED APPLICATION FOR SUPPLEMENTAL RECOMMENDATION

In Order No. 2, the ALJ found the Application for Sale, Transfer, or Merger of Facilities and Certificate Rights in Denton County to be administratively incomplete and insufficient for filing, as described in the Public Utility Commission (Commission) Staff's filing including the attached memorandum of Debbie Reyes Tamayo in the Commission's Water Utilities Regulation Division. Applicant files this First Amended Application to correct the noted deficiencies.

I. PURPOSE OF APPLICATION

The purpose of this Application is to transfer the entire CCN area. This application does not seek to change the CCN area. The area should be +/- 90 acres, and the Amended Application has been changed to reflect this.

II. MAPPING CONTENT

- 1. General Location Map added, see enclosed.
- 2. Revised Detailed Map added, see enclosed.

III. APPLICATION CONTENT

- 1. Purchase and Sale Agreement has been added and filed as Confidential. To clarify the effective date of the sale, the sale will close within fourteen days after expiration of the 120 day review period after proper notice, because that time period will have

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expired by the time the Commission approves this sale, which is the event that begins the countdown to closing. The contract uses a formula to determine the actual closing date because the parties did not know at time of contracting when the Commission would approve the sale.

2. Most recent TCEQ inspection report has been added, see enclosed.


IV. FINANCIAL CONTENT

1. Section 13.c. of the Application has been amended; amended application enclosed.
2. The tariff for the system being purchased has been added, enclosed.
3. A statement indicating how the Buyer intends to pay for the system has been filed as Confidential since it relates to the Confidential supporting documentation.
4. Supporting documentation demonstrating the Buyer's ability to pay for the system, as discussed with Fred Bednarski, have been filed as Confidential.
5. Regarding which entity and time period the historical and projected financial statements on pages 9-13 of the Application represent, bear in mind this is a transfer of the entire system. The 2012-2017, and 2018-to-Closing-Date financial information is for the seller, Joseph C. Desmit d/b/a Knob Hill Water System. The financial information from the date of closing in 2018-2022 is for the buyer, Knob Hill Water Utility Corp., owned 100% by Ms. Sukhdeep Kaur.

WHEREFORE, the Applicant requests that its Application be deemed administratively complete by PUC Staff and accepted for filing.

Respectfully submitted,

MCPHERSON LAW FIRM, PC

By: 
Mark McPherson
State Bar No. 13845920

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ATTORNEY FOR APPLICANT KNOB HILL
WATER UTILITY CORP.

DATED: March 2, 2018



Application for Sale, Transfer, or Merger of a Retail Public Utility

Pursuant to Chapter 13.251 of the Texas Water Code

FIRST AMENDED APPLICATION

Docket Number: 47899

(this number will be assigned by the Public Utility Commission after your application is filed)

7 copies of the application, including the original, along with one copy of the portable electronic storage medium (such as CD or DVD) containing the GIS data shall be filed with

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

No later than seven days after filing the application for the boundary change, provide a copy of each paper map and a portable electronic storage medium (such as CD, flash drive or DVD) containing complete and identical data to the portable electronic storage medium submitted above to

Texas Natural Resources Information System
1700 N. Congress Ave. Room B40
Austin, Texas 78701

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Part A – General Information

*RN# 102672433 *CN# 601356991 * (PRIOR TCEQ ID numbers)

1. Proposed action of application (check all the boxes that apply):

Sale of All Portion of the Water system(s) under CCN No.: 11414
 Acquisition Sewer system(s) under CCN No.:
 Lease/Rental

Transfer of All Portion of the Certificated water service area – CCN No.: 11414
 Certificated sewer service area – CCN No.:

If only a portion of a system or certificated service area is affected by this transaction, please specify the areas or subdivision involved:

and to:

Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller’s CCN
 Amend the transferee’s CCN No.:
 Merge or consolidate public utilities
 Cancel CCN of the transferor (seller)

2. Proposed effective date of this transaction: 3/15/2018 14 days after PUC approval (after proper notice + 120 days)
(Must be at least 120 days after proper notice is provided)

Part B – Current Service Provider or Seller Information

Questions 3 through 5 apply to the transferor (current service provider or seller)

3. For the current CCN holder or service provider please indicate:

A. Name: JOSEPH C. DESMIT

(Individual, Corporation or Other Legal Entity)

who is a(n):of Individual Corporation WSC HOA or POA Other

B. Utility Name (if different than above): KNOB HILL WATER SYSTEM

Address: 2861 HIGH MEADOW DRIVE Telephone: (AC) (972) 294-2553

C. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name: KAREN LONG DESMIT Title: CO-OWNER/OPERATOR
Address: 2861 HIGH MEADOW, LITTLE ELM, TX 75065 Telephone: (AC) (214) 536-7942

Fax:

Email:

4. About the last rate increase for the system or facilities being transferred:

A. What was the effective date of the last rate increase?

B. Was notice of this increase provided to the Public Utility Commission of Texas (commission or PUC) or a predecessor regulatory authority?

No

Yes-

Application/Docket Number:

Date

5. Please provide a list of all customers affected by this transaction who have deposits held by the transferor or seller utility, if any, and include the following information (attach additional sheets if necessary):

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit
SEE ATTACHED LIST			

Part C – Purchaser or Transferee Information

Questions 6 through 16 refer to the transferee or purchaser.

6. For the person or entity acquiring the facilities and/or CCN:

Applicant:

(Individual, Corporation, or Other Legal Entity)

Utility Name:

(If different than above)

Utility Address:

Fax:

Email:

Telephone (AC):

CCN Numbers held prior to the filing of this application:

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

Individual

Home or Property Owners Association

Partnership; attach copy of partnership agreement

Corporation; provide charter number as recorded with the Office of the Secretary of State for

Texas:

Non-profit, member owned, member-controlled Cooperative Corporation (Article 1434(a) Water Sewer Service Corporation); provide charter number:

<input type="checkbox"/>	Municipally-owned utility
<input type="checkbox"/>	District (MUD, SUD, WCID, etc.)
<input type="checkbox"/>	County
<input type="checkbox"/>	Other (please explain): <input type="text"/>

8. If the applicant is an *Individual* or sole proprietorship, provide the following information. If not, skip to the next question.

Name:	<input type="text"/>	Email	<input type="text"/>
Address	<input type="text"/>		
Telephone (AC):	<input type="text"/>	Fax (AC):	<input type="text"/>

9. If the applicant is other than an *Individual*, provide the following information regarding the officers or partners of the legal entity applying for the transfer. You must complete either question 8 or question 9, whichever applies to the transferee applicant.

•Name:	MS. SUKHDEEP KAUR	Telephone (AC):	(469) 735-9462
Address:	1555 ABBOTTS LANE, ARGYLE, TX 76226		
Position:	PRESIDENT	Ownership % (if applicable):	100.00%

•Name:	<input type="text"/>	Telephone (AC):	<input type="text"/>
Address:	<input type="text"/>		
Position:	<input type="text"/>	Ownership % (if applicable):	0.00%

•Name:	<input type="text"/>	Telephone (AC):	<input type="text"/>
Address:	<input type="text"/>		
Position:	<input type="text"/>	Ownership % (if applicable):	0.00%

•Name:	<input type="text"/>	Telephone (AC):	<input type="text"/>
Address:	<input type="text"/>		
Position:	<input type="text"/>	Ownership % (if applicable):	0.00%

•Name:	<input type="text"/>	Telephone (AC):	<input type="text"/>
Address:	<input type="text"/>		
Position:	<input type="text"/>	Ownership % (if applicable):	0.00%

•Name:	<input type="text"/>	Telephone (AC):	<input type="text"/>
Address:	<input type="text"/>		
Position:	<input type="text"/>	Ownership % (if applicable):	0.00%

- Attach additional sheet(s) if necessary -

Important: • If the applicant is a for-profit corporation, please provide a copy of the corporation's "Certification of Account Status" from the State Comptroller Office. This "Certification of Account Status" can be obtained from:

Texas Comptroller of Public Accounts
P. O. Box 13528, Capitol Station
Austin, Texas 78711
1-800-252-5555

- If the applicant is an Article 1434a water supply or sewer service corporation or other non-profit corporation, please provide a copy of the Articles of Incorporation and By-Laws.

10. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name:	MARK MCPHERSON	Title:	ATTORNEY
Address:	15950 DALLAS PARKWAY, SUITE 400, DALLAS TX 75248	Telephone (AC):	(214) 722-7096
Fax #	(214) 540-9866	Email	mark@texasenvironmentallaw.com
Relationship to the applicant:	ATTORNEY		

IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, PLEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PARTY

11. Please respond to each of the following questions. Attach additional sheets if necessary.

A. Describe the experience and qualifications of the applicant to provide adequate utility service to the requested area

See attached.

B. Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the PUC, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG) or the Environmental Protection Agency (EPA) in the past for noncompliance with rules, orders or State Statutes? Yes No

If yes, please attach copies of any correspondence with these regulatory agencies concerning these enforcement actions and describe any actions and efforts to comply with those requirements. Attach additional sheets if needed.

C. Describe the source and availability of funds required to make the planned or required improvements, if any, to meet minimum requirements of the TCEQ and PUC and ensure continuous and adequate service.

No improvements are planned or required to meet minimum requirements of PUC or TCEQ.

D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

See attached.

E. How will the transaction serve the public interest?

See attached.

12. Please describe the nature of the proposed transaction:

See attached.

13. If the transferee applicant is an Investor Owned Utility (IOU) and will be under the rate jurisdiction of the PUC, please provide the following information. Water supply or sewer service corporations and political subdivisions of the state should mark this section N/A:

- A.
 - Total Purchase Price:
 - Total Original Cost (as recorded on books of seller or merging entity):
 - Accumulated Depreciation as of the proposed effective date of the transaction:
 - Contributions in Aid of Construction:
 - Specific surcharges approved by TCEQ or PUC:
 - Revenues from explicit customer agreements:

- Developer Contributions (please explain):

- Other Contributions (please explain):

Total Contributions in Aid of Construction

• Net Book Value:

- ☛ If the Original Cost or any of the above items has been established in a rate case proceeding by the PUC, the TWC or the TCEQ, please provide the Application/Docket Number and date:

Application/Docket Number: Date:

- ☛ If the applicant is not under the rate jurisdiction of the TCEQ, only the purchase price and information related to Contributions in Aid of Construction is required.

Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application.
[attach additional sheet(s) if necessary]:

None needed. This is a straightforward transaction, transferring an IOU with a water CCN from an individual to a newly formed entity owned by a different individual, to account for the retirement of the current system owner.

- C. Complete the following proposed entries listed below as shown in books of purchasing (or surviving) company. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations.

Utility Plant in Service:	51,000
Plant Acquisition Adjustment:	
Extraordinary Loss on Purchase:	
Accumulated Depreciation of Plant:	\$ 0.00
Cash:	2,000
Notes Payable:	0
Mortgage Payable:	0
Others (please list):	<input type="text"/>

As the purchaser, I understand that it is **my responsibility** in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service.

Purchaser's Initials: Date:

14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customers:

All the customers will be charged the same rates as they were charged before the transaction.
 Some All customers will be charged different rates than they were charged before the transaction.

If rates are changing, please explain:

Applicant is an IOU and intends to file with the commission or municipal regulatory authority an application to change rates of some/all of its customers as a result of this transaction. If so, please explain:

Other. Please explain:

15. List all neighboring water and /or sewer utilities, cities, and political subdivisions providing the same service within two (2) miles of area affected by this proposed transaction. This information should be available from the water utility database (WUD) or Applicant's licensed water operator.

MUSTANG SPECIAL UTILITY DISTRICT, AUBREY, TX
TERRA SOUTHWEST WATER UTILITES, ALVORD, TX
TOWN OF LITTLE ELM, TEXAS

16. Financial, Managerial and Technical information for the acquiring entity.

Part D – Historical Financial Information

HISTORICAL BALANCE SHEETS	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash	3,150.00	2,818.00	3,675.00	3,150.00	3,126.00	3,809.00
Accounts Receivable	3,512.00	2,492.00	2,811.00	2,832.00	4,105.00	2,819.00
Inventories	912.00	752.00	948.00	1,045.00	1,129.00	885.00
Income Tax Receivable	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Total	7,574.00	6,062.00	7,434.00	7,317.00	8,360.00	7,513.00
FIXED ASSETS						
Land	63,000.00	60,000.00	60,000.00	58,000.00	55,000.00	54,000.00
Collection/Distribution System	5,000.00	0.00	65,000.00	7,000.00	7,000.00	75,000.00
Buildings	10,000.00	11,500.00	12,500.00	13,500.00	14,500.00	16,000.00
Equipment	8,000.00	9,000.00	10,000.00	11,000.00	12,000.00	14,500.00
Other	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Less: Accum. Depreciation or Reserves	0.00	0.00	0.00	0.00	0.00	0.00
Total	106,000.00	106,500.00	109,000.00	108,500.00	108,000.00	112,000.00
TOTAL ASSETS	113,574.00	112,562.00	116,434.00	116,817.00	116,360.00	119,513.00
CURRENT LIABILITIES						
Accounts Payable	1,600.00	270.00	1,938.00	2,124.00	1,789.00	2,109.00
Notes Payable, Current	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Expenses	5,000.00	4,721.00	5,107.00	4,679.00	3,823.00	4,416.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	7,100.00	5,991.00	7,025.00	6,803.00	5,612.00	6,525.00
LONGTERM LIABILITIES						
Notes Payable, Long-term	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	7,100.00	5,991.00	7,025.00	6,803.00	5,612.00	6,525.00
OWNER'S EQUITY						
Paid in Capital	64,500.00	64,500.00	64,500.00	64,500.00	64,500.00	64,500.00
Retained Equity	0.00	0.00	0.00	0.00	0.00	0.00
Other	33,669.00	31,936.00	34,168.00	34,959.00	37,438.00	47,712.00
Current Period Profit or Loss	8,305.00	10,174.00	10,741.00	10,555.00	8,810.00	776.00
TOTAL OWNER'S EQUITY	106,474.00	106,610.00	109,409.00	110,014.00	110,748.00	112,988.00
TOTAL LIABILITIES AND EQUITY	113,574.00	112,562.00	116,434.00	116,817.00	116,360.00	119,513.00
WORKING CAPITAL	474.00	110.00	409.00	514.00	2,748.00	988.00
CURRENT RATIO	1.06	1.01	1.05	1.07	1.40	1.15
DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS	0.93	0.94	0.93	0.94	0.95	0.94

HISTORICAL INCOME STATEMENT	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps	76.00	76.00	76.00	76.00	76.00	76.00
New Taps Per Year	0.00	0.00	0.00	0.00	0.00	0.00
Total Meters at Year End	76.00	76.00	76.00	76.00	76.00	76.00
METER REVENUE						
Fees Per Meter	271.84	499.25	501.73	519.73	532.27	540.52
Cost Per Meter	162.56	365.38	379.71	380.85	416.35	530.31
Operating Revenue Per Meter	109.28	133.87	141.02	138.88	115.92	10.21
GROSS WATER REVENUE						
Fees	19,930.00	35,938.00	37,124.00	38,380.00	39,928.00	39,850.00
Other	730.00	2,085.00	955.00	1,120.00	522.00	1,230.00
Gross Income	20660	37,943.00	38,079.00	39,500.00	40,450.00	41,080.00
OPERATING EXPENSES						
General & Administrative	12,355.00	27,769.00	27,378.00	28,945.00	31,643.00	40,304.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
NET INCOME	8,205.00	10,174.00	10,741.00	10,555.00	8,810.00	776.00

See Revised Figures in Attached Excel Spreadsheets

HISTORICAL EXPENSE DETAIL	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	0.00	0.00	0.00	0.00	0.00	0.00
Office Expense	1,306.00	3,108.00	3,306.00	2,800.00	2,912.00	2,348.00
Computer Expense	0.00	0.00	0.00	0.00	0.00	0.00
Auto Expense	1,040.00	2,289.00	2,223.00	2,100.00	2,114.00	2,058.00
Insurance Expense	0.00	734.00	782.00	782.00	782.00	768.00
Telephone Expense	1,868.00	3,631.00	3,554.00	3,400.00	3,855.00	3,326.00
Utilities Expense	1,141.00	2,331.00	3,000.00	3,000.00	2,863.00	2,665.00
Depreciation Expense	0.00	0.00	0.00	0.00	0.00	0.00
Property Taxes	0.00	1,786.00	1,900.00	1,900.00	1,900.00	1,700.00
Professional Fees	160.00	2.00	140.00	362.00	140.00	362.00
Other	575.00	575.00	550.00	550.00	500.00	500.00
Total	6,080.00	14,816.00	14,950.00	14,891.00	15,166.00	13,727.00
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries	0.00	0.00	0.00	0.00	0.00	0.00
Auto Expense	0.00	0.00	0.00	0.00	0.00	0.00
Utilities Expense	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation Expense	0.00	0.00	0.00	0.00	0.00	0.00
Repair & Maintenance	4,320.00	6,744.00	10,000.00	10,000.00	9,751.00	23,000.00
Supplies	1,700.00	3,828.00	3,305.00	3,654.00	4,477.00	2,199.00
Other	350.00	2,381.00	992.00	400.00	2,349.00	1,378.00
Total	6,270.00	12,953.00	12,387.00	14,054.00	16,577.00	26,577.00
% Increase Per Year						
ASSUMPTIONS						
Interest Rate Term	0.00	0.00	0.00	0.00	0.00	0.00
Utility Cost Index	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation Schedule	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00

See Revised Figures
in Attached
Excel Spreadsheets

Part E – Projected Information

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash	8,500.00	10,193.00	9,250.00	8,700.00	8,500.00	8,700.00
Accounts Receivable	0.00	418.00	550.00	412.00	317.00	421.00
Inventories	912.00	1,023.00	750.00	550.00	1,050.00	950.00
Income Tax Receivable	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Total	9,412.00	11,634.00	10,550.00	10,062.00	9,867.00	10,071.00
FIXED ASSETS						
Land	63,000.00	63,000.00	64,000.00	65,000.00	66,500.00	67,500.00
Collection/Distribution System	5,000.00	4,800.00	4,400.00	4,400.00	4,200.00	4,100.00
Buildings	10,000.00	8,800.00	9,500.00	9,200.00	9,000.00	9,000.00
Equipment	8,000.00	7,800.00	7,550.00	7,300.00	7,150.00	7,000.00
Other	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Less: Accum. Depreciation or Reserves	0.00	0.00	0.00	0.00	0.00	0.00
Total	106,000.00	105,200.00	105,550.00	105,900.00	100,415.00	107,600.00
TOTAL ASSETS	115,412.00	116,834.00	116,100.00	115,962.00	110,282.00	117,671.00
CURRENT LIABILITIES						
Accounts Payable	1,600.00	2,050.00	3,100.00	2,450.00	2,150.00	2,300.00
Notes Payable, Current	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Expenses	5,500.00	3,850.00	4,500.00	3,812.00	3,912.00	3,500.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Total	7,100.00	7,400.00	7,600.00	6,662.00	6,062.00	5,800.00
LONGTERM LIABILITIES						
Notes Payable, Long-term	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	7,100.00	7,400.00	8,050.00	6,662.00	6,062.00	5,800.00
OWNER'S EQUITY						
Paid in Capital	59,500.00	59,500.00	59,500.00	59,500.00	59,500.00	59,500.00
Retained Equity	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Current Period Profit or Loss	9,158.00	8,023.00	2,118.00	7,395.00	6,650.00	6,650.00
TOTAL OWNER'S EQUITY	68,658.00	67,523.00	61,618.00	66,895.00	66,150.00	66,150.00
TOTAL LIABILITIES AND EQUITY	115,412.00	116,834.00	116,100.00	115,962.00	110,282.00	117,671.00
WORKING CAPITAL	2,312.00	4,234.00	2,500.00	3,400.00	3,805.00	4,271.00
CURRENT RATIO	1.30	1.50	1.30	1.50	1.60	1.70
DEBT TO EQUITY RATIO	0.06	0.06	0.07	0.06	0.05	0.05
EQUITY TO TOTAL ASSETS	0.93	0.93	0.93	0.94	0.94	0.95

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps	76	76	77	77	77	
New Taps Per Year	0	1	0	0	0	
Total Meters at Year End	76	77	77	77	77	
METER REVENUE						
Fees Per Meter	466.44	468.83	468.18	468.18	468.18	
Cost Per Meter	332.78	364.63	440.67	372.14	381.81	
Operating Revenue Per Meter	133.66	104.20	27.51	96.04	86.37	
GROSS WATER REVENUE						
Fees	35,000.00	35,500.00	35,500.00	25,500.00	35,500.00	177,000.00
Other	450.00	600.00	550.00	500.00	00.00	2,600.00
Gross Income	35,450.00	36,100.00	36,050.00	36,050.00	36,050.00	179,700.00
OPERATING EXPENSES						
General & Administrative	25,292.00	28,077.00	30,932.00	28,655.00	29,400.00	145,356.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
NET INCOME	10,158.00	8,023.00	2,118.00	7,395.00	6,650.00	34,344.00

See Revised Figures in Attached Excel Spreadsheet

PROJECTED EXPENSE DETAIL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	0.00	0.00	0.00	0.00	0.00	0.00
Office Expense	3,110.00	3,225.00	3,275.00	3,310.00	3,360.00	16,280.00
Computer Expense	0.00	0.00	0.00	0.00	0.00	0.00
Auto Expense	2,250.00	2,290.00	2,325.00	2,360.00	2,380.00	11,605.00
Insurance Expense	782.00	782.00	782.00	810.00	810.00	3,966.00
Telephone Expense	1,550.00	1,580.00	1,600.00	1,625.00	1,700.00	8,055.00
Utilities Expense	2,450.00	2,450.00	2,550.00	2,650.00	2,750.00	12,850.00
Depreciation Expense	0.00	0.00	0.00	0.00	0.00	0.00
Property Taxes	1,900.00	1,900.00	2,000.00	2,000.00	2,000.00	9,800.00
Professional Fees	350.00	350.00	400.00	400.00	400.00	1,900.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Total	12,332.00	12,577.00	12,632.00	13,155.00	13,400.00	64,456.00
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONAL EXPENSES						
Salaries	0.00	0.00	0.00	0.00	0.00	0.00
Auto Expense	0.00	0.00	0.00	0.00	0.00	0.00
Utilities Expense	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation Expense	0.00	0.00	0.00	0.00	0.00	0.00
Repair & Maintenance	8,000.00	10,000.00	15,000.00	10,000.00	10,000.00	53,000.00
Supplies	3,500.00	4,000.00	4,000.00	4,000.00	4,000.00	19,400.00
Other	1,500.00	1,500.00	2,000.00	1,500.00	2,000.00	8,500.00
Total	12,900.00	15,500.00	21,000.00	15,500.00	16,000.00	80,900.00
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ASSUMPTIONS						
Interest Rate Term	0.00	0.00	0.00	0.00	0.00	0.00
Utility Cost Index	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation Schedule	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income	10,158.00	8,023.00	2,118.00	7,395.00	6,650.00	34,344.00
Depreciation (If Funded)	0.00	0.00	0.00	0.00	0.00	0.00
Loan Proceeds	0.00	0.00	0.00	0.00	0.00	0.00
Other	8,500.00	0.00	0.00	0.00	0.00	8,500.00
Total Sources	18,658.00	8,023.00	2,118.00	7,395.00	6,650.00	42,844.00
USES OF CASH						
Net Loss	0.00	0.00	0.00	0.00	0.00	0.00
Principle Portion of Pmts.	0.00	0.00	0.00	0.00	0.00	0.00
Fixed Asset Purchase	1,500.00	0.00	0.00	0.00	1,000.00	2,500.00
Reserve	1,000.00	1,000.00	500.00	1,500.00	0.00	5,000.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Uses	2,500.00	1,000.00	500.00	1,500.00	1,000.00	7,500.00
NET CASH FLOW	16,158.00	7,023.00	1,618.00	5,895.00	4,650.00	35,344.00
DEBT SERVICE COVERAGE						
Cash Available for Debt	16,158.00	7,023.00	1,618.00	5,895.00	4,650.00	35,344.00
SERVICE (CADS)						
Net Income (Loss)	10,158.00	8,023.00	2,118.00	7,395.00	6,650.00	34,344.00
Depreciation, or Reserve Interest	0.00	0.00	0.00	0.00	0.00	0.00
Total	10,158.00	8,023.00	2,118.00	7,395.00	6,650.00	34,344.00
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest	0.00	0.00	0.00	0.00	0.00	0.00
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS	0.00	0.00	0.00	0.00	0.00	0.00

See Revised Filings in Attached Excel Spreadsheets

Part F – TCEQ Public Water or Sewer System Information

Please answer questions 17 through 22 on a different sheet for each physically Distinct system being transferred or acquired.

17. A. For Water Systems. TCEQ Public Water System Identification Number:

0	6	1	0	0	6	8
---	---	---	---	---	---	---

Date of last inspection:

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q -

-Name of Permittee:

-Date of application to transfer Discharge Permit submitted:

-Date of application to transfer Discharge Permit approved by TCEQ:

18. A. Are any improvements required to meet TCEQ or PUC standards? Yes No. If yes, please explain:

B. Is there a moratorium on new connections? Yes No. If yes, please explain:

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ or PUC standards (attach additional sheets if necessary):

Description of the Required Improvement	Schedule to Complete	Estimated Cost
NONE REQUIRED		

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries? Yes No

If yes, indicate the number of customers within the city limits or district boundaries:

Water Sewer

Attach copy of franchise agreement or consent letter from the city or district.

20. Do you currently purchase water or sewer treatment capacity from another source? Yes No
 Water Sewer Purchased on a Regular Seasonal Emergency Basis

• Source: % of total supply:

21. List the number of existing connections to be effected by this transaction.

Water				Sewer	
	-Non Metered		-2" meter	-Residential Connection	
76	-5/8" or 3/4" meter		-3" meter	-Commercial Connection	
	-1" meter		-4" meter	-Industrial Connection	
	-1 1/2" meter		-Other	-Other	
Total Water Connections:				Total Sewer Connections	

20. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? Yes No
 If yes, please explain what steps are being taken to address the capacity issues:

23. List the name, class, and license number of the operator(s) that will be responsible for the system:

Name	Class	License#
JOSEPH C. DESMIT	D	WO0000596
KAREN J LONG DESMIT	D	WO0028220
MS SUKHDEEP KAUR	D	WO0040856

24. Attach the following maps with each copy of the application:
- a. One small scale map clearly showing affected service area with enough detail to accurately locate the area if the application is for the transfer of all or a portion of a CCN.
 - b. One large scale map showing the proposed service area boundaries being sold, transferred, or merged and, if available, the existing and proposed facilities. Color coding should be used to differentiate existing from proposed facilities. Facilities and service area boundaries should be shown with such exactness that they can be located on the ground. If transferring area not currently in a CCN or a portion of an existing CCN area please attach the following hard copy maps with each copy of the application:
 1. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
 2. A map showing only the proposed area by:
 - i. metes and bounds survey certified by a licensed state or registered professional land surveyor; or
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled, data disk should be included); or
 - iii. following verifiable natural and man-made landmarks, or
 - iv. a copy of recorded plat map with metes and bounds.
 3. A written description of the proposed service area.

Part G – Oaths and Notices

OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF TEXAS

COUNTY OF DENTON

I, JOSEPH C. DESMIT, being duly sworn, file this application for sale, lease, rental or merger or consolidation as SOLE PROPRIETOR-OWNER (*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 documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

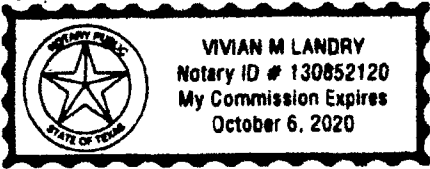
I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(j) and copies of any outstanding Orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas, or Attorney General and have also complied with the notice requirements in Section 13.301(k) of the Texas Water Code.

Joseph C. Desmit
AFFIANT
(Utility'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 day 19th of OCTOBER, 20 17.

SEAL



Vivian M. Landry
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS
Vivian M Landry
PRINT OR TYPE NAME OF NOTARY
MY COMMISSION EXPIRES 10/06/2020

One copy of this page must be submitted for each utility involved in this transaction.

OATH FOR PURCHASER OR ACQUIRING ENTITY

STATE OF TEXAS

COUNTY OF COLLIN

I, SUKHDEEP KAUR, being duly sworn, file this application for

sale, lease, rental or merger or consolidation 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 documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I am also authorized and do agree to be bound by and comply with any outstanding orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

Sukhdeep Kaur

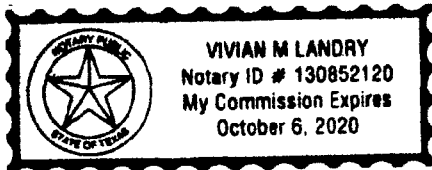
AFFIANT
(Utility's Authorized Representative)

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.

Applicant represents that all other parties to this transaction have been furnished copies of this completed application.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this day 14th of OCTOBER, 20 17.

SEAL



Vivian M Landry

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Vivian M Landry

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 10/06/2020

One copy of this page must be submitted for each utility involved in this transaction.

FORM A

Docket No. _____

Notice to Current Customers, Neighboring Systems and Cities

JOE DESMIT D/B/A KNOB HILL WATER SYSTEM 'S
(Seller's or Transferor's Name)

NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND

NECESSITY (CCN) NO 11414 **TO** KNOB HILL WATER UTILITY CORP.
(Purchaser's or Transferee's Name)

IN DENTON **COUNTY, TEXAS**

To: _____ **Date Notice Mailed** _____, 20 17
(Name of Customer, Neighboring System or City)

(Address)

City State Zip

JOE C. DESMIT, 2861 HIGH MEADOW DR., LITTLE ELM, TX 76068

Sellers or Transferors' Name Address City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell facilities and transfer water or sewer (please select) CCN No. 11414 (WATER) in DENTON [County Name]

County to:

KNOB HILL WATER UTILITY CORP., 1555 ABBOTTS LANE, ARGYLE, TX 76226

Purchasers or Transferee's Name Address City/State/Zip Code

The sale is scheduled to take place as approved by the Commission (V.T.C.A., Water Code §13.301). The transaction and the transfer of the CCN include the following subdivision(s):

KNOB HILL LAKE ESTATES

The area subject to this transaction is located approximately 2 miles EAST [direction] of downtown TOWN OF LITTLE ELM, [City or Town] Texas, and is **generally** bounded on the north by

KNOB HILL/ROLLING HILLS DRIVE; on the east by LAKE LEWISVILLE
; on the south by QUAIL RUN DRIVE; and on the west by WILD VALLEY DRIVE

The total area being requested includes approximately 4090 acres and serves 76 current customers.

This transaction will have the following effect on the current customer's rates and services:

NONE

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

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

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Commission will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Commission may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

**Se desea informacion en Espanol, puede llamar al
1-888-782-8477**

MS. SUKHDEEP KAUR

Utility Representative

KNOB HILL WATER UTILITY CORP.

Utility Name

Notice to Current Customers, Neighboring Systems, Landowner and Cities

_____'S NOTICE OF INTENT TO SELL FACILITIES TO
(Seller's or Transferor's Name)

AND FOR _____
(Purchaser's or Transferee's Name) Purchaser's or Transferee's Name)

TO OBTAIN OR AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN
_____ COUNTY, TEXAS

To: _____ Date Notice Mailed _____, 20 ____
(Name of Customer, Neighboring System, Landowner or City)

(Address)

_____ City State Zip

Sellers or Transferors' Name Address City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell water or sewer (please select) Facilities in _____ [County Name] County to:

Purchasers or Transferee's Name Address City/State/Zip Code

The transferee has also requested to obtain/amend a CCN in this application. The sale is scheduled to take place as approved by the Commission (Texas Water Code §13.301). The transaction and the proposed service area include the following subdivision(s).

The area subject to this transaction is located approximately _____ miles _____ [direction] of downtown _____, [City or Town] Texas, and is **generally** bounded on the north by _____; on the east by _____; on the south by _____; and on the west by _____.

The total area being requested includes approximately _____ acres and serves _____ current customers. This transaction will have the following effect on the current customer's rates and services:

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

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

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Commission will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no

protests or requests for hearing are filed during the comment period, the Commission may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

**Se desea informacion en Espanol, puede llamar al
1-888-782-8477**

Utility Representative

Utility Name

**ATTACHMENT TO APPLICATION FOR THE SALE, TRANSFER,
OR MERGER OF A RETAIL PUBLIC UTILITY**

Transferor: Joe C. Desmit d/b/a Knob Hill Water System

RN 102672433 CN 601356991

Transferee: Knob Hill Water Utility Corp.

System: Water CCN No. 11414

TCEQ Public Water System ID No. 0610068

ITEM B.5.: LIST OF CUSTOMERS

Account #	Name and address
01-0010-00	Rachel and Jacob Akins, 2910 High Meadow, Little Elm, Tx 75068 940-442-3700
01-00890-00	Mary Alexander, 10853 Rolling Hills. Little Elm, Tx 75068 214-968-1353
10-00010-00	Sharon Allen, 916 Carter, Little Elm, Tx 75068 214-762-2698
02-00010-00	Cassidy Baker, 2870 Knob Hill, Little Elm, Tx 75068 940-594-2366
03-00010-00	Carl and Diana Barker, 10690 Woodcrest, Little Elm, Tx 75068 214-354-3708
05-00010-00	Robert and Oksana Buss, 10641 Rolling Hills, Little Elm, Tx 75068 972-740-6959
01-00610-00	Rakesh Chanana, 10928 Rolling Hills, Little Elm, Tx 75068 214-745-1575
07-00010-00	Mark and Melody Carter, 914 Carter, Little Elm, Tx 75068

972-317-6319

01-00730-00 Gary Cleaver, 10650 Woodcrest, Little Elm, Tx 75068
775-217-9612

12-00010-00 Charles Elders, 2923 High Meadow, Little Elm, Tx 75068
972-249-5055

01-00210-00 Charles and Phyllis Elmore, 10846 Rolling Hills, Little Elm, Tx 75068
940-632-8552

25-00010-00 Art and Becky Evans, 10684 Briarwood, Little Elm, Tx 75068
469-571-7272

01-00760-00 Jason Faigle, 2860 High Meadow, Little Elm, Tx 75068
214-608-2468

14-00010-00 Jimmy Fougerousse, 10585 Rolling Hills, Little Elm, Tx 75068
817-247-5039

01-00770-00 Elizabeth and Raymond Garcia, 10596 Rolling Hills, Little Elm, Tx 75068
972-900-4979

15-00010-00 Lavell and Virginia Garner, 2805 Lakecrest, Little Elm, Tx 75068
214-695-7304

16-00010-00 Ronnie Gatten, 2965 High Meadow, Little Elm, Tx 75068
469-323-1147

17-00010-00 Tim and Sherre George, 10638 Briarwood, Little Elm, Tx 75068
214-697-0229

01-00830-00 Leslie Giddens, 2960 High Meadow, Little Elm, Tx 75068
972-217-6786

01-00690-00 Destin and Ashley Gilmer, 10631 Rolling Hills, Little Elm, Tx 75068

469-922-3947

01-00700-00 Christopher and Titiana Graves, 10615 Rolling Hills, Little Elm, Tx 75068
972-510-4088

01-00710-00 James Greenlee, 10661 Woodcrest, Little Elm, Tx 75068
972-922-8090

01-00480-00 Matt and Stacy Hale, 10708 Rolling Hills, Little Elm, Tx 75068
972-822-6801

23-00010-00 Daniel and Sharla Hamil, 3913 S. Shore Circle, Little Elm, Tx 75068
972-292-1174

01-00880-00 Sean and Lisa Hyman, 10667 Rolling Hills, Little Elm, Tx 75068
817-528-0125

01-00020-00 Bobby Jackson, 10530 Quail Run, Little Elm, Tx 75068
214-543-2778

01-00470-00 Amber and Blake Jameson, 2810 Wild Valley, Little Elm, Tx 75068
214-404-6209

01-00030-00 Linda Janssen, 10657 Briarwood, Little Elm, Tx 75068
469-233-4894

01-00040-00 Herman and Judy Janzen, 2722 Knob Hill, Little Elm, Tx 75068
972-345-2107

01-00050-00 Brandon Jarrett, 10676 Rolling Hills, Little Elm, Tx 75068
469-438-9172

01-00720-00 Alex and Vivian Landry, 10525 Rolling Hills, Little Elm, Tx 75068
801-710-3927

01-00860-00 James ND Allie Lawler, 3222 Knob Hill, Little Elm, Tx 75068

281-543-4613

01-00070-00 Steve and Marilyn Leary, 2770 High Meadow, Little Elm, Tx 75068
972-467-6846

01-00090-00 Rockford McCurdy, 2928 High Meadow, Little Elm, Tx 75068
972-800-8429

01-00120-00 Timothy Moeykens, 10970 Rolling Hills, Little Elm, Tx 75068
972-294-1173

01-00140-00 Sam and Jan Morgan, 3082 Turtle Pond, Little Elm, Tx 75068
214-695-3606

01-00150-00 Barbara Mueller, 2048 Turtle Pond, Little Elm, Tx 75068
214-649-4078

01-00800-00 Jose Nevarez, 902 Carter, Little Elm, Tx 75068
214-995-3129

01-00160-00 Richard and Lola Nicholson, 2828 High Meadow, Little Elm, Tx 75068
972-294-0080

01-00170-00 John and Kim O’Glee, 10579 Briarwood, Little Elm, Tx 75068
972-904-9301

01-00100-00 Mike and Dana O’Glee, 2718 High Meadow, Little Elm, Tx 75068
972-203-7802

01-00180-00 Greg Overstreet, 10969 Rolling Hills, Little Elm, Tx 75068
972-252-2469

01-00190-00 Patrick and Carrie Parmer, 2868 Knob Hill, Little Elm, Tx 75068
214-385-3824

01-00780-00 Morgan and Amanda Paul, 2969 Wild Valley, Little Elm, Tx 75068

281-543-4613

01-00070-00 Steve and Marilyn Leary, 2770 High Meadow, Little Elm, Tx 75068
972-467-6846

01-00090-00 Rockford McCurdy, 2928 High Meadow, Little Elm, Tx 75068
972-800-8429

01-00120-00 Timothy Moeykens, 10970 Rolling Hills, Little Elm, Tx 75068
972-294-1173

01-00140-00 Sam and Jan Morgan, 3082 Turtle Pond, Little Elm, Tx 75068
214-695-3606

01-00150-00 Barbara Mueller, 2048 Turtle Pond, Little Elm, Tx 75068
214-649-4078

01-00800-00 Jose Nevarez, 902 Carter, Little Elm, Tx 75068
214-995-3129

01-00160-00 Richard and Lola Nicholson, 2828 High Meadow, Little Elm, Tx 75068
972-294-0080

01-00170-00 John and Kim O’Glee, 10579 Briarwood, Little Elm, Tx 75068
972-904-9301

01-00100-00 Mike and Dana O’Glee, 2718 High Meadow, Little Elm, Tx 75068
972-203-7802

01-00180-00 Greg Overstreet, 10969 Rolling Hills, Little Elm, Tx 75068
972-252-2469

01-00190-00 Patrick and Carrie Parmer, 2868 Knob Hill, Little Elm, Tx 75068
214-385-3824

01-00780-00 Morgan and Amanda Paul, 2969 Wild Valley, Little Elm, Tx 75068

214-693-1664

01-00200-00 Gregory and Joyce Peck, 2890 High Meadow, Little Elm, Tx 75068
972-877-9438

01-00230-00 Kim and Jeff Peters, 11076 Rolling Hills, Little Elm, Tx 75068
972-679-6234

01-00240-00 Glenn and Sherry Pfullman, 2758 Knob Hill, Little Elm, Tx 75068
214-673-1288

01-00260-00 Goldie Redmon, 2747 Knob Hill, Little Elm, Tx 75068
972-294-2626

01-00270-00 Dennis and Kay Reed, 912 Cove Trail, Little Elm, Tx 75068
972-342-3893

01-00280-00 Dennis and Kay Reed, 915 Cove Trail, Little Elm, Tx 75068
972-342-3893

0-1-00290-00 Kimberly Reil-Money and Joel Money, 10580 Briarwood, Little Elm, Tx
972-748-4728

01-00310-00 William and Deborah Rice, 10775 Rolling Hills, Little Elm, Tx 75068
817-881-6526

01-00330-00 Vickie Rodgers, 2989 Knob Hill, Little Elm, Tx 75068
214-407-6443

01-00740-00 Ricky Rubio, 2988 Knob Hill, Little Elm, Tx 75068
214-854-8405

01-00340-00 Mickey and Janet Rutledge, 2859 Knob Hill, Little Elm, Tx 75068
972-294-3606

01-00750-00 Angela Sanchez, 10570 Rolling Hills, Little Elm, Tx 75068

214-693-1664

01-00200-00 Gregory and Joyce Peck, 2890 High Meadow, Little Elm, Tx 75068
972-877-9438

01-00230-00 Kim and Jeff Peters, 11076 Rolling Hills, Little Elm, Tx 75068
972-679-6234

01-00240-00 Glenn and Sherry Pfullman, 2758 Knob Hill, Little Elm, Tx 75068
214-673-1288

01-00260-00 Goldie Redmon, 2747 Knob Hill, Little Elm, Tx 75068
972-294-2626

01-00270-00 Dennis and Kay Reed, 912 Cove Trail, Little Elm, Tx 75068
972-342-3893

01-00280-00 Dennis and Kay Reed, 915 Cove Trail, Little Elm, Tx 75068
972-342-3893

0-1-00290-00 Kimberly Reil-Money and Joel Money, 10580 Briarwood, Little Elm, Tx
972-748-4728

01-00310-00 William and Deborah Rice, 10775 Rolling Hills, Little Elm, Tx 75068
817-881-6526

01-00330-00 Vickie Rodgers, 2989 Knob Hill, Little Elm, Tx 75068
214-407-6443

01-00740-00 Ricky Rubio, 2988 Knob Hill, Little Elm, Tx 75068
214-854-8405

01-00340-00 Mickey and Janet Rutledge, 2859 Knob Hill, Little Elm, Tx 75068
972-294-3606

01-00750-00 Angela Sanchez, 10570 Rolling Hills, Little Elm, Tx 75068

469-951-4576

01-00350-00 Don and Julia Scharnweber, 2903 High Meadow, Little Elm, Tx 75068
972-294-1417

01-00600-00 Joseph and Jennifer Seifert, 10651 Rolling Hills, Little Elm, Tx 75068
214-208-8379

01-00360-00 Greg Shaw, 3086 Knob Hill, Little Elm, Tx 75068
214-546-2598

01-00370-00 Tori Shields, 10633 Briarwood, Little Elm, Tx 750687
817-905-8674

01-00380-00 Justin and Dana Skorupski, 2824 Knob Hill, Little Elm, Tx 75068
972-795-3475

01-00390-00 Monty Slough, 10438 Quail Run, Little Elm, Tx 75068
940-735-5365

01-0400-00 Don and Glenda Smith, 2951 High Meadow, Little Elm, Tx 75068
214-684-9024

01-00820-00 Zach and Shaleena Stone, 2825 High Meadow, Little Elm, Tx 75068
214-516-5411

01-00530-00 Bruce and Lynn Tackett, 2893 Lakecrest, Little Elm, Tx 75068
214-293-7002

01-00870-00 James and Lisa Thompson, 10612 Briarwood, Little Elm, Tx 75068
972-978-4036

01-00520-00 Alden and Bethany Underhill, 2792 High Meadow, Little Elm, Tx 75068
707-363-9175

01-00420-00 Kim and Charles Venable, 2793 Knob Hill, Little Elm, Tx 75068

972-292-1075

01-00420-00

Greg Vencevich, 920 Carter, Little Elm, Tx 75068

972-464-9230

01-00460-00

Chris and Rachel Wehrwein, 2746 High Meadow, Little Elm, Tx 75068

972-294-9559

01-00840-00

Mitch Wolfe, 3063 Knob Hill, Little Elm, Tx 75068

972-989-8131

ATTACHMENTS TO APPLICATION FOR SALE, TRANSFER,
OR MERGER OF A RETAIL PUBLIC UTILITY

Transferor: Joseph C. Desmit d/b/a Knob Hill Water System
RN 102672433 CN 601356991

Transferee: Knob Hill Water Utility Corp.

System: Water CCN No. 11414
TCEQ Public Water System Identification No. 0610068

Part C.11.A. Experience and qualifications of the applicant to provide adequate utility service to the requested area

Applicant has entered into a Consulting Agreement with the current individuals who operate the system, and have operated the system continuously since 1994, to run the day-to-day operation of the system. The applicant therefore will have the exact same experience and qualifications as the transferor/current owner to provide adequate utility service to the requested area. Additionally, the President of Applicant has obtained her Class D Water Operator License and will be trained by the Transferor pursuant to the Consulting Agreement to operate this particular water system in the same manner as the current owner.

Part C.11.D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

There will be no impact of this transaction on the quality of utility service. The Buyer/Transferee has entered into a consulting agreement with the Seller/current owner to manage the system for four months after Buyer purchases the system, during which time the Buyer will also train Buyer how to operate the system. The impact to the quality of service would occur if this transaction did not occur. Seller is an individual in need of retiring from active work, including managing the system on a daily basis. This transaction is practically necessary in order to continue proper operation of the system.

Part C.11.E. How will the transaction serve the public interest?

It is in the public's interest that the Knob Hill Estates subdivision be provided with continuous and adequate water service. This system's certificated area only includes the Knob Hill Estates subdivision, an 80 lot single family residential development on the shoreline of Lewisville Lake where it is still not economical to extend another area retail public utility's lines. This system is a groundwater-based system and therefore has all the normal and ordinary costs and operational requirements of such a system. The seller is an individual who has reached retirement age and therefore needs to transfer this obligation to serve the public interest. The Buyer is technically and financially qualified to continue this system's public service to its certificated area, such that this transaction will have no effect in quality or continuity of service.

Part C.12. Please describe the nature of the proposed transaction:

This system was originally designed to serve only the Knob Hill Estates subdivision, an 80 lot single family residential subdivision. The individual seller has reached retirement age and so it is time to pass along the obligations to operate this retail water utility. The seller holds a Class D water operator license. Purchaser's President has obtained her Class D water operator licenses, and Purchaser has contracted with Seller to provide consulting services for four months after the transfer of the system, during which time Seller will train Purchaser how to operate the system. The transaction preserves the status quo for the certificated area, which is all that is necessary to ensure continued and adequate service to the certificated area.

Part F.24.b.3. A written description of the proposed service area.

The proposed service area will not change. CCN 11414 covers, and the water utility will serve, the Knob Hill Estates single family residential subdivision, bounded on the West by Wild Valley Road, the North by Knob Hill Drive, the West by Lake Lewisville, the South by Quail Run Drive and Turtle Pond Circle, and also including the residences on High Meadow Drive, Rolling Hills Drive, Briarwood Lane, Woodcrest Lane and Lakecrest Drive, Denton County, Texas 75068.



Office of the Secretary of State

**CERTIFICATE OF FILING
OF**

KNOB HILL LAKE ESTATES WATER UTILITY CORP.
File Number: 802847986

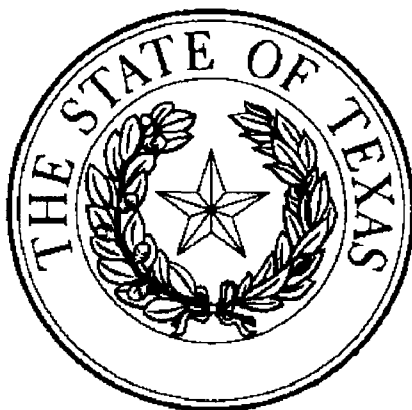
The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic For-Profit Corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

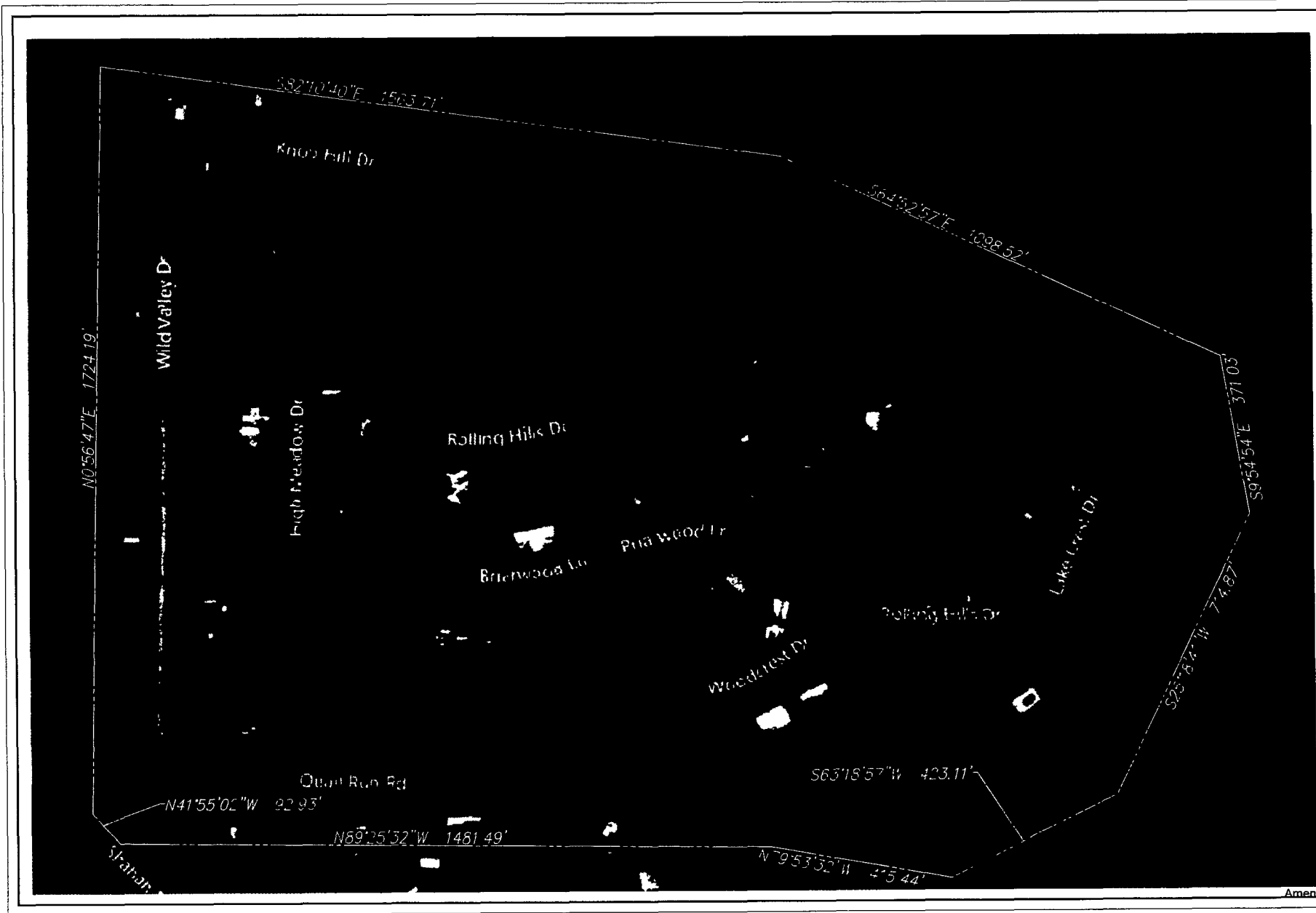
Dated: 10/29/2017

Effective: 10/29/2017



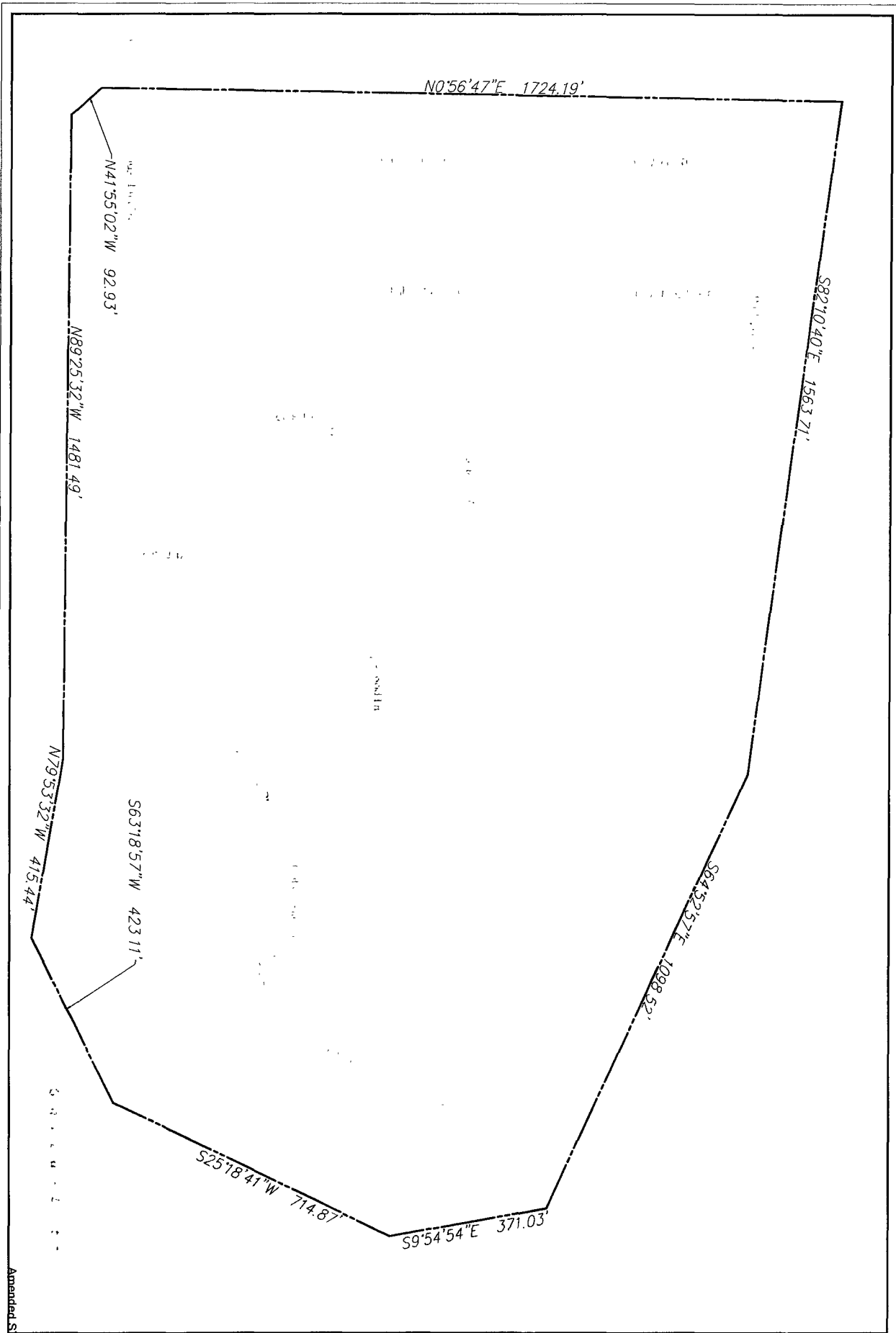
A handwritten signature in black ink, appearing to read "R. Pablos", written in a cursive style.

Rolando B. Pablos
Secretary of State



<p>Winkelmann & Associates, Inc. <small>CONSULTING ENGINEERS & SURVEYORS 11101 West Loop West, Suite 1000 Houston, Texas 77040 Phone: 713.869.9999 Fax: 713.869.9998</small></p>		No. _____ DATE _____ REVISION _____ APPROVAL _____
		10/09/2017
<p>CCN DELINEATION 11414 KNOB HILL LITTLE ELM, TEXAS</p>		
Amended STM App-037		

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Amended STM App-038

CCN DELINEATION
 11414 KNOB HILL
 LITTLE ELM, TEXAS

10/08/2017



Winkelman & Associates, Inc.
 CONSULTING CIVIL ENGINEERS & SURVEYORS
 11414 KNOB HILL, SUITE 100
 LITTLE ELM, TEXAS 75840
 LICENSE NO. 12488-80
 COPYRIGHT © 2014, Winkelman & Associates, Inc.

No.	DATE	REVISION	APPROV

Balance Sheet				
Year	2017	2016	2015	2014
Cash	3,150.00	2,818.00	3,675.00	3,150.00
Account Receivables	3,512.00	2,492.00	2,811.00	3,122.00
Inventory	912.00	752.00	948.00	1,045.00
Ttl Current Assets	7,574.00	6,062.00	7,434.00	7,317.00
Land	63,000.00	60,000.00	60,000.00	58,000.00
Collection/Distribution System	5,000.00	6,000.00	6,500.00	7,000.00
Buildings	10,000.00	11,500.00	12,500.00	13,500.00
Equipment	8,000.00	9,000.00	10,000.00	11,000.00
Other	20,000.00	20,000.00	20,000.00	20,000.00
Ttl Fixed Assets	106,000.00	106,500.00	109,000.00	109,500.00
Total Assets	113,574.00	112,562.00	116,434.00	116,817.00
Difference			-	
	1,600.00	1,231.00	1,918.00	2,124.00
	5,500.00	4,721.00	5,107.00	4,679.00
Total Liab	7,100.00	5,952.00	7,025.00	6,803.00
		-		
PIC	64,500.00	64,500.00	64,500.00	64,500.00
Other	33,669.00	31,936.00	34,168.00	34,959.00
Profit & Loss	8,305.00	10,174.00	10,741.00	10,555.00
Total EQ	106,474.00	106,610.00	109,409.00	110,014.00
Total Liab & Eq	113,574.00	112,562.00	116,434.00	116,817.00
Diff Ttl Liab & Eq less Asset Ttl	-	-	-	-
Profit & GP Diff	-	-	-	-

Income Statement				
Year	2017	2016	2015	2014
Rev - Fees	19,930.00	35,858.00	37,124.00	38,380.00
Rev - Other	740.00	2,085.00	955.00	1,123.00
Gross Income	20,670.00	37,943.00	38,079.00	39,503.00
Op and Gen Admin Exp	12,365.00	27,769.00	27,338.00	28,948.00
net Income	8,305.00	10,174.00	10,741.00	10,555.00
Gen Admin Exp				
	1,306.00	3,108.00	3,306.00	2,800.00
	1,040.00	2,289.00	2,223.00	2,100.00
		734.00	782.00	782.00
	1,868.00	3,631.00	3,554.00	3,400.00
	1,141.00	2,331.00	3,096.00	3,000.00
		1,786.00	1,300.00	1,900.00
	160.00	362.00	140.00	362.00
	575.00	575.00	550.00	550.00
Total Admin Exp	6,090.00	14,816.00	14,951.00	14,894.00

2013	2012
3,126.00	3,809.00
4,105.00	2,819.00
1,129.00	885.00
8,360.00	7,513.00
55,000.00	54,000.00
7,000.00	7,500.00
14,000.00	16,000.00
12,000.00	14,500.00
20,000.00	20,000.00
108,000.00	112,000.00
116,360.00	119,513.00
-	-
1,789.00	2,109.00
3,823.00	4,416.00
5,612.00	6,525.00
64,500.00	64,500.00
37,438.00	47,712.00
8,810.00	776.00
110,748.00	112,988.00
116,360.00	119,513.00
-	-
-	-

2013	2012
39,928.00	39,850.00
525.00	1,230.00
40,453.00	41,080.00
31,643.00	40,304.00
8,810.00	776.00
2,912.00	2,348.00
2,114.00	2,058.00
782.00	768.00
3,855.00	3,326.00
2,863.00	2,665.00
1,900.00	1,700.00
140.00	362.00
500.00	500.00
15,066.00	13,727.00

Op Exp	4,320.00	6,744.00	8,000.00	10,000.00
	1,600.00	3,828.00	3,395.00	3,654.00
	355.00	2,381.00	992.00	400.00
Total Op Exp	6,275.00	12,953.00	12,387.00	14,054.00
Total Exp	12,365.00	27,769.00	27,338.00	28,948.00
Difference pg 14 & 13 Exp ttl	-	-	-	-

9,751.00	23,000.00
4,477.00	2,199.00
2,349.00	1,378.00
16,577.00	26,577.00
31,643.00	40,304.00

Balance Sheet

Year	2017	2018	2019	2020
Cash	8,500.00	10,193.00	9,250.00	8,700.00
Account Receivables	912.00	418.00	550.00	412.00
Inventories		1,023.00	750.00	950.00
Ttl Current Assets	9,412.00	11,634.00	10,550.00	10,062.00
Land	63,000.00	63,000.00	64,000.00	65,000.00
Collection/Distribution System	5,000.00	4,800.00	4,500.00	4,400.00
Buildings	10,000.00	9,800.00	9,500.00	9,200.00
Equipment	8,000.00	7,600.00	7,550.00	7,300.00
Other	20,000.00	20,000.00	20,000.00	20,000.00
Ttl Fixed Assets	106,000.00	105,200.00	105,550.00	105,900.00
Total Assets	115,412.00	116,834.00	116,100.00	115,962.00
Total Diff				
Accounts Payable	1,600.00	2,050.00	3,100.00	2,850.00
Accrued Expenses	5,500.00	5,350.00	4,950.00	3,812.00
Total Liab	7,100.00	7,400.00	8,050.00	6,662.00
PIC	59,500.00	59,500.00	59,500.00	59,500.00
Other	38,654.00	41,911.00	46,432.00	42,405.00
Profit & Loss	10,158.00	8,023.00	2,118.00	7,395.00
Total EQ	108,312.00	109,434.00	108,050.00	109,300.00
Total Liab Eq	115,412.00	116,834.00	116,100.00	115,962.00
Diff Ttl Liab & Eq less Asset Ttl	-	-	-	-
Profit & GP Diff	-	-	-	-

Income Statement

Year	2017	2018	2019	2020
Rev - Fees	35,000.00	35,500.00	35,500.00	35,550.00
Rev - Other	450.00	600.00	550.00	500.00
Gross Income	35,450.00	36,100.00	36,050.00	36,050.00
Op and Gen Admin Exp	25,292.00	28,077.00	33,932.00	28,655.00
net Income	10,158.00	8,023.00	2,118.00	7,395.00
Diff between NI pg 13 & pg 12 P/L	-	-	-	-
Gen Admin Exp				
	3,110.00	3,225.00	3,275.00	3,310.00
	2,250.00	2,290.00	2,325.00	2,360.00
	782.00	782.00	782.00	810.00
	1,550.00	1,580.00	1,600.00	1,625.00
	2,450.00	2,450.00	2,550.00	2,650.00
	1,900.00	1,900.00	2,000.00	2,000.00
	350.00	350.00	400.00	400.00

2021	2022
8,500.00	8,700.00
317.00	421.00
1,050.00	950.00
9,867.00	10,071.00
66,500.00	67,500.00
4,200.00	4,100.00
9,000.00	9,000.00
7,150.00	7,000.00
20,000.00	20,000.00
106,850.00	107,600.00
116,717.00	117,671.00
2,150.00	2,300.00
3,912.00	3,500.00
6,062.00	5,800.00
59,500.00	59,500.00
44,505.00	45,721.00
6,650.00	6,650.00
110,655.00	111,871.00
116,717.00	117,671.00
-	-
-	-

2021	2022
35,550.00	35,550.00
500.00	500.00
36,050.00	36,050.00
29,400.00	29,400.00
6,650.00	6,650.00
-	-
3,360.00	3,360.00
2,380.00	2,380.00
810.00	810.00
1,700.00	1,700.00
2,750.00	2,750.00
2,000.00	2,000.00
400.00	400.00

	Total Admin Exp	12,392.00	12,577.00	12,932.00	13,155.00
Op Exp					
		8,000.00	10,000.00	15,000.00	10,000.00
		3,400.00	4,000.00	4,000.00	4,000.00
		1,500.00	1,500.00	2,000.00	1,500.00
	Total Op Exp	12,900.00	15,500.00	21,000.00	15,500.00
	Total Exp	25,292.00	28,077.00	33,932.00	28,655.00
Difference pg 14 & 13 Exp ttl		-	-	-	-

13,400.00	13,400.00
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10,000.00	10,000.00
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4,000.00	4,000.00
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2,000.00	2,000.00
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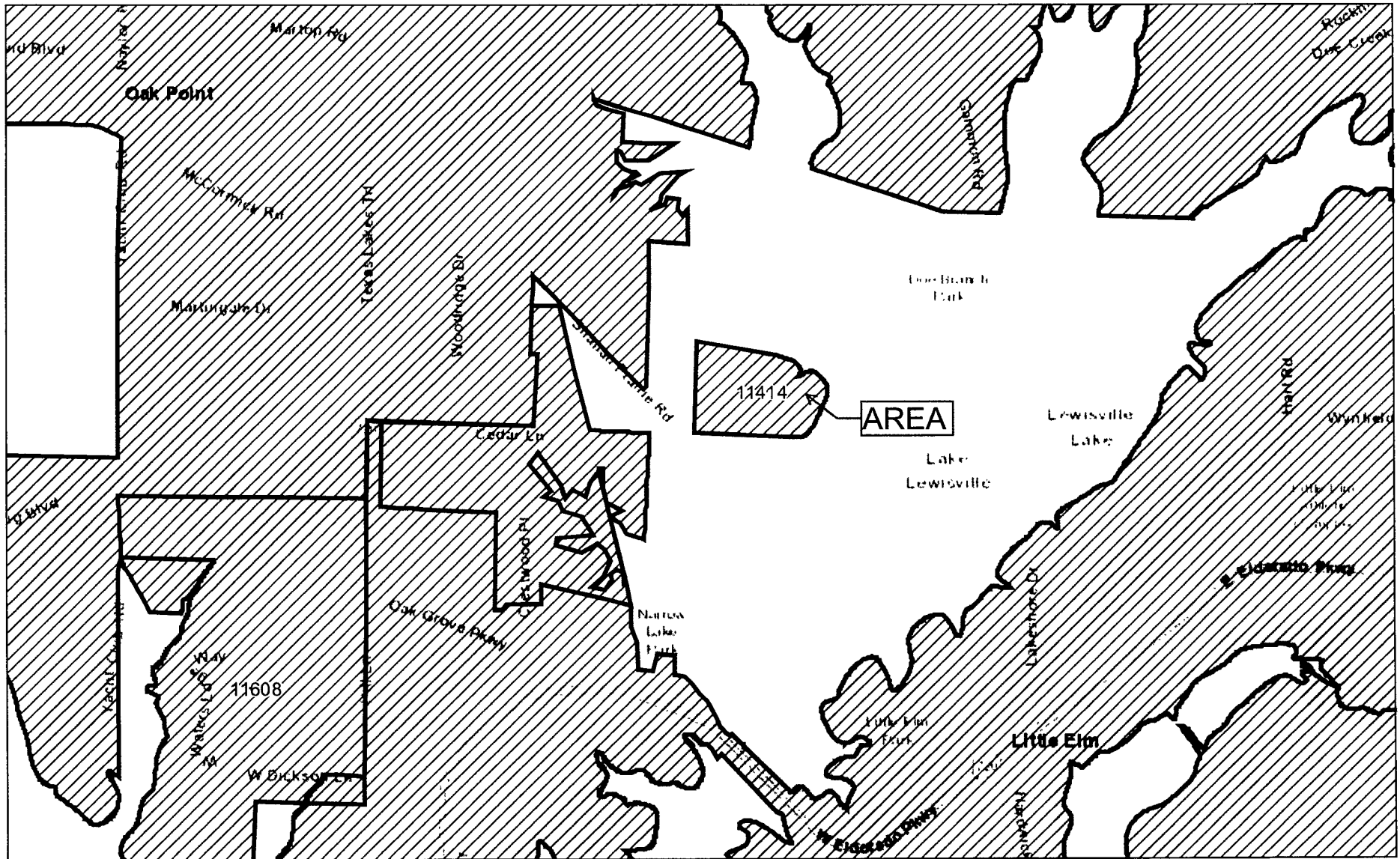
16,000.00	16,000.00
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29,400.00	29,400.00
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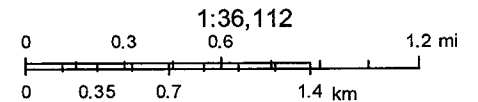
Requested Area to Transfer



February 23, 2018

 Water CCN Service Areas
 TxDOT Counties

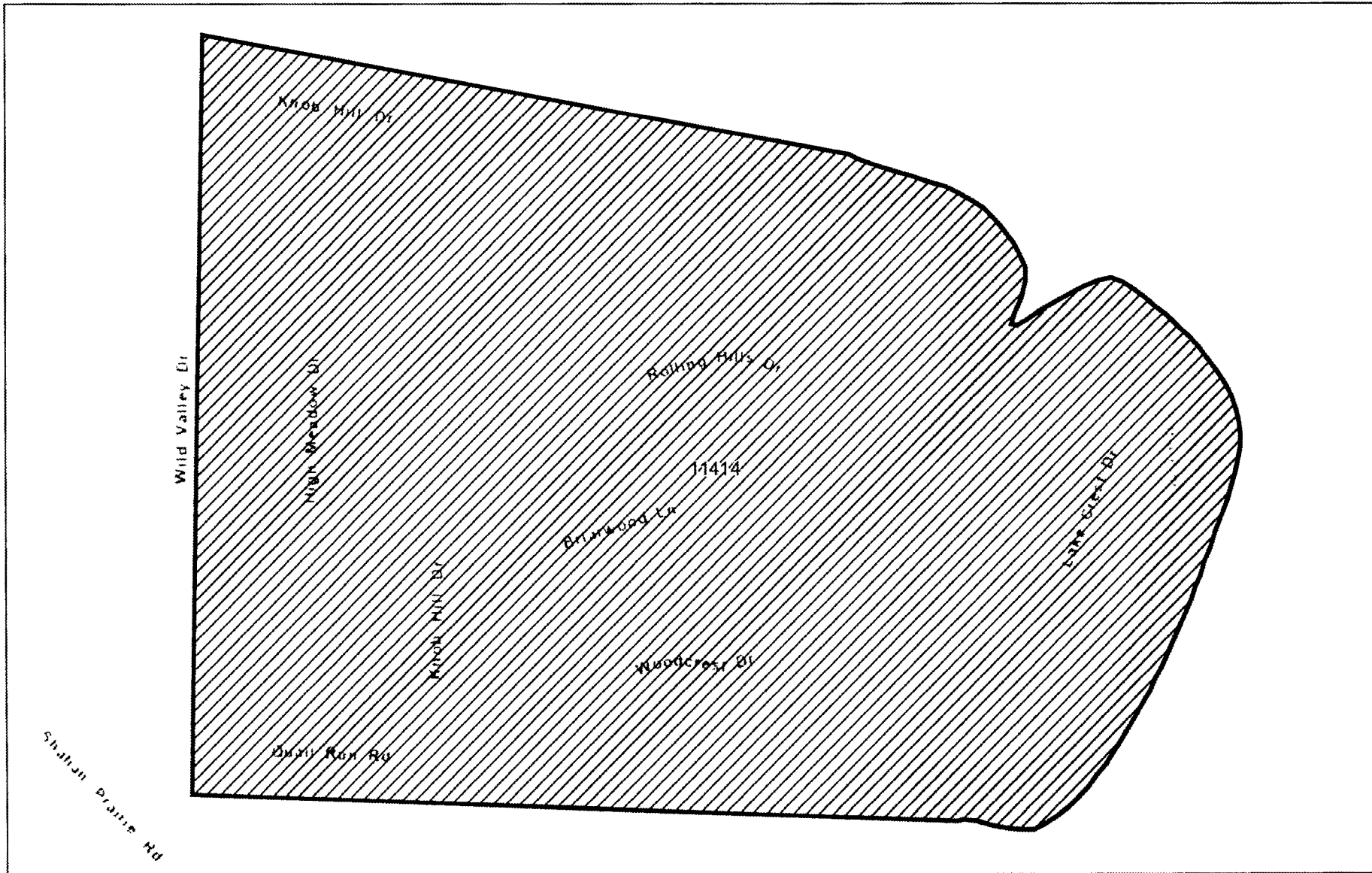
KNOB HILL WATER SYSTEM
WATER CCN SERVICE AREA:11414




Sources Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand),

Amended STM App-047

Requested Area to Transfer

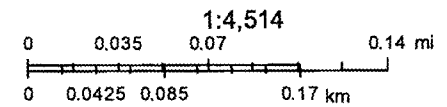


February 23, 2018

 Water CCN Service Areas

TxDOT Counties

**KNOB HILL WATER SYSTEM
WATER CCN SERVICE AREA:11414**



Sources Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand),

Amended STM App-048

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Bakcr, *Commissioner*
Jon Niermann, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 10, 2017

Ms. Karen Long-Desmit, Co-Owner
Knob Hill Water System
2861 High Meadow Drive
Little Elm, Texas 75068

RE: Public Water Supply Comprehensive Compliance Investigation at:
Knob Hill Water System, 2861 High Meadow Drive, Denton County, Texas
RN102672433, PWS ID No. 0610068, Investigation No. 1409810

Dear Ms. Long-Desmit:

On May 16, 2017, Ms. Megan Davidson of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Regional Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation, however, please see the enclosed Areas of Concern.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or your staff have any questions regarding these matters, please feel free to contact Ms. Davidson in the D/FW Regional Office at 817-588-5878.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Marshall".

Charles Marshall
Team Leader, Public Water Supply Program
D/FW Region Office

CM/md

Summary of Investigation Findings

KNOB HILL WATER SYSTEM DENTON 2861 HIGH MEADOW DR LITTLE ELM, DENTON COUNTY, TX 75068 Additional ID(s): 0610068	Investigation # 1409810 Investigation Date: 05/16/2017
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AREA OF CONCERN

Track No: 645952

30 TAC Chapter 290.41(c)(3)(K)

Alleged Violation:

Investigation: 1409810

Comment Date: 06/20/2017

Failure to maintain the seal on wellhead at Well #1 and Well #2.

During the comprehensive compliance investigation, it was noted that the seal was not properly maintained on Well #1 and Well #2.

30 TAC 290.41(c)(3)(K) states that wellheads and pump bases shall be sealed by a gasket or sealing compound and properly vented to prevent the possibility of contaminating the well water.

Recommended Corrective Action: Seal the wellhead on Well #1 and Well #2. Submit a letter describing the action taken and a copy of supporting documentation to the TCEQ Region 4 Office to document that the alleged violation has been resolved.

Resolution: On May 19, 2017, documentation was received from the water system at the TCEQ D/FW Region Office. Included in the documentation were photographs of the flex seal added to Well #1 and Well #2. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

Track No: 645955

30 TAC Chapter 290.43(c)(3)

Alleged Violation:

Investigation: 1409810

Comment Date: 06/20/2017

Failure to provide a proper overflow on the ground storage tank at Water Plant #1.

During the comprehensive compliance investigation, it was noted that overflow on the ground storage tank at Water Plant #1 did not close automatically and fit tightly.

30 TAC 290.43(c)(3) Overflows shall be designed in strict accordance with current AWWA standards. If the overflow terminates at any point other than the ground level, it shall be located near enough and at a position accessible from a ladder or the balcony for inspection purposes. The overflow(s) shall be sized to handle the maximum possible fill rate without exceeding the capacity of the overflow(s). The discharge opening of the overflow(s) shall be above the surface of the ground and shall not be subject to submergence. The discharge opening shall be covered with a gravity-hinged and weighted cover, an elastomeric duckbill valve, or other approved device to prevent the entrance of insects and other nuisances. When the tank is not overflowing, the cover shall close automatically and fit tightly with no gap over 1/16 inch.

Recommended Corrective Action: Repair or replace the overflow on the ground storage tank at Water Plant #1. Submit a letter describing the action taken and a copy of supporting documentation to the TCEQ Region 4 Office to document that the alleged violation has been resolved.

Resolution: On June 6, 2017, documentation was received from the water system at the TCEQ

KNOB HILL WATER SYSTEM DENTON

Investigation # 1409810

D/FW Region Office. Included in the documentation were photographs of the adjustments made to the overflow showing that it now closes tightly. Based on this documentation, it appears that the water system has adequately corrected the alleged violation.

