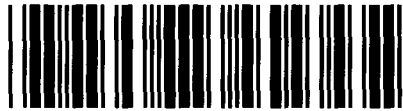




Control Number: 49272



Item Number: 1

Addendum StartPage: 0

# Yancey Water Supply Corporation



## CCN AMENDMENT APPLICATION

FOR THE

**YANCEY WATER SUPPLY CORPORATION**

**TO AMEND**

**CURRENT LINE CCN TO BOUNDARY CCN**

**SWE PROJECT #: 0339-023-18**

*FEBRUARY 2019*

APPROVED BY:

President	-	Steve Hackebel
Vice-President	-	Frankie Kauffman
Secretary	-	Randy Faseler
Treasurer	-	Jim Been
Director	-	Seth Ralph
Director	-	Seth Crain
Director	-	Nelson Boehme
Director	-	Kevin Marmor
Director	-	Ronny Heiligman
General Manager	-	Temple Mangold

Yancey Water Supply Corporation

P.O. Box 127

Yancey, TX 78886

Phone: (800) 741-5264

Fax: (830) 741-8009

Prepared by:

RECEIVED

2019 FEB 28 AM 9:02

PUBLIC UTILITY COMMISSION  
FILING CLERK



**Southwest  
Engineers**

307 St. Lawrence  
Gonzales, TX 78629  
Phone: 830.672.7546  
[www.swengineers.com](http://www.swengineers.com)  
TPBE No. F-1909

## Application Summary

**Applicant:** Yancey Water Supply Corporation

**CCN No. to be amended:** 11463

or ☐ Obtain NEW CCN ☒ Water ☐ Sewer

**County(ies) affected by this application:** Medina, Frio Counties

**Dual CCN requested with:** N/A

CCN No.: \_\_\_\_\_ (name of retail public utility) ☐ Portion or ☐ All of requested area

**Decertification of CCN for:** N/A

CCN No.: \_\_\_\_\_ (name of retail public utility) ☐ Portion or ☐ All of requested area

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### Please mark the items included in this filing

<input type="checkbox"/> Partnership Agreement	Part A: Question 4	
<input checked="" type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part A: Question 4	see Attachments A&B
<input type="checkbox"/> Certificate of Account Status	Part A: Question 4	
<input type="checkbox"/> Franchise, Permit, or Consent letter	Part B: Question 7	
<input checked="" type="checkbox"/> Existing Infrastructure Map	Part B: Question 8	see Attachment D & E
<input type="checkbox"/> Customer Requests For Service in requested area	Part B: Question 9	
<input type="checkbox"/> Population Growth Report or Market Study	Part B: Question 10	
<input type="checkbox"/> TCEQ Engineering Approvals	Part B: Question 11	
<input type="checkbox"/> Requests & Responses For Service to ½ mile utility providers	Part B: Question 12.B	
<input type="checkbox"/> Economic Feasibility (alternative provider) Statement	Part B: Question 12.C	
<input type="checkbox"/> Alternative Provider Analysis	Part B: Question 12.D	
<input type="checkbox"/> Enforcement Action Correspondence	Part C: Question 16	
<input checked="" type="checkbox"/> TCEQ Compliance Correspondence	Part D: Question 20	see Attachment C
<input type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part D: Question 23	
<input type="checkbox"/> Rate Study (new market entrant)	Part E: Question 28	
<input checked="" type="checkbox"/> Tariff/Rate Schedule	Part E: Question 29	see Attachment F
<input checked="" type="checkbox"/> Financial Audit	Part E: Question 30	see Attachment G
<input checked="" type="checkbox"/> Application Attachment A & B	Part E: Question 30	
<input type="checkbox"/> Capital Improvement Plan	Part E: Question 30	
<input type="checkbox"/> Disclosure of Affiliated Interests	Part E: Question 31	
<input checked="" type="checkbox"/> Detailed (large scale) Map	Part F: Question 32	see Attachment I
<input checked="" type="checkbox"/> General Location (small scale) Map	Part F: Question 32	see Attachment H
<input checked="" type="checkbox"/> Digital Mapping Data	Part F: Question 32	
<input checked="" type="checkbox"/> Signed & Notarized Affidavit	Page 12	

**Part A: Applicant Information**

1. A. Name: Yancey Water Supply Corporation  
(individual, corporation, or other legal entity)  
☐ Individual ☐ Corporation ☒ WSC ☐ Other: \_\_\_\_\_
- B. Mailing Address: P.O. Box 127  
Yancey, Texas 78886  
Phone No.: (830) 741-5264 Email: \_\_\_\_\_
- 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, accountant, or other title.  
Name: Neal Goedrich, P.E. Title: Proj. Engineer  
Mailing Address: 307 St. Lawrence, Gonzales, Texas 78629  
Phone No.: (830) 672-7546 Email: neal.goedrich@swengineers.com

2. If the Applicant is someone other than a municipality, is the Applicant currently paid in full on the Regulatory Assessment Fees (RAF) remitted to the TCEQ?

☒ Yes ☐ No ☐ N/A

3. If the Applicant is an Investor Owned Utility (IOU), is the Applicant current on Annual Report filings with the Commission?

☒ Yes ☐ No If no, please state the last date an Annual Report was filed: \_\_\_\_\_

4. The legal status of the Applicant is:

- ☐ Individual or sole proprietorship
- ☐ Partnership or limited partnership (*attach* Partnership agreement)
- ☐ Corporation: Charter number (recorded with the Texas Secretary of State): \_\_\_\_\_
- ☒ Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]  
Charter number (as recorded with the Texas Secretary of State): 444173
- ☒ Articles of Incorporation and By-Laws established (*attach*) see Attachments A & B
- ☐ Municipally-owned utility
- ☐ District (MUD, SUD, WCID, FWSD, PUD, etc.)
- ☐ County
- ☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
- ☐ Other (please explain): \_\_\_\_\_

5. If the Applicant operates under an assumed name (i.e., any d/b/a), provide the name below:

Name: \_\_\_\_\_

**Part B: Requested Area Information**

6. Provide details on the existing or expected land use in the requested area, including details on requested actions such as dual certification or decertification of service area.

There is no dual certification or decertification in the proposed area. There are no large developments anticipated in the proposed area; however, service to individual large tract landowners for livestock and houses will continue as is the norm in the mainly-rural proposed area.

7. The requested area (check all applicable):

- ☒ Currently receives service from the Applicant ☐ Is being developed with no current customers  
☐ Overlaps or is within municipal boundaries ☐ Overlaps or is within district boundaries

Municipality: \_\_\_\_\_ District: \_\_\_\_\_

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

8. Describe the circumstances (economic, environmental, etc.) driving the need for service in the requested area:

The proposed areas are currently not within any other water utility's service area and they completely encompass Yancey WSC existing lines and line CCN. The proposed boundary will abut neighboring water utility boundaries to fill in majority of the voids and gaps between them. Water utility service is necessary in these proposed areas since individual water wells are not economically feasible for most of the property owners in these areas.

9. Has the Applicant received any requests for service within the requested area?

☐ Yes\* ☒ No \*Attach copies of all applicable requests for service and show locations on a map

10. Is there existing or anticipated growth in the requested area? Typical individual large-tract rural growth that Yancey experiences normally. No known large developments.

☒ Yes\* ☐ No \*Attach copies of any reports and market studies supporting growth  
No known reports or market studies for this area.

11. A. Will construction of any facilities be necessary to provide service to the requested area?

☒ Yes\* ☐ No \*Attach copies of TCEQ approval letters

B. Date Plans & Specifications or Discharge Permit App. submitted to TCEQ: N/A

As growth occurs beyond the existing line CCN, line extensions and plant upgrades will be necessary and at that point plans and specifications will be submitted to TCEQ for review and approval.

C. Summarize an estimated timeline for construction for any required facilities to serve the requested area:

Because this is the case of an existing water utility amending its current line CCN to include areas adjacent to its existing CCN that are not within any other utility's service area, there are no planned or expected facility upgrades required. Over time as growth and requests come forth, necessary upgrades will be made in a timely manner as is typically the case.

D. Describe the source and availability of funds for any required facilities to serve the requested area:

As facilities are required, either direct funding or possible loan funding through USDA Rural Development and/or TWDB will be utilized. Yancey has loans with USDA currently.

**Note: Failure to provide applicable TCEQ construction or permit approvals, or evidence showing that the construction or permit approval has been filed with the TCEQ may result in the delay or possible dismissal of the application.**

12. A. If construction of a physically separate water or sewer system is necessary, provide a list of all retail public water and/or sewer utilities within one half mile from the outer boundary of the requested area below:

A separate water system is not necessary because this is the case of an existing water utility amending its current line CCN to include areas adjacent to its existing CCN that are not within any other utility's service area,

B. Did the Applicant request service from each of the above water or sewer utilities? N/A

☐ Yes\*

☐ No

\*Attach copies of written requests and copies of the written response

C. Attach a statement or provide documentation explaining why it is not economically feasible to obtain retail service from the water or sewer retail public utilities listed above.

D. If a neighboring retail public utility agreed to provide service to the requested area, attach documentation addressing the following information:

- (A) A description of the type of service that the neighboring retail public utility is willing to provide and comparison with service the applicant is proposing;
- (B) An analysis of all necessary costs for constructing, operating, and maintaining the new facilities for at least the first five years of operations, including such items as taxes and insurance; and
- (C) An analysis of all necessary costs for acquiring and continuing to receive service from the neighboring retail public utility for at least the first five years of operations.

13. Explain the effect of granting the CCN request on the Applicant, any retail public utility of the same kind serving in the proximate area, and any landowners in the requested area. The statement should address, but is not limited to, regionalization, compliance, and economic effects.

Yancey WSC, the applicant, would be not be affected by the amending of these service areas since Yancey WSC already provides water service to some of the properties in the area. Amending of the CCN boundary area should have no effect on neighboring water utilities as none of the areas proposed to be amended have customers that are served by any water utilities other than Yancey WSC. Yancey has also visited with all the neighboring utilities prior to submitting this application and all appear to be in agreement with Yancey's proposition. There will not be a negative effect on the existing landowners as they will still have the option whether or not they want water service from Yancey WSC.

### Part C: CCN Obtain or Amend Criteria Considerations

14. Describe the anticipated impact and changes in the quality of retail utility service for the requested area:

Because this is the case of an existing water utility amending its current line CCN to include areas adjacent to its existing CCN that are not within any other utility's service area, there will be no changes in the quality of retail service for the proposed area. Also, landowners will still have the option whether or not they want water service from Yancey WSC.

15. Describe the experience and qualifications of the Applicant in providing continuous and adequate retail service:

Yancey WSC has been providing retail water service to this area since 1978. Yancey WSC has the infrastructure and staff to continue to provide quality service to both the new and existing customers.

16. Has the Applicant been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes?

☐ Yes\* ☒ No

\*Attach copies of any correspondence with the applicable regulatory agency concerning any enforcement actions, and attach a description of any actions or efforts the Applicant has taken to comply with these requirements.

17. Explain how the environmental integrity of the land will or will not be impacted or disrupted as a result of granting the CCN as requested:

The environmental integrity of the land will not be impacted or disrupted by amending the current line CCN to a boundary CCN.

18. Has the Applicant made efforts to extend retail water or sewer utility service to any economically distressed area located within the requested area?

No, there are no economically distressed areas in the system.

19. List all neighboring water or sewer retail public utilities, cities, districts (including ground water conservation districts), counties, or other political subdivisions (including river authorities) providing the same service located within two (2) miles from the outer boundary of the requested area:

Cities of Castroville, Devine, Moore, Hondo, La Coste, and San Antonio. West Medina WSC, Ville D'Alsace WSC, Creekwood Ranches WSC, New Alsace WSC, Highway 90 Ranch WSC, Medina River West WSC, Moore WSC, SWWC Utilities Inc., SAWS, Rio Medina Water, Old Highway 90 Water Service Co., Medina County WCID 2, LCR Water Development LP, Gusville Mobile Home Park, East Medina County SUD

**Part D: TCEQ Public Water System or Sewer (Wastewater) Information**

20. A. Complete the following for all Public Water Systems (PWS) associated with the Applicant's CCN:

TCEQ PWS ID:	Name of PWS:	Date of TCEQ inspection*:	Subdivisions served:
TX1630021	Yancey Water Supply Corporation	2/22/2017	N/A

See Attachment C \*Attach evidence of compliance with TCEQ for each PWS

- B. Complete the following for all TCEQ Water Quality (WQ) discharge permits associated with the Applicant's CCN:

TCEQ Discharge Permit No:	Date Permit expires:	Date of TCEQ inspection*:	Subdivisions served:
WQ- N/A			
WQ-			
WQ-			
WQ-			

\*Attach evidence of compliance with TCEQ for each Discharge Permit

- C. The requested CCN service area will be served via: PWS ID: TX1630021  
WQ - N/A

21. List the number of existing connections for the PWS & Discharge Permit indicated above (Question 20. C.):

Water				Sewer	
3	Non-metered	3	2"	0	Residential
2,868	5/8" or 3/4"	2	3"	0	Commercial
8	1"	0	4"	0	Industrial
4	1 1/2"	0	Other	0	Other
Total Water Connections:		2,888		Total Sewer Connections:	

22. List the number of additional connections projected for the requested CCN area:

Water				Sewer	
0	Non-metered	0	2"	0	Residential
0	5/8" or 3/4"	0	3"	0	Commercial
0	1"	0	4"	0	Industrial
0	1 1/2"	0	Other	0	Other
Total Water Connections:		0		Total Sewer Connections:	

23. A. Will the system serving the requested area purchase water or sewer treatment capacity from another source?

☐ Yes\* ☒ No \*Attach a copy of purchase agreement or contract.

Capacity is purchased from:

Water: \_\_\_\_\_

Sewer: \_\_\_\_\_

- B. Are any of the Applicants PWS's required to purchase water to meet the TCEQ's minimum capacity requirements or TCEQ's drinking water standards?

☐ Yes ☒ No

- C. What is the amount of supply or treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:		0%
Sewer:		0%

24. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

☒ Yes ☐ No

25. List the name, class, and TCEQ license number of the operators that will be responsible for the operations of the water or sewer utility service provided to the requested area:

Name (as it appears on license)	Class	License No.	Water/Sewer
Roland K. DeLeon	C	WG0005936	Water
Ernesto M. Moreno Jr.	C	WG0011303	Water

26. A. Are any improvements required for the existing PWS or sewer treatment plant to meet TCEQ or Commission standards?

☐ Yes ☒ No

- B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters): N/A

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

27. Provide a map (or maps) showing all facilities for production, transmission, and distribution, and the location of existing or proposed customer connections, in the requested area. Facilities should be identified on subdivision plats, engineering planning maps, or other large scale maps. Color coding can be used, and is encouraged, to distinguish types of facilities.

See Attachments D & E

## Part E: Financial Information

28. If the Applicant seeking to obtain a CCN for the first time is an Investor Owned Utility (IOU) and under the original rate jurisdiction of the Commission, a proposed tariff must be attached to the application. The proposed rates must be supported by a rate study, which provides all calculations and assumptions made. Once a CCN is granted, the Applicant must submit a rate filing package with the Commission within 18 months from the date service begins. The purpose of this rate filing package is to revise a utility's tariff to adjust the rates to a historic test year and to true up the new tariff rates to the historic test year. It is the Applicant's 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. Any dollar amount collected under the rates charged during the test year in excess of the revenue requirement established by the Commission during the rate change proceeding shall be reflected as customer contributed capital going forward as an offset to rate base for ratemaking purposes. **N/A**

29. If the Applicant is an existing IOU, please attach a copy of the current tariff and indicate: **N/A**

A. Effective date for most recent rates: \_\_\_\_\_

B. Was notice of this increase provided to the Commission or a predecessor regulatory authority?

☐ No

☐ Yes

Application or Docket Number: \_\_\_\_\_

C. If notice was not provided to the Commission, please explain why ( ex: rates are under the jurisdiction of a municipality)

**See Attachment F**

**If the Applicant is a Water Supply or Sewer Service Corporation (WSC/SSC) and seeking to obtain a CCN, attach a copy of the current tariff.**

30. **Financial Information** **See Attachment G**

Applicants must provide accounting information typically included within a balance sheet, income statement, and statement of cash flows. If the Applicant is an existing retail public utility, this must include historical financial information and projected financial information. However, projected financial information is only required if the Applicant proposes new service connections and new investment in plant, or if requested by Commission Staff. If the Applicant is a new market entrant and does not have its own historical balance sheet, income statement, and statement of cash flows information, then the Applicant should establish a five-year projection.

**Historical Financial Information** may be shown by providing any combination of the following that includes necessary information found in a balance sheet, income statement, and statement of cash flows:

1. Completed Appendix A;
2. Documentation that includes all of the information required in Appendix A in a concise format; or
3. Audited financial statements issued within 18 months of the application filing date. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal. **See Attachment G**

**Projected Financial Information may be shown by providing any of the following:**

1. Completed Appendix B;
2. Documentation that includes all of the information required in Appendix B in a concise format;
3. A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

31. Attach a disclosure of any affiliated interest or affiliate. Include a description of the business relationship between all affiliated interests and the Applicant. N/A

**DO NOT INCLUDE ATTACHMENTS A OR B IF LEFT BLANK**

**Part F: Mapping & Affidavits**

32. Provide the following mapping information with each of the seven (7) copies of the application:

1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The Applicant should adhere to the following guidance:

See Attachment H

- i. If the application includes an amendment for both water and sewer certificated service areas, separate maps must be provided for each.
- ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.
- iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.

2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:

See Attachment I

- i. The map should be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made and/or natural landmarks must be labeled and marked on the map as well.
- ii. If the application includes an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
- iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.

3. One of the following identifying the requested area:

- i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part 2 (above);

- ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part 2 (above); or
- iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
- a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
  - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
  - c. The digital mapping data shall be filed on a data disk (CD or USB drives), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

#### Part G: Notice Information

The following information will be used to generate the proposed notice for the application.  
DO NOT provide notice until the application is deemed sufficient for filing and the Applicant is ordered to provide notice.

33. Complete the following using verifiable man-made and/or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents). Measurements should be approximated from the outermost boundary of the requested area:

The total acreage of the requested area is approximately: 224,705

Existing Number of customer connections in the requested area: 1,764

The closest city or town: Hondo, Devine, Castroville, San Antonio, Moore

Approximate mileage to closest city or town center: 1

Direction to closest city or town: north, south, east and west

The requested area is generally bounded on the North by: open land

on the East by: East Medina County SUD

on the South by: Frio County Line

on the West by: West Medina WSC

34. A copy of the proposed map will be available at Yancey Water Supply Corporation office

## Applicant's Oath

STATE OF TEXAS

COUNTY OF MEDINA

I, Steve Hackebell being duly sworn, file this application to  
obtain or amend a water or sewer CCN, as Board President

(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest 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 represent that the application form has not been changed, altered, or amended from its original form.

I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants within its certificated service area should its request to obtain or amend its CCN be granted.



AFFIANT

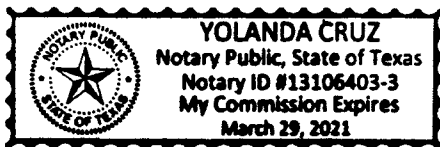
(Utility's Authorized Representative)

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 BEFORE ME, a Notary Public in and for the State of Texas

this day the 8 of February, 20 19

SEAL



NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS



PRINT OR TYPE NAME OF NOTARY

My commission expires: March 29, 2021

**ATTACHMENT A,**

**Item #4**

**Articles of Incorporation**



# The State of Texas

SECRETARY OF STATE

IT IS HEREBY CERTIFIED, that  
Articles of Incorporation  
of

**YANCEY WATER SUPPLY CORPORATION**

were filed in this office and a certificate of incorporation was issued on  
**AUGUST 15, 1978;**

**IT IS FURTHER CERTIFIED, that no certificate of dissolution has been issued, and  
that the corporation is still in existence.**

*IN TESTIMONY WHEREOF, I have hereunto  
signed my name officially and caused to be  
impressed hereon the Seal of State at my office in  
the City of Austin, on March 25, 1994.*

*Audrey Selden*  
ASSISTANT SECRETARY OF STATE

*Secretary of State*

PH



501.0  
11/1/93

ARTICLES OF INCORPORATION

OF

YANCEY

WATER SUPPLY CORPORATION

FILED  
In the Office of the  
Secretary of State of Texas

AUG 15 1978

*DeWandorf*  
Attorney, Corporation Division

THE STATE OF TEXAS      ()

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF MEDINA      ()

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

ARTICLE I.

The name of the Corporation is Yancey Water Supply Corporation.

ARTICLE II.

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

ARTICLE III.

The period of its duration is perpetual.

ARTICLE IV.

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

ARTICLE V.

The street address of the initial registered office of the Corporation is on Melton Lane, is the Melton residence, 1/2 miles East of FM 462 near Yancey, and the name of its initial registered agent at such address is W. A. Melton, whose mailing address is Box 141, Yancey, Texas 78886.

ARTICLE VI.

The number of directors constituting the initial Board of Directors of the Corporation is nine (9), and the names and addresses of the persons who are to serve as the initial directors are:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
W. A. Melton	Melton Lane, approx. 2 mi. E of FM 462, Yancey	
✓ James W. Grunewald	3-1/2 miles NW of Yancey, East of FM 2200,	Yancey
✓ Janie G. Rodriguez		Yancey
✓ George E. Wilson	2810 Avenue H	Hondo
✓ Jimmie G. Heiligman	2-1/2 miles W of Yancey on FM 2200	Yancey
✓ Auda V. McCrea		Yancey
✓ Leroy A. Faseler	520 Wedgewood Way	Devine
✓ Fielding G. Wiemers	1-1/2 mi. North Yancey on FM 462	Yancey
✓ Florence Beard Stanley		Yancey

ARTICLE VII.

The name and street address of each incorporator is:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
W. A. Melton	- Melton Lane, approx. 2 mi. East of FM 462,	Yancey
James W. Grunewald	- 3-1/2 miles NW of Yancey, East of FM 2200,	Yancey
Janie G. Rodriguez		Yancey

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

ARTICLE VIII.

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

IN WITNESS WHEREOF, we have hereunto set out hands, this the 8<sup>th</sup>  
day of August, 19 78.

W. A. Melton  
W. A. Melton

James W. Grunewald  
James W. Grunewald

Janie G. Rodriguez  
Janie G. Rodriguez

THE STATE OF TEXAS                      0

COUNTY OF      MEDINA                      0

I, Vernon C. Grunewald, a Notary Public, do  
hereby certify that on this 8<sup>th</sup> day of August, 1978,  
personally appeared before me W. A. Melton, James W. Grunewald,  
and Janie G. Rodriguez

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

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

Vernon C. Grunewald

Notary Public in and for

Medina County, Texas.

(Notarial Seal)

My Commission expires September 78.

**ATTACHMENT B,**

**Item #4**

**By-Laws**

# **Yancey Water Supply Corporation**

# **Bylaws**

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**BYLAWS**  
**OF**  
**YANCEY WATER SUPPLY CORPORATION**

These bylaws of the Yancey Water Supply Corporation have been presented to the Board of Directors of said Corporation and duly adopted as follows:

NOTE: The following abbreviations may be used throughout this document. When used alone, the word “Board” refers to the Board of Directors of the Yancey Water Supply Corporation. Likewise, use of the term, “The Corporation” or simply the word, “Corporation” and/or “YWSC” refers to the Yancey Water Supply Corporation. Additionally, the word “Member” refers to a single member of the Corporation and the term “Membership” refers collectively to all members of the Yancey Water Supply Corporation.

**ARTICLE I**

**DUTIES OF THE PRESIDENT**

Except as noted in Article II below, the President shall preside and vote at all members and directors meetings. The President shall perform all other duties that usually pertain to the office, in addition to other functions, which are delegated by the Board.

**ARTICLE II**

**DUTIES OF THE VICE-PRESIDENT**

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

**ARTICLE III**

**DUTIES OF THE SECRETARY**

The Secretary shall have custody of all records and securities of the Corporation and shall keep minutes of all Board and membership meetings. The Secretary shall have custody of the seal of the Corporation and affix it as directed by resolution passed by the Board, or the membership. The Board may appoint an employee as assistant or Deputy Secretary to assist the Secretary in all official duties pertaining to that office.

## ARTICLE IV

### DUTIES AND BOND REQUIREMENTS OF THE TREASURER

Section 1. DUTIES – The Treasurer shall have custody of all moneys of the Corporation. The Treasurer shall deposit all moneys of the Corporation in a depository, or depositories, as selected and designated by the Board, except as noted below, all checks shall be signed by at least two of the following officers: President, Vice-President, Secretary and/or Treasurer. Generally, checks will be signed by the President and Treasurer. (NOTE: The Manager, Office Manager, and Accounts Receivable Clerk are authorized to sign checks drawn on the Special Checking Account).

Section 2. BOND REQUIREMENTS – The position of the Treasurer and other Board positions having to do with disbursements of funds, and the position of the Manager, Office Manager and Accounts Receivable Clerk, shall be placed under a Commercial Crime/Dishonesty Bond. The amounts of such bonds shall be set from time to time, but not less than once each calendar year, by the Board. The Commercial Crime/Dishonesty Bond coverage amount shall be as acceptable to USDA Rural Development, RUS, or it's successor agencies and assigns.

## ARTICLE V

### BOARD OF DIRECTORS

Section 1. COMPOSITION , QUORUMS, ELECTION OF OFFICERS ETC. – The Board of Directors shall consist of nine (9) directors, a majority of whom shall constitute a quorum. Annually on or about the second Tuesday of May, the Board shall elect a President, a Vice-President, a Secretary, and a Treasurer.

Section 2. ELECTION AND TERMS OF OFFICE FOR BOARD OF DIRECTORS – The Board shall be comprised of: (a) Five directors from Area 1, the Yancey Area, (b) Two directors from Area 2, the Rio Medina Area, (c) One Director from Area 3, the Hondo-Quihi Area and (d) One director from Area 4, the Devine Area. At each Annual Membership Meeting, three directors shall be elected. The term of office shall be three years. Except in the appointment processes outlined below, the term of office shall begin on the date in which elected at the membership meeting and end at the membership meeting three years hence. Directors shall not receive any stated salary for their services, except as provided by state law.

NOTE: Area 1, the Yancey Area, shall have positions 1, 2, 3, 4 and 5 and Area 2, the Rio Medina Area, shall have positions 6 and 7. Area 3, the Hondo-Quihi Area, shall have position 8 and Area 4, the Devine Area shall have position 9. Maps showing the boundaries of each Area are included as attachment #1 (4 pages) to these Bylaws.

Beginning in the year 2003, the following three positions will be up for election; from Area 1, position 3, from Area 2, position 7 and from Area 4, position 9. In the year 2004, these three positions will be up for election; from Area 1, positions 4 and 5, and from Area

2, position 6. In the year 2005, the following positions will be up for election: from Area 1, positions 1 and 2 and from Area 3, position 8.

Upon the death or resignation of a director, a successor shall be appointed\* by a majority of the existing directors when the Board is in session. The appointed director will serve the remainder of the unexpired terms. Thereafter, the director for that vacated position shall be elected by the General Membership.

\*NOTE: Should a position be vacated when there is short period remaining on the Board member's term, one year or less, the Board shall have the authority to withhold an appointment and let the membership elect a new Board member at the next membership meeting.

Section 3. REMOVAL FROM OFFICE. Except as provided for in Article V, officers and directors may be removed from office through use of the following procedure.

Any member, officer, or director may present charges against a director, or officer, by filing charges, in writing, with the Secretary of the Corporation. When presented, a petition signed by at least ten (10) percent of the Corporation's members must accompany the charges. When the Secretary has certified all names and the required minimum of ten percent, the petition shall be placed on the agenda and voted on at the next regular or special meeting of the membership. A quorum is mandatory and at least two-thirds of those voting must approve of the removal.

The director(s) or officer(s) against whom the charges have been presented shall be informed in writing of such charges at least twenty (20) days prior to the meeting. The director(s), or officer(s), being charged shall have the opportunity to be heard in person or represented by counsel and shall also have the right to call witnesses if desired. Members presenting the charges shall have these same opportunities.

Should the vote be such that the director is removed from office, the vacated director's position shall be immediately filled\* by a qualified person other than the removed director. The vacated director's position shall be filled by a majority vote and in accordance with the written and annual or special meeting procedures as adopted by the Board.

NOTE: Should the director or directors who are removed from office only have a limited time remaining in their term of office, in this case less than six months, the membership may leave a position, or positions, open until the upcoming membership meeting, when elections are held.

Should the removed director hold an office, that office shall be filled by the Board from among their number.

The President of the Board, or Vice-President shall preside at any and all meetings of the members, which have been convened to consider the removal of an officer or director.

Under normal conditions the President shall preside unless he or she is being charged. In that case, the Vice-President shall preside. Should the President and Vice-President both be charged, then a board member who is *not* charged, shall be appointed as presiding officer by the remaining Board members who also are not charged.

Meetings convened to consider removal of an officer or director shall be conducted in accordance with the procedures prescribed by the Board. The fact that the President, Vice-President, or any other officer or director has been made the subject of charges does not otherwise prevent such individual from continuing to act in the capacity as an officer or director. Any director that has been removed under the provisions of this Article shall not be precluded from subsequent election to a position on the Board.

Section 4. CONFLICT OF INTEREST POLICY. The Board shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the membership. Such policy, at a minimum, shall be in conformance with the provisions of the Texas Nonprofit Corporation Act, which pertains to duties, and responsibilities of the Board of Directors.

## ARTICLE VI

### BOARD MEETINGS

Section 1. MEETINGS. Meetings of the Board shall be held at such time and place as the Board may determine. Public notices shall be posted in advance of all meetings as required by the Texas Open Meetings Act. The Board shall assure that all meetings comply with the Open Meetings Act, Chapter 512, Texas Government Code and any and all subsequent amendment(s) thereto. In the event of any conflict between the provisions of the Open Meetings Act shall prevail.

Section 2. FAILURE OF DIRECTORS TO ATTEND MEETINGS. Should any director fail to attend two (2) consecutive meetings without just cause, the remaining members of the Board may direct the Secretary to immediately inform said member, in writing, that failure to attend a third consecutive meeting without just cause shall be grounds for his or her removal. Should removal be necessary, the Board shall follow procedures outlined in Article V above.

Section 3. PUBLIC ACCESS TO BOARD MEETINGS. The Board shall provide opportunities for the public to be heard at all Board meetings. Agendas for each meeting shall include an item, which permits public access to the Board. However, the Board shall not take any action on an impromptu subject until the specific subject is included on the agenda for an upcoming meeting. This procedure is necessary to comply with the Texas Open Meetings Act.

Section 4. EXECUTIVE SESSION. The Board may, upon lawful notice to the public, meet in executive session when permitted in the manner and for such limited purposes as provided for in the Texas Open Meetings Act, as amended, and for no other reason. All proceedings of any meeting at which a quorum of Directors is present to

discuss the business of the Corporation shall be recorded in the manner required by the Texas Open Meetings Act.

Section 5. DATA BASE AND SUPPORT FOR BOARD DECISIONS. Directors must rely on a great variety of sources necessary for optimum management of personnel and other resources to include finances and operational matters. At times the Directors must obtain the services of a legal counsel, auditors, engineers, and other professionals so as to discharge their duties effectively.

## ARTICLE VII

### MEMBERSHIP MEETINGS

Section 1. WRITTEN NOTICE AND QUORUMS FOR MEETINGS. On or about the fourth Tuesday of each April, there shall be a regular meeting of the membership. This meeting is necessary to transact business requiring membership input. Such meetings also serve to keep the membership informed. At least thirty (30) days in advance of the meeting, the Secretary shall notify the membership and provide each member with the time, place and purpose of the meeting. Notices shall be mailed to each member at the address last known to the Corporation.

Should the Board fail to hold, or call an annual, or special, meeting as outlined in these bylaws, members shall have the right to compel the Board to properly hold an annual or special meeting of the membership.

A quorum for the transaction of business at a meeting of the members is a majority of the members present. In determining whether a quorum is present, all members who mailed or delivered ballots to the independent election auditor or the Corporation on a matter submitted to a vote at the meeting are counted as present.

Section 2. PROCEDURES FOR CONDUCTING ANNUAL OR SPECIAL MEMBERSHIP MEETINGS. The Board of Directors shall adopt and from time to time, may revise, written procedures for conducting annual or special membership meetings. Such procedures include use of the ballot form, which shall serve as the official ballot for such meetings.

These procedures shall also outline the steps to take in properly notifying the membership of such meetings. In addition, the notification package will also include the official ballot form. Also outlined are procedures to determine, qualify and register the eligible voters for such meetings. Finally, the procedures shall describe how votes will be canvassed and how the results of all such elections shall be recorded.

Section 3. ESTABLISHMENT OF A CREDENTIALS COMMITTEE. Prior to membership meetings in which there will be an election, the Board shall establish an Ad Hoc Credentials Committee comprised of three (3) members, of which the \*Secretary shall be the chairperson. At no time will the Credentials Committee be comprised of sufficient members to constitute a quorum of the Board of Directors. In accordance with

procedures adopted by the Board under Section 2 above, this committee shall notify the membership of the annual or special membership meeting(s) and deliver the Corporation's special membership forms to them.

In addition, the Credentials Committee shall: (a) Ascertain the eligibility of each voter present, (b) Assure that each voter is registered (c) Validate the proxies (d) Determine that a quorum is present, (e) Canvas all votes and (f) Record the results of the election.

\*NOTE: Should the individual holding the office of Secretary be running for re-election, the President shall appoint an officer not currently running for re-election to service as chairperson of this committee.

Section 4. ADDITIONAL REQUIREMENTS AND RULES FOR THE MEMBERSHIP MEETING. Additional requirements and rules for conducting membership meetings consist of the following: (a) After establishing a date for notification of members, the Board shall prepare an alphabetical \*list of the names of all voting members who are entitled to vote as of the record date of the meeting. (b) The list must show the address of each voting member. (c) No later than two (2) business days prior to the meeting date, the alphabetical list of members must be made available at the Corporation's principal office or at a reasonable place in the city where the meeting is to be held. The list shall remain available for inspection at such locations until after the meeting is concluded. Such posting places will be identified in the scheduled meetings notice thereby permitting inspection by members eligible to vote so that they may establish communication with other members prior to the meeting.

\*NOTE: Any voting member, or voting member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and at their expense, copy the list. The Board shall also make the list of voting members available at the meeting and shall allow inspection of such list by any voting member, or voting member's agent or attorney at any time during the meeting, including any adjournments thereof.

## ARTICLE VIII

### SPECIAL MEETINGS

Section 1. REQUIREMENTS FOR SPECIAL MEETINGS. A special meeting of the members, or directors, may be called by the President, or be demanded by a majority of the board members or, one-third (1/3) of the members. Such special meetings shall be held upon giving notice as required by the Texas Open Meetings Act.

Section 2. PROCEDURES TO FOLLOW IN REGARD TO SPECIAL MEETINGS. Prior to convening any special meeting of the members, the President shall request in writing that the Secretary give at least ten (10) days prior notice to all members. The Secretary will assure that any and all special meeting notices are posted as required under Article 1396-2.11, Texas Revised Civil Statute, such as provided under Article V of these bylaws. The notice shall specify the time, place and purpose of the meeting. The notices shall be mailed, sent by facsimile or personally delivered to each member at their address last known to the Corporation.

Section 3. EMERGENCY MEETINGS. Emergency meetings of the directors may be held on rare occasions and only when clearly authorized by the Texas Open Meetings Act. Notice of such an emergency meeting shall be proved for under Article VI of these bylaws and the Texas Open Meeting Act, and posted at least two hours before the meeting is convened. It shall be the responsibility of the President, or a designee of that office, to assure that proper notice is posted and all directors are properly notified. In no event shall any emergency meeting of the directors be convened where the business of such meeting could be considered at a regular, or special meeting where the directors could receive at least seventy-two (72) hours notice as provided under the Article V of these bylaws.

## ARTICLE IX

### DIVIDENDS, FUNDS ETC.

DIVIDENDS, FUNDS ETC. The Corporation shall conduct it's business on a non-profit basis therefore, the Corporation shall not pay dividends. Any excess of revenue over expenditures for a given year will be retained and budgeted for expenditure in the following year. Such funds shall be used to upgrade the system in accordance with the Corporation's Capital Improvement Plan or be used to retire certain debts.

The Board then may also allocate to sinking fund(s) and reserve accounts, such amounts as appear excess to meet budgeted line items. Specifically such funds may be used for maintenance, operation, capital improvements, expansions and replacement of all facility components. Such expenditures are allowed as provided for in Section 67.008 (d) of the Texas Water Code.

NOTE: Funds allocated by the Board to a sinking fund for replacement, amortization of debts and the payment of interest that are not required to be spent in the year in which deposited. Such funds shall be invested in accordance with the provisions of Section 667.014 (b) of the Texas Water Code.

## ARTICLE X

### RESERVE ACCOUNTS

Section 1. ESTABLISHING RESERVE FUND ACCOUNTS. So long as the Corporation is indebted to the Government, the Board shall establish and maintain a reserve account, which shall be separate and apart from other fund accounts of the Corporation. Such accounts shall be invested in readily marketable securities, which are backed by the full faith and credit of the United States if America. At all times these securities shall be part of the reserve fund account.

There shall be deposited in such fund the sum as required by a total of all loan resolutions executed by the Corporation. Deposits shall be made monthly and shall continue until the total amount deposited equals the sum as required by the executed loan resolutions.

However, after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

Section 2. WITHDRAWALS. Withdrawals may be made from Reserve Account funds only upon receipt of prior written approval from USDA Rural Development, RUS. Approval shall be made only for emergency, obsolescence of equipment, improvements to a facility and for making up any deficiencies in revenue for loan payments.

## ARTICLE XI

### MEMBERSHIP

Section 1. MEMBERSHIP IN YANCEY WATER SUPPLY CORPORATION. The criteria for membership in this Corporation shall be as defined by the Texas Water Code. To obtain service from this Corporation all customers must first become a member.

Every person, or legal entity, owning or having a legal right to the control, possession or occupancy of property served, or, which may reasonably be served by the Corporation, shall have the right to become a member of the Corporation. However, membership shall not be granted until after payment of the membership fee and after the applicant complies with all of the Corporation's conditions for water service to include published charges, rates and other conditions as outlined herein and in the tariff.

Membership shall not be denied any applicant because of race, color, religion, sex, age, marital status, familial status, handicap, income from Public Assistance, disability or national origin. In summary, it is the intent of this Corporation to provide service on a nondiscriminatory basis.

Section 2. MEMBERSHIP TRANSFERS, VOTER ELIGIBILITY. Payment of Membership fees, or transfer of membership, shall entitle an applicant to qualify for one (1) connection (to a domicile or business). Memberships may be transferred and service continued provided that the transferee has met all conditions as provided for in the Corporation's published rates, charges and conditions of service as prescribed in the tariff.

NOTE: A person, or persons, may own more than one membership, but each member shall be entitled to only one vote regardless of the number of memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors. To amplify, a member is entitled to *one vote* regardless of the number of meters assigned or if the meters are owned jointly.

Section 3. MEMBERSHIP FEE. The membership fee shall be as determined by the Board and such fees may be revised as the Board deems appropriate. [In determining the amount of the membership fee, the Board shall weigh all appropriate factors.] In no event shall the membership fee exceed an amount equal to the sum of twelve (12) charges of the Corporation's minimum monthly water rate unless previously approved by USDA Rural Development, RUS.

## ARTICLE XII

### VOTER ELIGIBILITY FOR NEW MEMBERS

The following policy is relative to membership meetings in which votes will be cast. Only those Members of record as listed on the "Membership Master List" as of the 15<sup>th</sup> day of the month preceding the month in which the meeting is to be held shall be notified or eligible to vote at the meeting.

## ARTICLE XIII

### TRANSFERRING, CANCELLATION AND REASSIGNMENT OF MEMBERSHIPS AND PROHIBITIONS

Section 1. PROCEDURES FOR TRANSFERRING MEMBERSHIP. Memberships in the Corporation shall be transferred in accordance with the following procedure:

- (a) Except as herein provided, membership in the Corporation shall be deemed as personal estate. A person, or entity, that is a member of, or has some other right of participation in the Corporation may not sell, or transfer that membership or other right of participation to another person, or entity, except under specific circumstances. The specific circumstances are that the transfer may be made by; (2) Transfer without testator within the second degree of consanguinity; (2) Transfer without compensation to a transferee who is a person related to the owner of the membership or other interest within the second degree by consanguinity; or (3) Transfer without compensation or by sale to the Corporation.
- b) Subsection (a) (see above) of this section does not apply to a person, or entity, that transfers the membership or other right of participation to another person, or entity, as part of the conveyance of real estate from the membership or other right of participation arose.
- c) The transfer of membership, or another right of participation under this section does not entitle the transferee to water service unless each condition for water service is met as provided in the Corporation's published rates, charges and conditions of service as outlined in the tariff.

Section 2. CANCELLATION OF MEMBERSHIP. The Corporation may cancel a person's or other entity's membership or other right of participation under the circumstances outlined below:

- a) Failure to meet the conditions for water service prescribed by the Corporation's published rates, charges, and conditions of service as outlined in the tariff.

- b) Failure to comply with any other condition placed on the receipt of water service as outlined for membership, or other right of participation authorized in Subsection 1. (c) of this section.

Section 3. REASSIGNMENT OF MEMBERSHIP. The Corporation may reassign canceled membership, or other right of participation to any person, or entity, that has legal title to the real estate from which the canceled membership or other right of participation arose and for which water service is requested. However, the proposed reassignment shall be consistent with limitations prescribed by Subsection 1. (a) of this Article and as outlined in the Corporation's tariff.

Section 4. PROHIBITIONS. Notwithstanding anything to the contrary here in above provided, the requests for transfer of any membership within the Corporation from the original members, their transferees, pledges, administrators or executors, or other persons, shall never exceed the amount of the original costs of such membership. No gain, or profit, shall ever be realized from the sale, or transfer, of a membership. NOTE: This prohibition applies only to the membership fee.

#### ARTICLE XIV

##### AUTHORITY TO EMPLOY A MANAGER

The Board may employ a manager to oversee the business of the Corporation. The manager shall be under the direction and supervision of the Board and the Board shall determine the manager's salary.

#### ARTICLE XV

##### PROCEDURES FOR TERMINATING SERVICE

Notwithstanding the ownership of a membership certificate, all members shall be billed, disconnected, or reconnected and otherwise shall receive service in accordance with the written policies of the Corporation to include the Corporation's tariff. In the event a member should request in writing to the Secretary of the Corporation, that his or her membership be terminated, the water service shall be discontinued and the obligation to pay for water service shall terminate.

NOTE: When the membership is terminated, the member shall, at that time, be responsible for payment of the current month's minimum charge, the charges for water used during that month, any prior unpaid payments due, and any and all other customary charges which are due.

Upon termination of service, the membership fee shall be used to liquidate, or reduce, any unpaid charges.

## ARTICLE XVI

### DISSOLVING THE CORPORATION

Should it become necessary to do, the Corporation shall be dissolved in accordance with the following procedures:

- a) All assets of the Corporation shall be distributed as prescribed by the state.
- b) Any indebtedness due the Corporation by a member for water service, or otherwise, shall be deducted from such member's share prior to final distribution.
- c) In regard to assets of the Corporation which are transferred to a member, whether upon discontinuance of the Corporation or by dissolution, or otherwise, such assets shall be in turn, immediately transferred by the individual member, to an entity that provides a water supply that is exempt from ad valorem taxation.
- d) By application for and acceptance of membership in the Corporation, each member grants the Corporation's Board of Directors that member's permission to execute all instruments and documents necessary to effect such transfers in order to preserve the Corporation's statutory rights to exemption from income and ad valorem taxation.

## ARTICLE XVII

### FISCAL YEAR DESIGNATION

The fiscal year for the Corporation shall begin on January 1<sup>st</sup> and end on December 31<sup>st</sup>.

## ARTICLE XVIII

### INDEBTEDNESS AND INSURANCE

For so long as the Corporation is indebted for a loan, or loans, made to it by the United States of America through the USDA Rural Development, RUS, the Corporation shall insure with a reputable insurance company. The Corporation's properties shall be insured in such amounts as is required by the State Director of the USDA Rural Development, RUS, for the State of Texas.

## ARTICLE XIX

### LEVYING ASSESSMENTS

Section 1. **AUTHORITY FOR LEVYING ASSESSMENTS.** At the end of the fiscal year, the Board may levy an assessment on the membership (each member) should the following conditions exist: (a) There be insufficient water sales to meet all financial obligations for the fiscal year. (b) When emergency repairs require funds greater than those budgeted.

The amount of the assessment shall be as determined by the Board or, as may be required by the USDA Rural Development, RUS. The sum of such assessments shall be such that the amount collected from that source in addition to income from water sales and other revenue is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the year's operations. This provision shall not be used for the benefit of any third party creditor other than USDA Rural Development, RUS, without a favorable vote of the majority of the membership. Any assessments levied to make up operations deficits in any year shall be levied against the members in proportion to their patronage with the Corporation.

Section 2. **CONDITIONS UNDER WHICH SURRENDERED MEMBERSHIPS MUST PAY ASSESSMENTS.** In the event a member should surrender their membership certificate properly, which has been properly endorsed by the Secretary of the Corporation, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of surrender of the membership certificate. NOTE: This section and the second sentence of Article XV shall not be applicable in relieving a member of their obligation under special arrangements covering multiple membership certificates held by one member which may have been required, or approved, by the USDA Rural Development, RUS.

## ARTICLE XX

### RECORDS AND REPORTS

Section 1. **RECORDS.** The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, Board of Directors and committees. The Corporation shall also maintain a record of the name, addresses and telephone numbers of its members who are entitled to vote. Such records shall be maintained at the YWSC office.

Section 2. **REPORTS.** Annually, the Board shall prepare, or cause to be prepared, a report of the financial activity of the Corporation for the preceding year. Said report shall include a statement of support, revenue and expenses and changes in fund balances, a statement of functional expenses and a balance sheet for all funds or such financial reports as required by USDA Rural Development, RUS. Such report shall be approved by the Board of Directors.

NOTE: To comply with Section 2 above, the Board shall also cause an annual “outside audit” to be accomplished by a certified public accountant. Such audit findings shall be briefed to the Board and corrective actions taken if necessary. The audit report shall be permanently filed as a matter of record and be made available along with other such records for public scrutiny (see Section 3. below).

Section 3. PUBLIC ACCESS TO RECORDS AND REPORTS. With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Public Information Act Chapter 552, Texas Government Code, including any amendments thereto, shall be available for public inspection and copying by the public, or their duly authorized representatives, during normal business hours and subject to a reasonable charge for the preparation of copies.

NOTE: In the event of any conflict between the provisions of the Public Information Act and the provisions of the Bylaws, the provisions of the Public Information Act shall prevail.

## ARTICLE XXI

### BYLAW AMENDMENTS

These bylaws may be altered, amended or repealed by a vote of a majority of the members present, whether in person or by mailed in ballot. The approval may be made at any membership meeting to include a special meeting of the members called for that purpose. An exception is that the members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State. Members shall *not* have the power to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation, or its members. Neither shall members have the right to deprive any member of rights and privileges then existing or to amend the bylaws as to effect a fundamental change in the intents and purposes of the Corporation.

Notice of any amendment to be made at a special meeting of the members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered. For so long as the Corporation is indebted for a loan, or loans, made to it by the United States of America through the USDA Rural Development, RUS, or its successor agencies and assigns, these bylaws shall not be altered, amended, or repealed without the prior written consent of the state Director of the USDA Rural Development, RUS, for the State of Texas.

## ARTICLE XXII

### CORPORATION SEAL

The Corporation seal shall consist of a circle within, which shall be inscribed these words, YANCEY WATER SUPPLY CORPORATION.

ARTICLE XXIII

CORPORATION PLEDGE

The Corporation pledges its assets for use in performing the functions of the Corporation as provided by law and the Corporation's articles of incorporation.

ARTICLE XXIV

BYLAW ADOPTION BY THE BOARD OF DIRECTORS

The above bylaws and regulations were unanimously amended and approved by the Board of Directors of the YANCEY WATER SUPPLY CORPORATION, at a meeting in the Yancey Water Supply Corporation office on the 14<sup>th</sup> day of August 2018 and will be confirmed by the membership at their public meeting held on April 16th 2019, in Hondo, Texas.

---

President

Attest:

---

Secretary

**ATTACHMENT C,**

**Item #20.a**

**TCEQ Compliance Correspondence**

## ATTACHMENT C

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



### TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

April 3, 2017

CERTIFIED MAIL NO.: 91 7199 9991 7036 8836 8508  
RETURN RECEIPT REQUESTED

Mr. Phil McAnelly, President  
Yancey Water Supply Corporation  
PO Box 127  
Yancey, Texas 78886-0127

Re: Notice of Violation for a Comprehensive Compliance Investigation at:  
Yancey WSC, County Road 743, one block W of post office, Medina County, Texas  
Regulated ID No.: RN101452423; TCEQ PWS ID No.: 1630021; Investigation No.: 1402799

Dear Mr. McAnelly:

On February 22, 2017, Mr. Chris Friesenhahn of the Texas Commission on Environmental Quality (TCEQ) San Antonio Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for a public water supply. Enclosed is a summary which lists the investigation findings. During the investigation, a concern was noted which was an alleged noncompliance that has been resolved as an Area of Concern based on subsequent corrective action. Based on the information you have provided, the TCEQ has adequate documentation to resolve the alleged violation. Therefore, no further action is required.

In the listing of the alleged violation, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the San Antonio Region Office at (210) 490-3096 or the Central Office Publications Ordering Team at 512-239-0028.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violation as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violation documented in this notice. Should you choose to do so, you must notify the San Antonio Region Office within 10 days from the date of this letter. At that time, Water Section Manager, Mrs. Lynn Bumgardner will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the enclosed

Mr. Phil McAnelly, President  
Page 2  
April 3, 2017

Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

If you or members of your staff have any questions, please feel free to contact Mr. Friesenhahn in the San Antonio Region Office at (210) 403-4055.

Sincerely,



Joy Thurston-Cook  
Water Section Team Leader  
San Antonio Region Office  
Texas Commission on Environmental Quality

JTC/cmf/eg

Enclosure: Summary of Investigation Findings

## Summary of Investigation Findings

YANCEY WSC

Investigation #

1402799  
Investigation Date: 02/22/2017

, MEDINA COUNTY,

Additional ID(s): 1630021

### ALLEGED VIOLATION(S) NOTED AND RESOLVED ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 636368

30 TAC Chapter 290.42(l)

**Alleged Violation:**

Investigation: 1402799

Comment Date: 03/29/2017

Failure to provide a complete plant operations manual.

At the time of the investigation, the plant operations manual was lacking the listing of emergency contact phone numbers.

30 TAC 290.42(l)--Plant operations manual. A thorough plant operations manual must be compiled and kept up-to-date for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedures, with protocols to be utilized in the event of a natural or man-made catastrophe as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency. If operating a reverse osmosis or nanofiltration membrane system, the manual must also include the system's configuration, baseline performance data and any set point for membrane cleaning or replacement.

**Recommended Corrective Action:** Ensure that the plant operations manual includes a listing of emergency contact phone numbers.

To document compliance, submit a copy of a completed plant operations manual to this office by the compliance due date.

**Resolution:** A copy of the completed plant operations manual was received by the TCEQ San Antonio Region Office on 03/06/2017.

**ATTACHMENTS D & E,**

**Item #27**

**Existing Infrastructure/Facility Maps**

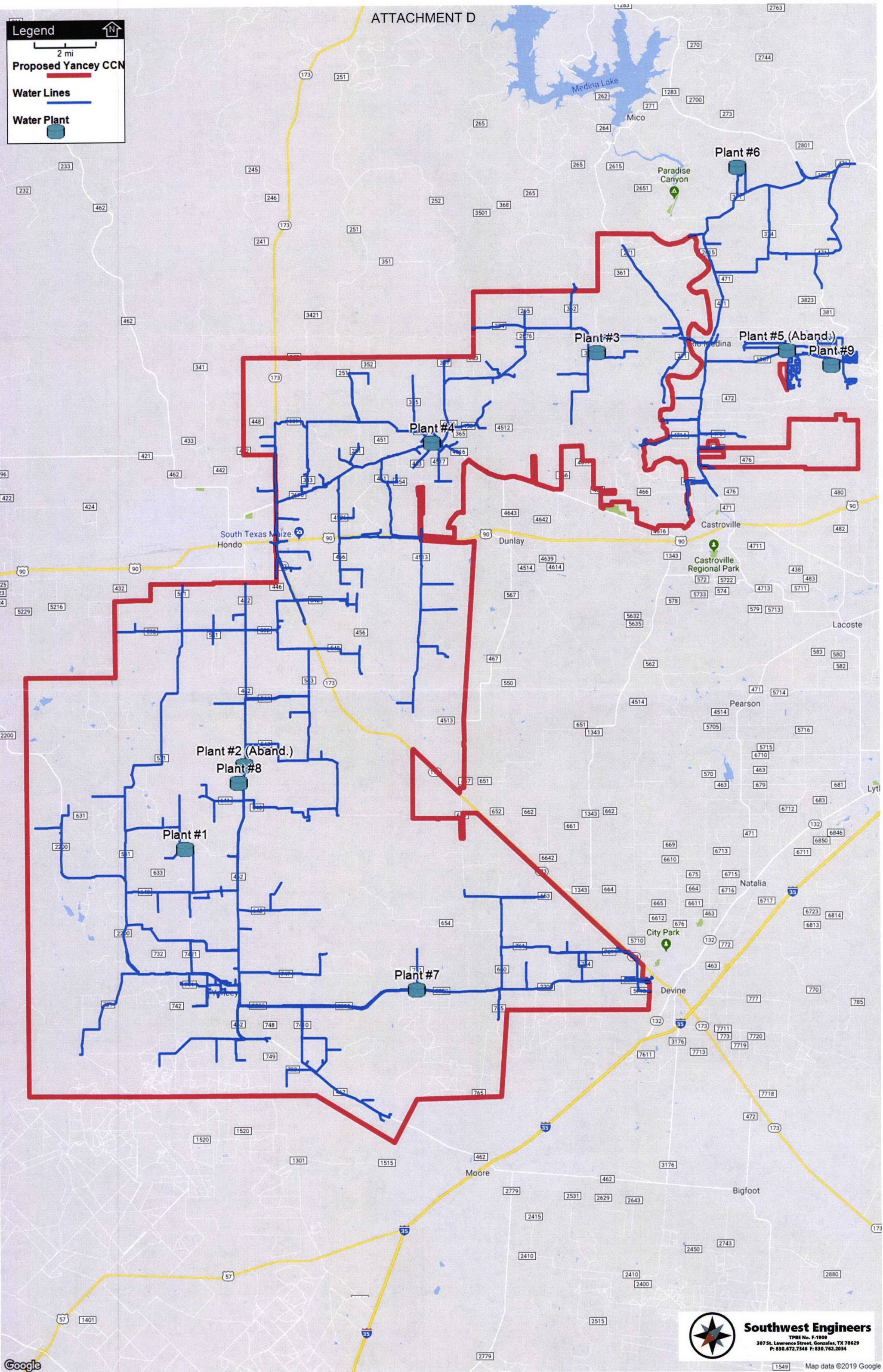
**Legend**

2 mi

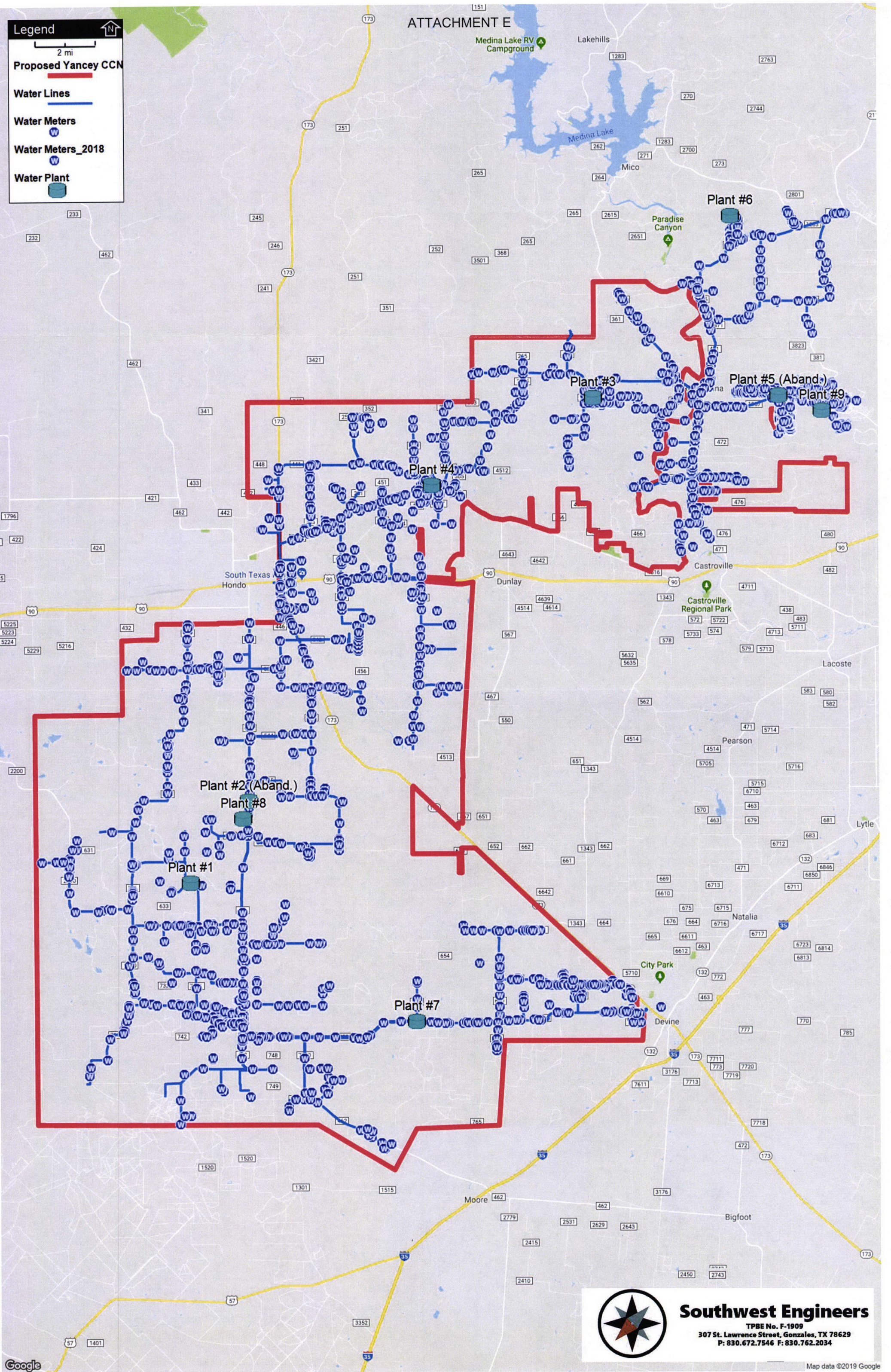
**Proposed Yancey CCN**

**Water Lines**

**Water Plant**



**Southwest Engineers**  
TPBE No. F-1909  
307 St. Lawrence Street, Gonzales, TX 78629  
P: 830.672.7546 F: 830.762.2034



**ATTACHMENT F,**

**Item #29**

**WSC Tariff**

# YANCEY WATER SUPPLY CORPORATION

Updated February 2017

Yancey Water Supply Corporation  
P O Box 127, 150 County Rd 743  
Yancey, TX 78886-0127  
830-741-5264  
[www.yanceywater.com](http://www.yanceywater.com)  
[yanceywater@yahoo.com](mailto:yanceywater@yahoo.com)

Tariff for

Yancey Water Supply  
Corporation

Yancey Water Supply Corporation  
P O Box 127, 150 County Rd 743  
Yancey, TX 78886-0127  
Phone: 830-741-5264  
Fax: 830-741-8009  
[www.yanceywater.com](http://www.yanceywater.com)  
[yanceywater@yahoo.com](mailto:yanceywater@yahoo.com)

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## **SECTION A. RESOLUTIONS**

THE BOARD OF DIRECTORS OF YANCEY WATER SUPPLY CORPORATION ESTABLISHES THAT:

1. This Tariff of the Yancey Water Supply Corporation, serving in Medina and Frio Counties consisting of Sections A. through I. and forms inclusive, is adopted and enacted as the current regulations and policies effective as of **February 14, 2017**.
2. Only those preexisting written contracts or agreements executed by the present or previous Board of Directors shall remain in effect, unless the contract or agreement requires compliance with changes of the tariff from time to time.
3. The adoption (or revisions) of this tariff does not prohibit or limit the Corporation from enforcing previous penalties or assessments from before the current effective date.
4. An official copy of this and all policies or records shall be available during regular office hours of the Corporation. The original copy, as approved, and all previous copies shall be maintained at the office of the Corporation..
5. Rules and regulations of state or federal agencies having jurisdiction shall supersede any terms of this policy. If any section, paragraph, sentence, clause, phrase, word, or words of this policy are declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.
6. This tariff has been adopted (revised) in compliance in Open Meeting in compliance with the Open Meeting Act, Chapter 551 of the Texas Government Code.

PASSED and APPROVED this **14<sup>th</sup>** day of **February, 2017**.

---

Vice President, Yancey Water Supply Corporation

ATTEST:

---

Secretary, Yancey Water Supply Corporation

Approved \_\_\_\_\_

## SECTION B. STATEMENTS

1. **Organization.** The Yancey Water Supply Corporation (“Corporation”) is a member-owned, non-profit corporation incorporated pursuant to the Texas Water Code Chapter 67, and the provisions of the Texas Business Organizations Code applicable to member owned member controlled non-profit corporations for the purpose of furnishing potable water and or sewer utility service. Corporation operating policies, rates, and regulations are adopted by the Board of Directors elected by the Members of the Corporation.
2. **Non-Discrimination Policy.** Membership in the Corporation and service is provided to all Applicants who comply with the provisions of this Tariff regardless of race, creed, color, national origin, sex, disability, or marital status.
3. **Policy and Rule Application.** These policies, rules, and regulations apply to the water and or sewer services provided by the Corporation. Failure on the part of the Member, Consumer, or Applicant to observe these policies, rules and regulations gives the Corporation the authority to deny or discontinue service according to the terms of this Tariff as amended from time to time by the Board of Directors of the Corporation.
4. **Corporation Bylaws.** The Corporation Members have adopted bylaws which establish the make-up of the Board of Directors and other important regulations of the Corporation. The bylaws are on file at the Corporation’s office.
5. **Fire Protection Responsibility.** The Corporation does not provide nor imply that fire protection is available throughout the distribution system. All hydrants or flush valves are for the operation and maintenance of the system and may be used for refill only by authorized fire departments. The Corporation reserves the right to remove any hydrant, due to improper use or detriment to the system as determined by the Corporation, at any time without notice, refund, or compensation to the contributors unless such hydrants are installed pursuant to the terms of a Non-Standard Service Contract as provided for in Section F, in which event the terms and conditions of the Contract shall apply.
6. **Damage Liability.** The Corporation is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures. The limits of liability of the Corporation is the extent of the cost of service provided. By acceptance of Membership, Member consents to waiver of such liability.
7. **Information Disclosure.** The records of the Corporation shall be kept in the Corporation office in Yancey, Texas. All information collected, assembled, or maintained by or for the Corporation shall be disclosed to the public in accordance with the Texas Public Information Act. **In no event and under no circumstances shall the Corporation disclose the Social Security Number of any member or customer to any person other than an employee of the Corporation.** An individual customer may request in writing that their address, telephone number, and account records be kept confidential. Such confidentiality does not prohibit the utility from disclosing this information to an official or employee of the state or a political subdivision of the state acting in an official capacity or an employee of the Corporation acting in connection with the employee’s duties. Further, such confidentiality does not prohibit the Corporation from disclosing the name and address of each member entitled to vote on a list to be made available to the Corporation’s voting members, or their

agents or attorneys, in connection with a meeting of the Corporation's members. The Corporation shall give its applicants and customers notice of rights to confidentiality under this policy and all prevailing associated fees for such request.

8. ***Customer Notice Provisions.*** The Corporation shall give written notice of monthly rate changes by mail or hand delivery to all consumers at least 30 days prior to the effective date of the new rate. The notice shall contain the old rates, new rates, effective date of the new rate, date of Board authorization, and the name and phone number of the Corporation's contact person designated to address inquiries about the rate change.
9. ***Grievance Procedures.*** Any Member of the Corporation or individual demonstrating an interest under the policies of this Tariff in becoming a Member of the Corporation shall have an opportunity to voice concerns or grievances to the Corporation by the following means and procedures:
  - a. By presentation of concerns to the Corporation's manager or authorized staff member. If not resolved to the satisfaction of the aggrieved party then,
  - b. By presenting a letter to the Board of Directors stating the individual's grievance or concern and the desired result.
  - c. The Board of Directors shall respond to the complaint by communicating the Board's decision in writing.
  - d. Any charges or fees contested as a part of the complaint in review by the Corporation under this policy shall be suspended until a satisfactory review and final decision has been made by the Board of Directors.
10. ***Customer Service Inspections.*** The Corporation requires that a customer service inspection certification be completed prior to providing continuous water service to new construction and for all new members as part of the activation of standard and some non-standard service. Customer service inspections are also required on any existing service when the Corporation has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to the members' water distribution facilities. This inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials. (30 TAC 290.46(j)) (See Tariff Section G 22)
11. ***Submetering Responsibility.*** Submetering and Non-Submetering by Master Metered Accounts may be allowed in the Corporation's water distribution system provided the Master Metered Account customer complies with the Public Utility Commission, Chapter 24, Subchapter H rules pertaining to Submetering. The Corporation has no jurisdiction or responsibility to the tenants; tenants receiving water under a Master Metered Account are not considered customers of the Corporation. Any interruption or impairment of water service to the tenants is the responsibility of the Master Metered Account Customer. Any complaints regarding submetering should be directed to the Public Utility Commission.

**NOTE:** The system should check with the Master Metered Account Customer to:

1. See if they have registered with the PUC, (Texas Water Code Chapter 13 Subchapter M.)
  2. See that they do not charge their tenants more than the total amount of charges billed. If the aggregate bill is greater than the Corporation's charge, the Master Metered Account Customer is considered by the PUC to be a separate Public Water System and will be required to comply with all PUC regulations.
  3. Protect the System's CCN. Should the Master Metered Account Customer continue to violate these or other State regulations, the Corporation will need to request a Cease and Desist Order from the PUC. (Texas Water Code Section 13.252 and 16 TAC Section 24.118)
12. ***Prohibition Against Resell of Water.*** The meter and/or sewer connection is for the sole use of the Member or customer and is to provide service to only one (1) dwelling or one (1) business. Extension of pipe(s) to share or resell water to any other persons, dwellings, businesses, or property, etc., is prohibited.

## **SECTION C. DEFINITIONS**

**Active Service** – The status of any Member receiving authorized service under the provisions of this Tariff.

**Applicant** – A person, partnership, cooperative corporation, corporation, agency, public or private organization of any type applying for service with the Yancey Water Supply Corporation. A person must have reached age of majority (18) in Texas to apply for service. (Section 129.001, Civil Practice & Remedies Code)

**Base Rate** – The monthly charge assessed each Member/Customer for the opportunity of receiving service. The Base Rate is a fixed rate based upon the meter size as set forth in the equivalency chart in Section G.

**Board of Directors** – The governing body elected by the Members of the Yancey Water Supply Corporation that is vested with the management of the affairs of the Corporation. (Section 22.001(1), Texas Business Organizations Code)

**Bylaws** – The rules pertaining to the governing of the Yancey Water Supply Corporation adopted by the Corporation Members. (Section 22.001(2), Texas Business Organizations Code)

**Certificate of Convenience and Necessity (CCN)** – The authorization granted under Chapter 13 Subchapter G of the Texas Water Code for Yancey Water Supply Corporation to provide water utility service within a defined territory. Yancey Water Supply Corporation has been issued Certificate Number **11463**. Territory defined in the CCN shall be the Certificated Service Area. (See Tariff Section D Certificated Service Area Map)

**Corporation** – The Yancey Water Supply Corporation. (Section B 1 of this Tariff)

**Developer** – Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who subdivides land or requests two (2) or more water or sewer service connections on a single contiguous tract of land [as defined in Section 13.2502 (e)(1) of the Texas Water Code].

**Disconnection of Service** – The discontinuance of water or sewer service by the Corporation to a Member/Customer.

**Easement** – A private perpetual dedicated right-of-way for the installation of water pipelines and necessary facilities which allows access to property for future operation, maintenance, facility replacement, facility upgrades, and/or installation of additional pipelines (if applicable) for both service to an Applicant and system-wide service. This may also include restrictions on the adjacent area to limit the installation of sewer lines or other facilities that would restrict the use of any area of the easement. (See Sample Application Packet, Form-RUS-TX 442-8 (Rev. 6-06) or Form RUS-TX 442-9 (Rev. 6-06)) The easement will be filed in the real property records of the appropriate county or counties.

**Equity Buy-In Fee** – Each Applicant for new service where a new service tap is necessary shall be required to achieve parity with the contributions to the construction of the Corporations facilities capacity that have been made previously by existing Members. This fee shall be assessed prior to providing or reserving service on a per service unit basis for each property and shall be assigned and

restricted to that property for which the service was originally requested. (Tariff Section G 5)

**Final Plat** – A complete plan for the subdivision of a tract of land showing or referencing Local Tax Appraisal Maps, access to public road(s), number and size of lots, location of dedicated water easements, and location(s) of lakes, streams, or rivers through the property. The Yancey Water Supply Corporation shall determine if a plat submitted for the purpose of this Tariff shall qualify as a final plat. For purposes of evaluating Subdivision service requests under Section F the Corporation may accept preliminary plats or plats awaiting final approval pending execution of agreement for service by the Corporation.

**Hazardous Condition** – A condition that jeopardizes the health and welfare of the Members/Consumers of the Corporation as determined by the Corporation or regulatory authority.

**Indication of Interest Fee** – A fee paid by a potential Member of the Corporation for the purpose of determining the feasibility of a construction and /or expansion project. The Indication of Interest Fee may be converted to a Membership Fee upon determination that service to the Applicant is feasible and available. This also applies to applicants applying for, or receiving, Temporary Service. (Tariff Section E 8 b, and Sample Application Packet - USDA RUS-TX Bulletin 1780-9 (Rev. 01/09))

**Liquidated Membership** – A Membership that has been canceled due to delinquent charges exceeding the Membership Fee or for other reasons as specified in this Tariff.

**Member** – Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who holds a membership in the Corporation and who is a record owner of the property served, that has qualified for service and been certified as a member in accordance with the Corporation's Tariff. (Texas Water Code Section 13.002(11), Texas Water Code Section 67.016(d))

**Membership** – A non-interest bearing stock or right of participation purchased from the Corporation evidencing a Member's interest in the Corporation. (See Tariff Section E 8 b and Texas Business Organizations Code Sections 22.053, 22.151(c))

**Membership Fee** – A fee qualified as such under the terms of the tariff and the bylaws of the Corporation assigned to the real estate designated to receive service. The membership fee shall be refundable upon termination of service and surrendering the Membership. The membership fee cannot be more than 12 times the minimum monthly base rate. (16 TAC Section 24.3(26) Definitions, Texas Water Code Section 13.043(g))

**Public Utility Commission (PUC)** – State regulatory agency having jurisdiction over water and sewer service utilities and appellate jurisdiction over the rates and fees charged by Non-Profit Water and Sewer Service Corporations

**Proof of Ownership** – For the purpose of this tariff, applicants for service and membership shall provide proof of ownership of the real estate to be served by deed of trust, warranty deed, or other recorded documentation. (Texas Water Code Section 67.016(d))

**Rural Utilities Service (RUS)** – An agency of the United States Department of Agriculture Rural Development Mission Area that provides loan and grant funds for development of rural water and sewer systems serving communities with a population of less than ten thousand (10,000) people.

**Renter** – A consumer who rents or leases property from a Member or who may otherwise be termed a tenant. (See Tariff Section E 9)

**Re-Service** – Providing service to an Applicant at a location for which service previously existed and where there is an existing setting for a meter. Costs of such re-servicing shall be based on justifiable expenses in connection with such re-servicing. (See Tariff Section E 5 b)

**Seasonal Reconnect Fee** – The fee charged for resumption of service at a location where the member has voluntarily suspended service, in a written request, for a period of time not exceeding nine months within a twelve month period. The fee is based on the total months for which service is suspended multiplied by the amount of the monthly minimum fee the Corporation charges active customers.

**Service Application and Agreement** – A written agreement between the Member/Applicant and the Corporation defining the specific type of service requirements requested on the current service application and agreement form, and the responsibilities of each party required before service is furnished. (See Sample Application Packet RUS-TX Bulletin 1780-9 (Rev. 01/09) or Non-Standard Service Contract)

**Service Investigation Fee** – A fee for costs associated with determining if service is available and determining cost of service. (See Tariff Section G 1)

**Service Unit** – The base unit of service used in facilities design and rate making. For the purpose of this Tariff, a service unit is a 5/8" X 3/4" water meter. Sewer facilities are designed and rates are based on the basis of population served or demand. (See Tariff Section G 6 a)

**Subdivide** – To divide the surface area of land into lots or tracts. (Texas Local Government Code Section 232.021(11) Definitions, Texas Water Code Section 13.2502(e)(1))

**Subdivider** – An individual, firm, corporation, or other legal entity that owns any interest in land and that directly or indirectly subdivides land into lots as a part of a common promotional plan in the ordinary course of business. (Texas Local Government Code Section 232.021(12) Definitions)

**Subdivision** – An area of land that has been subdivided into lots or tracts. (Local Government Code Section 232.021(13) Definitions)

**Tariff** – The operating policies, service rules, service extension policy, service rates, water use restriction policies, sample application packet, and miscellaneous transaction forms adopted by the Board of Directors. A copy of this Board approved tariff is on file at the Corporation office and as required by law at the State office of the PUC.

**Temporary Service** – The classification assigned an applicant that is in the process of construction. This could also apply to service for uses other than permanent (agricultural, road construction, drilling, livestock, etc.). The Board will set the length of time associated with this classification. This classification will change to permanent service after requirements in Tariff Section E. 1, E. 2 and E. 3 are met. Applicant must have paid an Indication of Interest Fee.

**Texas Commission on Environmental Quality (TCEQ)** – State regulatory agency having jurisdiction over drinking water, water supply and water quality issues Non-Profit Water and Sewer Service Corporations.

**Transferee** – An Applicant receiving a Yancey WSC Membership by legal means from a person or entity desiring to forfeit and transfer current rights of Membership to another person or entity. (See Tariff Section E 8 c., Miscellaneous Transaction Forms, Texas Water Code Section 67.016)

**Transferor** – A Member who transfers Membership by legal means to another person or entity desiring to qualify for service at a property for which the Membership is currently issued or to the Corporation. (Texas Water Code, Section 67.016)

**Usage** – Amount billed or to be collected based on the meter reading.

**Water Conservation Penalty** – A penalty that may be assessed under Section H of this Tariff to enforce customer/member water conservation practices during drought contingency or emergency water demand circumstances. (Texas Water Code Section 67.011 (b)).

# **Yancey Water Supply Corporation**

**Annual Financial Report  
For the Year Ended December 31, 2016**

***Ede & Company, LLC***  
*Certified Public Accountants*

**YANCEY WATER SUPPLY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 7: Notes Payable - Continued**

The annual requirements to retire notes payable as of December 31, 2015, are as follows:

Year Ending				
December 31	Principal	Interest	Total	
2016	\$ 50,342.02	\$ 82,629.98	\$ 132,972.00	
2017	51,744.01	81,227.99	132,972.00	
2018	53,185.04	79,786.96	132,972.00	
2019	54,666.21	78,305.38	132,971.59	
2020	56,188.62	76,783.38	132,972.00	
Thereafter	2,761,559.23	1,336,621.62	4,098,180.85	
	<u>\$ 3,027,685.13</u>	<u>\$ 1,735,355.31</u>	<u>\$ 4,763,040.44</u>	

**NOTE 8: Details of Notes Payable**

1. USDA Note Number 9105 had a balance of \$3,027,685.13 at December 31, 2015. Principal of \$50,342.02 and interest of \$82,629.98 are due in one year. The monthly payment is \$11,081.00. The note carries an annual interest rate of 2.75%, is secured by all assets and income, and matures October 3, 2051.

**Note 9: Temporarily Restricted Cash and Net Assets**

The terms of the loan agreement with the United States Department of Agriculture requires the Corporation to establish a reserve account and make monthly deposits of \$923.50 to this account until it reaches a minimum balance required pursuant to the loan agreement. The amount requirement as of December 31, 2015 is \$35,093.00. At December 31, 2015, the corporation held \$74,924.81 in the reserve account.

**YANCEY WATER SUPPLY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 3: Short-term Investments**

The corporation held short-term investments of \$320,799.14 at December 31, 2015. These investments were certificates of deposit which were completely insured by the Federal Deposit Insurance Corporation or collateralized by securities pledged by the financial institution

**NOTE 4: Accounts Receivable and Bad Debt Recoveries**

The Corporation takes a bad debt deduction for accounts receivable over 90 days past due. The Corporation recognizes income on bad debt recoveries.

On December 31, 2015, trade accounts receivable were \$179,199.10, and the allowance for uncollectible accounts was \$12,321.85.

**NOTE 5: Inventory**

The inventory, for financial statement purposes, is valued at the lower of cost or market on a first-in, first-out basis.

**NOTE 6: Depreciable Assets and Depreciation**

Depreciable assets are recorded at historical cost. Depreciation over the estimated useful lives of the assets is determined on the straight-line method for financial reporting purposes. The estimated useful lives used to compute depreciation are: vehicles, 3 years; office furniture, office equipment, and equipment, 5-10 years; water lines, storage, and buildings, 40 years.

**NOTE 7: Land and Easements**

The Corporation records land and easements at cost. The land and easements are capitalized as assets and are not depreciated.

**NOTE 8: Notes Payable**

The notes payable as of December 31, 2015, are as follows:

	Balance Outstanding 12/31/2014	Issued During Year	Retired During Year	Balance Outstanding 12/31/2015	Accrued Interest 12/31/2015
USDA-9105	3,076,665.30	-	48,980.17	3,027,685.13	6,387.17
	<u>\$ 3,076,665.30</u>	<u>\$ -</u>	<u>\$ 48,980.17</u>	<u>\$ 3,027,685.13</u>	<u>\$ 6,387.17</u>

**YANCEY WATER SUPPLY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1: Summary of Significant Accounting Policies**

A. Nature of Activities

Yancey Water Supply Corporation is a non-profit organization dedicated to providing a safe, economical supply of water to rural residents in Yancey, Texas, and the surrounding area.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Corporation recognizes income and expenses according to the accrual basis of accounting, thereby recognizing income when earned and expenses when incurred.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standard (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Taxes

The Corporation is exempt from Federal Income Taxes under Section 501(c)(12) of the Internal Revenue Code. The organization files information returns in the US. With few exceptions, the organization is no longer subject to US federal income tax examinations by tax authorities for years before 2011.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Actual results can differ from those estimates.

F. Subsequent Events

Subsequent events were evaluated through April 4, 2016, which was the issue date of the report.

**NOTE 2: Cash**

The Corporation considers highly liquid investments with original maturities of three months or less when purchase to be cash equivalents.

The carrying amount of the Corporation's cash was \$2,217,145.25, and the bank balances were \$2,276,308.67 at December 31, 2015, of which, \$2,276,308.67 was insured by the Federal Deposit Insurance Corporation or collateralized by securities pledged by the financial institution.

Yancey Water Supply Corporation  
Statement of Cash Flow  
For the Year Ended December 31, 2015

Cash Provided by Operations	
Changes in Net Assets	\$ 320,399.62
Items Not Affecting Cash:	
Depreciation	428,218.54
Working Capital Generated From Operations	<u>748,618.16</u>
 (Increase) Decrease in Working Capital	
Accounts Receivable	(42,609.27)
Inventory	86,128.29
Other Current Assets	70.03
Accounts Payable	(4,670.11)
Accrued Interest	(103.33)
Due to Other Utilities	4,001.58
Accrued Payroll Taxes	28.27
Accrued Compensated Absences	2,043.19
Net Cash Provided by Operations	<u>793,506.81</u>
 Investing Activities	
Inflows:	
Assets Contributed	535,051.00
Sale of Assets	1,500.00
Outflows:	
Purchase of Short-term Investments	(26,660.00)
Purchase of Assets	(823,542.81)
Total Cash From Investing Activities	<u>(313,651.81)</u>
 Financing Activities	
Inflows:	
Interest Income	1,407.14
Member Investment	13,500.00
Proceeds form Long Term Debt	-
Outflows:	
Interest Paid on Long Term Debt	(48,980.17)
Principal Paid on Long Term Debt	(83,888.50)
Total Cash From Financing Activities	<u>(117,961.53)</u>
 Increase (Decrease) in Cash and Cash Equivalents	361,893.47
 Beginning Cash	<u>1,855,251.78</u>
 Ending Cash	<u><u>\$ 2,217,145.25</u></u>
 CASH BALANCES COMPRISED OF:	
Cash Restricted for Retirement of Long-Term Debt	\$ 7,777.06
Unrestricted Cash	2,209,368.19
	<u><u>\$ 2,217,145.25</u></u>

The Notes to the Financial Statement are an integral part of this statement.

**Yancey Water Supply Corporation**  
**Statement of Activities**  
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>			
Water Sales	\$ 1,870,332.73	-	1,870,332.73
New Meter Purchase Fees	226,493.00	-	226,493.00
Miscellaneous Income	76,359.93	-	76,359.93
Total Revenues	<u>2,173,185.66</u>	<u>-</u>	<u>2,173,185.66</u>
<b>EXPENSES</b>			
Salaries	580,735.29	-	580,735.29
Payroll Taxes	45,663.93	-	45,663.93
Employee Benefits	71,821.95	-	71,821.95
Utilities	114,108.09	-	114,108.09
Operating Supplies	219,336.69	-	219,336.69
Contract Labor	30,610.29	-	30,610.29
Professional Fees	8,556.25	-	8,556.25
License, Permits, Fees & Dues	155,586.47	-	155,586.47
Repairs	27,021.63	-	27,021.63
Office Expense	20,321.35	-	20,321.35
Insurance	47,415.61	-	47,415.61
Travel & Transportation	38,554.45	-	38,554.45
Depreciation	428,218.54	-	428,218.54
Rent	8,432.72	-	8,432.72
Bad Debts	10,534.31	-	10,534.31
Administrative	45,868.47	-	45,868.47
Total Expenses	<u>1,852,786.04</u>	<u>-</u>	<u>1,852,786.04</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES</b>	<u>320,399.62</u>	<u>-</u>	<u>320,399.62</u>
<b>NON-OPERATING REVENUES &amp; EXPENSES</b>			
Interest Income	1,975.35	119.46	2,094.81
Gain on Sale of Assets	1,500.00	-	1,500.00
Contributions of Water Rights	535,051.00	-	535,051.00
Transfer to Reserve	(13,320.00)	13,320.00	-
Interest Expense	(83,888.50)	-	(83,888.50)
Total Non-Operating Revenue & Expenses	<u>441,317.85</u>	<u>13,439.46</u>	<u>454,757.31</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	761,717.47	13,439.46	775,156.93
<b>NET ASSETS AT BEGINNING OF YEAR</b>	10,592,273.26	59,265.35	10,651,538.61
<b>NET CHANGE IN MEMBER INVESTMENT</b>	<u>13,500.00</u>	<u>-</u>	<u>13,500.00</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 11,367,490.73</u>	<u>\$ 72,704.81</u>	<u>\$ 11,440,195.54</u>

The Notes to the Financial Statements are an integral part of this statement.

Yancey Water Supply Corporation  
Statement of Financial Position  
December 31, 2015

A S S E T S

CURRENT ASSETS

Cash	\$ 2,209,368.19
Short-term Investments	253,651.39
Accounts Receivable - Net	166,877.25
Inventory	132,985.71
Other Current Assets	493.00
Total Current Assets	<u>2,763,375.54</u>

FIXED ASSETS

Plant & Equipment	12,989,995.40
Less: Accumulated Depreciation	(5,698,350.88)
Land & Construction in Progress	258,522.12
Easements	44,390.00
Water Right	4,117,816.50
Total Fixed Assets	<u>11,712,373.14</u>

OTHER ASSETS

Cash Restricted for the Retirement of Long-Term Debt	7,777.06
Short-term Investments Restricted for the Retirement of Long-Term Debt	67,147.75
Total Other Assets	<u>74,924.81</u>

TOTAL ASSETS	<u>\$ 14,550,673.49</u>
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L I A B I L I T I E S & N E T A S S E T S

CURRENT LIABILITIES

Accounts Payable	\$ 46,493.05
Accrued Interest Payable	6,387.17
Accrued Payroll Taxes	66.17
Accrued Vacation	13,376.04
Due to Other Utilities	16,470.39
Current Portion of Long Term Debt	50,342.02
Total Current Liabilities	<u>133,134.84</u>

LONG TERM DEBT

Bonds Payable	<u>2,977,343.11</u>
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TOTAL LIABILITIES	<u>3,110,477.95</u>
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NET ASSETS

Membership Investment	258,300.00
Net Assets - Temporarily Restricted	74,924.81
Net Assets - Unrestricted	11,106,970.73
Total Net Assets	<u>11,440,195.54</u>

TOTAL LIABILITIES & NET ASSETS	<u>\$ 14,550,673.49</u>
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The Notes to the Financial Statements are an integral part of this statement.

# EDE & COMPANY, LLC

Certified Public Accountants

Eric Ede, CPA  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Yancey Water Supply Corporation

We have audited the accompanying financial statements of Yancey Water Supply Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yancey Water Supply Corporation as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Ede & Company, LLC*

Ede & Company, LLC  
Knippa, Texas  
April 4, 2016

**Yancey Water Supply Corporation**  
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# **Yancey Water Supply Corporation**

**Annual Financial Report  
For the Year Ended December 31, 2015**

***Ede & Company, LLC***  
*Certified Public Accountants*

**YANCEY WATER SUPPLY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 7: Notes Payable - Continued**

The annual requirements to retire notes payable as of December 31, 2014, are as follows:

Year Ending			
December 31	Principal	Interest	Total
2014	\$ 48,977.96	\$ 83,994.04	\$ 132,972.00
2015	50,341.97	82,630.03	132,972.00
2016	51,743.96	79,787.02	131,530.98
2017	53,184.98	78,305.84	131,490.82
2018	54,666.16	76,783.41	131,449.57
Thereafter	<u>2,817,750.27</u>	<u>1,417,852.66</u>	<u>4,235,602.93</u>
	<u>\$ 3,076,665.30</u>	<u>\$ 1,819,353.00</u>	<u>\$ 4,896,018.30</u>

**NOTE 8: Details of Notes Payable**

1. USDA Note Number 9105 had a balance of \$3,076,665.30 at December 31, 2014. Principal of \$48,977.96 and interest of \$83,994.04 are due in one year. The monthly payment is \$11,081.00. The note carries an annual interest rate of 2.75%, is secured by all assets and income, and matures October 3, 2051.

**Note 9: Temporarily Restricted Cash and Net Assets**

The terms of the loan agreement with the United States Department of Agriculture requires the Corporation to establish a reserve account and make monthly deposits of \$923.50 to this account until it reaches a minimum balance required pursuant to the loan agreement. The amount requirement as of December 31, 2014 is \$24,011.00. At December 31, 2014, the corporation held \$61,485.35 in the reserve account.

**YANCEY WATER SUPPLY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 3: Short-term Investments**

The corporation held short-term investments of \$293,222.51 at December 31, 2014. These investments were certificates of deposit which were completely insured by the Federal Deposit Insurance Corporation or collateralized by securities pledged by the financial institution

**NOTE 4: Accounts Receivable and Bad Debt Recoveries**

The Corporation takes a bad debt deduction for accounts receivable over 90 days past due. The Corporation recognizes income on bad debt recoveries.

On December 31, 2014, trade accounts receivable were \$127,070.85, and the allowance for uncollectible accounts was \$2,802.87.

**NOTE 5: Inventory**

The inventory, for financial statement purposes, is valued at the lower of cost or market on a first-in, first-out basis.

**NOTE 6: Depreciable Assets and Depreciation**

Depreciable assets are recorded at historical cost. Depreciation over the estimated useful lives of the assets is determined on the straight-line method for financial reporting purposes. The estimated useful lives used to compute depreciation are: vehicles, 3 years; office furniture, office equipment, and equipment, 5-10 years; water lines, storage, and buildings, 40 years.

**NOTE 7: Land and Easements**

The Corporation records land and easements at cost. The land and easements are capitalized as assets and are not depreciated.

**NOTE 8: Notes Payable**

The notes payable as of December 31, 2014, are as follows:

	Balance Outstanding 1/1/2014	Issued During Year	Retired During Year	Balance Outstanding 12/31/2014	Accrued Interest 12/31/2014
USDA-9105	<u>2,779,482.06</u>	<u>347,670.12</u>	<u>50,486.88</u>	<u>3,076,665.30</u>	<u>6,490.50</u>
	<u>\$ 2,779,482.06</u>	<u>\$ 347,670.12</u>	<u>\$ 50,486.88</u>	<u>\$ 3,076,665.30</u>	<u>\$ 6,490.50</u>

**YANCEY WATER SUPPLY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 1: Summary of Significant Accounting Policies**

A. Nature of Activities

Yancey Water Supply Corporation is a non-profit organization dedicated to providing a safe, economical supply of water to rural residents in Yancey, Texas, and the surrounding area.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Corporation recognizes income and expenses according to the accrual basis of accounting, thereby recognizing income when earned and expenses when incurred.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial accounting Standards Board in its Statement of Financial Accounting Standard (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Taxes

The Corporation is exempt from Federal Income Taxes under Section 501(c)(12) of the Internal Revenue Code. The organization files information returns in the US. With few exceptions, the organization is no longer subject to US federal income tax examinations by tax authorities for years before 2010.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Actual results can differ from those estimates.

F. Subsequent Events

Subsequent events were evaluated through April 9, 2015, which was the issue date of the report.

**NOTE 2: Cash**

The Corporation considers highly liquid investments with original maturities of three months or less when purchase to be cash equivalents.

The carrying amount of the Corporation's cash was \$1,855,251.78, and the bank balances were \$1,861,201.28 at December 31, 2014, of which, \$1,844,133.76 was insured by the Federal Deposit Insurance Corporation or collateralized by securities pledged by the financial institution, and \$17,067.52 was neither insured nor secured.

Yancey Water Supply Corporation  
Statement of Cash Flow  
For the Year Ended December 31, 2014

Cash Provided by Operations	
Changes in Net Assets	\$ 667,753.24
Items Not Affecting Cash:	
Depreciation	<u>404,704.19</u>
Working Capital Generated From Operations	<u>1,072,457.43</u>
 (Increase) Decrease in Working Capital	
Accounts Receivable	(33,130.06)
Inventory	(35,451.78)
Other Current Assets	(139.67)
Accounts Payable	(3,899.81)
Accrued Interest	627.53
Due to Other Utilities	5,654.25
Accrued Payroll Taxes	(5,806.69)
Accrued Compensated Absences	<u>3,186.35</u>
Net Cash Provided by Operations	<u>1,003,497.55</u>
 Investing Activities	
Inflows:	
Assets Contributed	192,500.00
Sale of Assets	4,500.00
Outflows:	
Purchase of Assets	<u>(756,497.08)</u>
Total Cash From Investing Activities	<u>(559,497.08)</u>
 Financing Activities	
Inflows:	
Interest Income	2,153.11
Member Investment	14,100.00
Proceeds form Long Term Debt	347,670.12
Outflows:	
Interest Paid on Long Term Debt	(83,112.65)
Principal Paid on Long Term Debt	(50,486.88)
Total Cash From Financing Activities	<u>230,323.70</u>
 Increase (Decrease) in Cash and Cash Equivalents	674,324.17
 Beginning Cash	<u>1,180,927.61</u>
 Ending Cash	<u><u>\$ 1,855,251.78</u></u>
 CASH BALANCES COMPRISED OF:	
Cash Restricted for Retirement of Long-Term Debt	\$ 21,106.29
Unrestricted Cash	<u>1,834,145.49</u>
	<u><u>\$ 1,855,251.78</u></u>

The Notes to the Financial Statement are an integral part of this statement.

**Yancey Water Supply Corporation**  
**Statement of Activities**  
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>			
Water Sales	\$ 1,883,443.77	-	1,883,443.77
New Meter Purchase Fees	392,947.50	-	392,947.50
Miscellaneous Income	52,389.02	-	52,389.02
Total Revenues	<u>2,328,780.29</u>	<u>-</u>	<u>2,328,780.29</u>
<b>EXPENSES</b>			
Salaries	527,274.95	-	527,274.95
Payroll Taxes	40,834.30	-	40,834.30
Employee Benefits	53,107.29	-	53,107.29
Utilities	120,270.35	-	120,270.35
Operating Supplies	117,586.88	-	117,586.88
Contract Labor	5,566.99	-	5,566.99
Professional Fees	34,755.00	-	34,755.00
License, Permits, Fees & Dues	136,142.89	-	136,142.89
Repairs	41,526.21	-	41,526.21
Office Expense	20,429.06	-	20,429.06
Insurance	41,012.75	-	41,012.75
Travel & Transportation	56,673.30	-	56,673.30
Depreciation	404,704.19	-	404,704.19
Rent	8,543.54	-	8,543.54
Bad Debts	652.85	-	652.85
Administrative	51,946.50	-	51,946.50
Total Expenses	<u>1,661,027.05</u>	<u>-</u>	<u>1,661,027.05</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES</b>	<u>667,753.24</u>	<u>-</u>	<u>667,753.24</u>
<b>NON-OPERATING REVENUES &amp; EXPENSES</b>			
Interest Income	2,022.93	130.18	2,153.11
Gain on Sale of Assets	4,500.00	-	4,500.00
Contributions of Water Rights	192,500.00		192,500.00
Transfer to Reserve	(11,100.00)	11,100.00	-
Interest Expense	(83,112.65)	-	(83,112.65)
Total Non-Operating Revenue & Expenses	<u>104,810.28</u>	<u>11,230.18</u>	<u>116,040.46</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	772,563.52	11,230.18	783,793.70
<b>NET ASSETS AT BEGINNING OF YEAR</b>	9,805,609.74	48,035.17	9,853,644.91
<b>NET CHANGE IN MEMBER INVESTMENT</b>	<u>14,100.00</u>	<u>-</u>	<u>14,100.00</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 10,592,273.26</u>	<u>\$ 59,265.35</u>	<u>\$ 10,651,538.61</u>

The Notes to the Financial Statements are an integral part of this statement.

Yancey Water Supply Corporation  
Statement of Financial Position  
December 31, 2014

A S S E T S

CURRENT ASSETS

Cash	\$ 1,834,145.49
Short-term Investments	253,072.41
Accounts Receivable - Net	124,267.98
Inventory	219,114.00
Other Current Assets	563.03
Total Current Assets	<u>2,431,162.91</u>

FIXED ASSETS

Plant & Equipment	12,733,308.59
Less: Accumulated Depreciation	(5,295,937.34)
Land & Construction in Progress	258,522.12
Easements	44,390.00
Water Right	3,576,765.50
Total Fixed Assets	<u>11,317,048.87</u>

OTHER ASSETS

Cash Restricted for the Retirement of Long-Term Debt	21,106.29
Short-term Investments Restricted for the Retirement of Long-Term Debt	40,379.06
Total Other Assets	<u>61,485.35</u>

TOTAL ASSETS	<u><u>\$ 13,809,697.13</u></u>
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L I A B I L I T I E S   &   N E T   A S S E T S

CURRENT LIABILITIES

Accounts Payable	\$ 51,163.16
Accrued Interest Payable	6,490.50
Accrued Payroll Taxes	37.90
Accrued Vacation	11,332.85
Due to Other Utilities	12,468.81
Current Portion of Long Term Debt	48,977.96
Total Current Liabilities	<u>130,471.18</u>

LONG TERM DEBT

Bonds Payable	<u>3,027,687.34</u>
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TOTAL LIABILITIES	<u>3,158,158.52</u>
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NET ASSETS

Membership Investment	244,800.00
Net Assets - Temporarily Restricted	61,485.35
Net Assets - Unrestricted	10,345,253.26
Total Net Assets	<u>10,651,538.61</u>

TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 13,809,697.13</u></u>
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The Notes to the Financial Statements are an integral part of this statement.

# EDE & COMPANY, LLC

Certified Public Accountants

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Donna Ede Jones, CPA

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Yancey Water Supply Corporation

We have audited the accompanying financial statements of Yancey Water Supply Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yancey Water Supply Corporation as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Ede & Company, LLC*

Ede & Company, LLC  
Knippa, Texas  
April 9, 2015

**YANCEY WATER SUPPLY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 7: Notes Payable - Continued**

The annual requirements to retire notes payable as of December 31, 2013, are as follows:

Year Ending			
December 31	Principal	Interest	Total
2013	\$ 57,254.30	\$ 75,717.70	\$ 132,972.00
2014	58,848.80	74,123.20	132,972.00
2015	60,487.69	72,484.31	132,972.00
2016	62,172.23	70,799.77	132,972.00
2017	63,903.68	69,068.32	132,972.00
Thereafter	2,476,815.46	998,525.93	3,475,341.39
	<u>\$ 2,779,482.16</u>	<u>\$ 1,360,719.23</u>	<u>\$ 4,140,201.39</u>

**NOTE 8: Details of Notes Payable**

1. USDA Note Number 9105 had a balance of \$2,779,482.16 at December 31, 2013. Principal of \$57,254.30 and interest of \$75,717.70 are due in one year. The monthly payment is \$11,081.00. The note carries an annual interest rate of 2.75%, is secured by all assets and income, and matures February 3, 2045.

**Note 9: Temporarily Restricted Cash and Net Assets**

The terms of the loan agreement with the United States Department of Agriculture requires the Corporation to establish a reserve account and make monthly deposits of \$92.35 to this account until it reaches a minimum balance required pursuant to the loan agreement. The amount requirement as of December 31, 2013 is \$3,324.40. At December 31, 2013, the corporation held \$48,035.17 in the reserve account.

**YANCEY WATER SUPPLY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 3: Accounts Receivable and Bad Debt Recoveries**

The Corporation takes a bad debt deduction for accounts receivable over 90 days past due. The Corporation recognizes income on bad debt recoveries.

On December 31, 2013, trade accounts receivable were \$93,844.78, and the allowance for uncollectible accounts was \$2,248.86.

**NOTE 4: Inventory**

The inventory, for financial statement purposes, is valued at the lower of cost or market on a first-in, first-out basis.

**NOTE 5: Depreciable Assets and Depreciation**

Depreciable assets are recorded at historical cost. Depreciation over the estimated useful lives of the assets is determined on the straight-line method for financial reporting purposes. The estimated useful lives used to compute depreciation are: vehicles, 3 years; office furniture, office equipment, and equipment, 5-10 years; water lines, storage, and buildings, 40 years.

**NOTE 6: Land and Easements**

The Corporation records land and easements at cost. The land and easements are capitalized as assets and are not depreciated.

**NOTE 7: Notes Payable**

The notes payable as of December 31, 2013, are as follows:

	Balance Outstanding 1/1/2012	Issued During Year	Retired During Year	Balance Outstanding 12/31/2013	Accrued Interest 12/31/2013
USDA-9105	<u>1,030,173.92</u>	<u>1,825,569.25</u>	<u>76,261.11</u>	<u>2,779,482.06</u>	<u>5,862.97</u>
	<u>\$ 1,030,173.92</u>	<u>\$ 1,825,569.25</u>	<u>\$ 76,261.11</u>	<u>\$ 2,779,482.06</u>	<u>\$ 5,862.97</u>

**YANCEY WATER SUPPLY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1: Summary of Significant Accounting Policies**

**A. Nature of Activities**

Yancey Water Supply Corporation is a non-profit organization dedicated to providing a safe, economical supply of water to rural residents in Yancey, Texas, and the surrounding area.

**B. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Corporation recognizes income and expenses according to the accrual basis of accounting, thereby recognizing income when earned and expenses when incurred.

**C. Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standard (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**D. Income Taxes**

The Corporation is exempt from Federal Income Taxes under Section 501(c)(12) of the Internal Revenue Code.

**E. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Actual results can differ from those estimates.

**F. Subsequent Events**

Subsequent events were evaluated through March 27, 2014, which was the issue date of the report.

**NOTE 2: Cash**

The Corporation considers highly liquid investments with original maturities of three months or less when purchase to be cash equivalents.

The carrying amount of the Corporation's cash was \$1,474,794.44, and the bank balances were \$1,476,088.18 at December 31, 2013, of which, \$1,476,088.18 was insured by the Federal Deposit Insurance Corporation or collateralized by securities pledged by the financial institution.

**Yancey Water Supply Corporation**  
**Statement of Cash Flow**  
For the Year Ended December 31, 2013

Cash Provided by Operations	
Changes in Net Assets	\$ 472,866.33
Items Not Affecting Cash:	
Depreciation	339,575.90
Working Capital Generated From Operations	<u>812,442.23</u>
 (Increase) Decrease in Working Capital	
Accounts Receivable	(11,025.63)
Inventory	(76,964.08)
Accounts Payable	1,093.74
Accrued Interest	3,776.09
Due to SAWS	2,411.93
Accrued Payroll Taxes	505.11
Accrued Compensated Absences	(402.92)
Net Cash Provided by Operations	<u>731,836.47</u>
 Investing Activities	
Inflows:	
Assets Contributed	255,024.00
Outflows:	
Purchase of Assets	(2,381,965.96)
Total Cash From Investing Activities	<u>(2,126,941.96)</u>
 Financing Activities	
Inflows:	
Interest Income	1,950.20
Member Investment	12,300.00
Proceeds form Long Term Debt	1,825,569.25
Total Inflows	<u>1,839,819.45</u>
Outflows:	
Interest Paid on Long Term Debt	(60,486.98)
Principal Paid on Long Term Debt	(76,261.11)
Total Outflows	<u>(136,748.09)</u>
Total Cash From Financing Activities	<u>1,703,071.36</u>
 Increase (Decrease) in Cash and Cash Equivalents	307,965.87
 Beginning Cash	<u>1,166,828.57</u>
 Ending Cash	<u>\$ 1,474,794.44</u>
 CASH BALANCES COMPRISED OF:	
Cash Restricted for Retirement of Long-Term Debt	\$ 48,035.17
Unrestricted Cash	<u>1,426,759.27</u>
	<u>\$ 1,474,794.44</u>

The Notes to the Financial Statement are an integral part of this statement.

**Yancey Water Supply Corporation**  
**Statement of Activities**  
For the Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>			
Water Sales	\$ 1,691,458.43	-	1,691,458.43
New Meter Purchase Fees	219,386.85	-	219,386.85
Miscellaneous Income	71,377.36	-	71,377.36
Total Revenues	<u>1,982,222.64</u>	<u>-</u>	<u>1,982,222.64</u>
<b>EXPENSES</b>			
Salaries	485,194.21	-	485,194.21
Payroll Taxes	37,945.64	-	37,945.64
Employee Benefits	49,857.29	-	49,857.29
Utilities	115,463.32	-	115,463.32
Operating Supplies	78,973.41	-	78,973.41
Contract Labor	8,615.00	-	8,615.00
Professional Fees	38,646.93	-	38,646.93
License, Permits, Fees & Dues	119,478.39	-	119,478.39
Repairs	75,899.49	-	75,899.49
Office Expense	17,477.20	-	17,477.20
Insurance	34,745.06	-	34,745.06
Travel & Transportation	53,530.04	-	53,530.04
Depreciation	339,575.90	-	339,575.90
Rent	8,528.47	-	8,528.47
Bad Debts	1,265.10	-	1,265.10
Administrative	44,160.86	-	44,160.86
Total Expenses	<u>1,509,356.31</u>	<u>-</u>	<u>1,509,356.31</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES</b>	<u>472,866.33</u>	<u>-</u>	<u>472,866.33</u>
<b>NON-OPERATING REVENUES &amp; EXPENSES</b>			
Interest Income	1,736.76	213.44	1,950.20
Contribution of Assets	255,024.00	-	255,024.00
Transfer to Reserve	(11,100.00)	11,100.00	-
Interest Expense	(60,486.98)	-	(60,486.98)
Total Non-Operating Revenue & Expenses	<u>185,173.78</u>	<u>11,313.44</u>	<u>196,487.22</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	658,040.11	11,313.44	669,353.55
<b>NET ASSETS AT BEGINNING OF YEAR</b>	9,135,269.63	36,721.73	9,171,991.36
<b>NET CHANGE IN MEMBER INVESTMENT</b>	<u>12,300.00</u>	<u>-</u>	<u>12,300.00</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 9,805,609.74</u>	<u>\$ 48,035.17</u>	<u>\$ 9,853,644.91</u>

The Notes to the Financial Statements are an integral part of this statement.

Yancey Water Supply Corporation  
Statement of Financial Position  
December 31, 2013

A S S E T S

CURRENT ASSETS

Cash	\$ 1,426,759.27
Accounts Receivable - Net	91,145.92
Inventory	183,662.22
Total Current Assets	<u>1,701,567.41</u>

FIXED ASSETS

Plant & Equipment	10,263,817.29
Less: Accumulated Depreciation	(4,922,080.63)
Land & Construction in Progress	2,234,863.82
Easements	44,390.00
Water Right	3,344,265.50
Total Fixed Assets	<u>10,965,255.98</u>

OTHER ASSETS

Cash Restricted for the Retirement of Long-Term Debt	<u>48,035.17</u>
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TOTAL ASSETS	<u>\$ 12,714,858.56</u>
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L I A B I L I T I E S & N E T A S S E T S

CURRENT LIABILITIES

Accounts Payable	\$ 55,062.97
Accrued Interest Payable	5,862.97
Accrued Payroll	5,844.59
Accrued Vacation	8,146.50
Due to Other Utilities	6,814.56
Current Portion of Long Term Debt	57,254.30
Total Current Liabilities	<u>138,985.89</u>

LONG TERM DEBT

Bonds Payable	<u>2,722,227.76</u>
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TOTAL LIABILITIES	<u>2,861,213.65</u>
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NET ASSETS

Membership Investment	230,700.00
Net Assets - Temporarily Restricted	48,035.17
Net Assets - Unrestricted	9,574,909.74
Total Net Assets	<u>9,853,644.91</u>

TOTAL LIABILITIES & NET ASSETS	<u>\$ 12,714,858.56</u>
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The Notes to the Financial Statements are an integral part of this statement.

# EDE & COMPANY, LLC

Certified Public Accountants

Eric Ede, CPA  
Donna Ede Jones, CPA

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Knippa, TX 78870  
Telephone (830) 934-2148  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Yancey Water Supply Corporation

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### Auditor's Responsibility

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yancey Water Supply Corporation as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Ede & Company, LLC*

Ede & Company, LLC  
Knippa, Texas  
March 27, 2014

# **Yancey Water Supply Corporation**

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**Yancey Water Supply  
Corporation**

**Annual Financial Report  
For the Year Ended December 31, 2013**

**Ede & Company, LLC**  
*Certified Public Accountants*

**ATTACHMENT G,**  
**Item #30**

**2013-2017 Financial Audits**

- Section 2.** That the Chairperson of the Conservation Committee is the Board's authorized representative in matters of Water Conservation and Emergency Water Demand Management Planning Procedures, Policies and Actions.
- Section 3.** That any violation of this Plan may cause the forfeiture of membership in the Corporation and/or termination of water service.
- Section 4.** That this Resolution shall become effective immediately upon its passage.

Revision adopted this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ at a regular monthly meeting of the Board of Directors at which a quorum was present.

Recommended:

\_\_\_\_\_  
Russell Roberson  
Chairperson Conservation Committee

Executed:

\_\_\_\_\_  
Phil McAnelly  
President, Board of Directors

Attest:

\_\_\_\_\_  
Wilbur Bohmfalk  
Secretary, Board of Directors

## CONSERVATION PLAN

A resolution of the Boards of Directors of the Yancey Water supply corporation adopting a revised Tariff Section H – Water Conservation and Emergency Water Demand Management Plan.

Whereas, the Board previously adopted Tariff Section H – Emergency Rationing Program on December 12, 1989; and

Whereas, the Board previously adopted Drought Management and Water conservation Plan in March, 1995; and

Whereas, the Board previously adopted Water Conservation and Emergency Water Demand Management Plan on February 9, 1999; and

Whereas, the Yancey Water Supply Corporation (YWSC) Board of directors (the “Board”) has determined that it is the best interest of YWSC to revise the Tariff Section H – Water Conservation and Emergency Water Demand Management Plan (the “Plan”); and

Whereas, the Edwards Aquifer Authority has reviewed the Plan and agrees that the Plan complies with the Critical Period Management Rules; and

Whereas, in anticipation of requesting financial assistance the Texas Water Development Board has reviewed the Plan; and

Whereas, the Board has committed to YWSC to implement conservation measures to enhance the availability of water for beneficial purposes; and

Whereas, the Board has further concluded that the adoption and implementation of the Plan would be in the best interests of the members of YWSC; and

Whereas, the Board has previously directed the Conservation Committee to develop the Plan for review and approval by the Board; and

Whereas, the Conservation Committee recommends adoption of the Tariff Section H which contains the revised Water Conservation Plan and Emergency Water Demand Management Plan.

Now therefore, be it resolved by the Board of Directors of the Yancey Water Supply Corporation:

**Section 1.** That the revised Tariff Section H. – Water Conservation and Emergency Water Demand Management Plan as recommended by the Conservation Committee is hereby adopted.

*I. Variances*

## 1. Request for variance

A person may file a written request for a variance for these restrictions with the Board of Directors. The request must contain the following information:

- a. The specific nature of the variance requested;
  - b. A detailed explanation of why the person believes they should be granted the variance, including any supporting documentation;
  - c. A signed statement that the facts contained in the request are true and within the persons personal knowledge.
  - d. The Board of Directors may request the person to provide additional information, which must be filed within ten (10) days of the request or as otherwise directed in the request.
2. When Variances may be granted
- a. The Variance is necessary to avoid an unusual, direct and substantial hardship;
  - b. There are no other reasonably available means for avoiding the hardship without a variance;
  - c. Granting the Variance is consistent with the goals of this Emergency Water Use Reduction Program;
  - d. Granting the variance will not cause significant harm to any other person or group of persons or result in the Corporation being in violation of Regulatory Requirements.
3. Terms and Conditions of Variance
- a. The Board of Directors may grant a variance for such a term and in accordance with any conditions the Board of Directors deems appropriate.
  - b. It is a term of every Variance granted by the Board of Directors that the Variance may be rescinded based on changed circumstances, new information, or failure of the holder of the Variance to abide by the terms and conditions of the Variance or to comply with these rules or any other order or rule of the Corporation.
  - c. The Board of Directors may require a person granted a Variance to file reports with the Corporation containing such information as the Board of Directors believes relevant to monitoring the continuing appropriateness of the Variance.

*J. Implementation*

The Board of Directors have established a Conservation Committee by Resolution, the Chairperson, of which, will be the responsible representative to take Emergency Reduction Use Program Actions. This Committee should also review the procedures in this Program annually so that modifications can be made to accommodate system growth.

The provisions which affect members in this Plan were adopted by the Board of Directors. These procedures will be put into effect by the Board or its designated representative.

3. STAGE III RESTRICTIONS----Aquifer level at or below 640 feet
  - a. All of the prohibitions applicable in Stage I apply in Stage III.
  - b. No person may use metered water for landscape watering on more than one watering day in any calendar week, except that landscape watering is permitted to maintain shrubs, trees, and other ornamental plants, but not grass or turf, on any day before 10:00 AM and after 8:00 PM by means of a bucket, hand held or soaker hose, or properly installed drip irrigation system. This does not apply to non-potable water, gray water, or treated effluent.
  - c. Designated watering day is Thursday. Landscape watering is not allowed between 10 AM through 8 PM.
  - d. No person may use metered water for an ornamental fountain or similar feature.
4. STAGE IV RESTRICTIONS----Aquifer level at or below 630 feet
  - a. All of the prohibitions applicable in Stage I and Stage III apply in Stage IV
  - b. No person may use metered water to fill a new swimming pool or refill an existing swimming pool.

*F. Use Necessary for Public Health or Safety*

Notwithstanding any provision of these restrictions, metered water may be used when and to the extent it is necessary to prevent danger to public health, safety, or welfare, or to the extent required by State and Federal laws.

*G. End of Emergency Use Reduction Program*

1. The Program and/or each Stage may be terminated or changed at the discretion of the Chairperson of the Conservation Committee after the trigger condition of a Stage has been exceeded and after considering the 10-day rolling average of the J-17 Index Well in Bexar County, pumping trends, current precipitation and the outlook for additional precipitation.
2. Written notice of the end of restricting use of water shall be given to members.
3. The restrictive use of water period may not exceed 60 days without extension by action of the Board of Directors.

*H. Penalties for Violations*

1. For the first violation of restrictive use of water provision, a written warning shall be issued. The Corporation may install a flow restrictor in the members service line for the second violation. The cost of this shall be the actual cost to do the work and not exceed \$75.00.
2. For subsequent violations, the Corporation may terminate service for up to seven (7) days and charge for the service call to restore service. These provisions apply to all members of the Corporation.

*D. Public Issuance of Drought Stage Declaration*

1. The declaration of a Critical Use Stage will be publicly issued by the Chairperson on the Conservation Committee. Such declaration shall be published a minimum of one (1) time in a newspaper of general circulation in Medina County.
2. Written notice declaring the Critical Use Stage shall be mailed or delivered to each affected member. The member notice shall contain the following information.
  - a. The date restricting the use of water shall begin.
  - b. The stage of restricting the use of water to be employed.
  - c. Penalty for violations of not restricting the use of water.
  - d. Area affected by the restricted use of water.

*E. Restricting the Use of Water*

Upon the declaration of a Critical Use Stage by the Chairperson of the Conservation Committee or EAA, compliance with the Emergency Water Use Reduction Program and Demand Reduction Measures shall be required and compliance with the voluntary measures shall be encouraged.

1. STAGE I RESTRICTIONS ---- Aquifer level at or below 660 feet
  - a. No person may waste metered water.
  - b. No person may use metered water for landscape watering between the hours of 10:00 AM and 8:00 PM. This Subsection does not apply to non-potable water, gray water, or treated effluent.
  - c. No person may use metered water to wash an impervious outdoor ground covering such as driveway or sidewalk unless for health or safety reasons.
  - d. Restaurants and other eating establishments are prohibited from serving metered water to customers except upon request of the customer.
  - e. Every person who owns or has possession of a swimming pool must cover the pool with an effective evaporation cover or screen, or evaporation shields covering at least 25% of the surface of the pool, when the pool is not in active use. Active use includes necessary maintenance that requires removal of the cover, screen, or shields. A swimming pool is defined as any structure, basin, chamber, or tank including hot tubs, containing an artificial body of water for swimming, diving, or recreational bathing, and having a depth of two (2) feet or more at any point.
  - f. No person may wash an automobile with metered water at a residence without the use of a hand-held hose with automatic shut-off nozzle or bucket of five (5) gallons or less.
2. STAGE II RESTRICTIONS----Aquifer level at or below 650 feet
  - a. All of the prohibitions applicable in Stage I applies in Stage II.
  - b. No person may use metered water for landscape watering on more than two watering days in any calendar week, except that landscape watering is permitted on any day before 10:00 AM and after 8:00 PM by means of a bucket, hand held or soaker hose, or properly installed drip irrigation system.
  - c. Designated watering days are Tuesday and Thursday. Landscape watering is not allowed between 10 AM through 8 PM.
  - d. No person may use metered water for an ornamental outdoor fountain or similar feature, unless the water is recycled and the only additional metered water used for the feature is to compensate for evaporative losses.
  - e. No person may wash an automobile with metered water.

*C. Emergency Water Use Reduction*

1. The Chairperson of the Conservation Committee shall determine when conditions warrant implementation of the Emergency Water Use Reduction Program. The Program is declared when the Aquifer is at or below 660 mean sea level as measured at the J-17 Index Well in Bexar County. Regardless of Aquifer level, the Chairperson of the Conservation Committee may advance stages as needed to effect compliance with pumping limit goals. The various stages shall be declared as follows:

a. Aquifer Critical Period Stage I---20% Reduction

The Chairperson of the Conservation Committee is hereby authorized to declare Stage I of the Emergency Water Use Reduction Program upon:

- (1) Water level of the J-17 Well at or below 660 mean sea level; or
- (2) Declaration of Stage I by the Edwards Aquifer Authority.
- (3) San Marcos Spring Flow less than 96 CFS
- (4) Comal Spring Flow less than 225 CFS

b. Aquifer Critical Period Stage II---30% Reduction

The Chairperson of the Conservation Committee is hereby authorized to declare Stage II of the Emergency Water Use Reduction Program upon:

- (1) Water level of the J-17 Index Well is at or below 650 mean sea level; or
- (2) Declaration of Stage II by the Edwards Aquifer Authority.
- (3) San Marcos Spring Flow less than 80 CFS
- (4) Comal Spring Flow less than 200 CFS

c. Aquifer Critical Period Stage III---35% Reduction

The Chairperson of the Conservation Committee is hereby authorized to declare Stage III of the Emergency Water Use Reduction Program upon:

- (1) Water level of the J-17 Index Well is at or below 640 mean sea level; or
- (2) Declaration of Stage III by the Edwards Aquifer Authority.
- (3) Comal Spring Flow less than 150 CFS

d. Aquifer Critical Period Stage IV---40% Reduction

The Chairperson of the Conservation Committee is hereby authorized to declare Stage IV of the Emergency Water Use Reduction Program upon:

- (1) Water level of the J-17 Index Well is at or below 630 sea level; or
- (2) Declaration of Stage IV by the Edwards Aquifer Authority.
- (3) Comal Spring Flow less than 100 CFS

### *B. Plan Implementation*

The Corporation will implement the Water Conservation Plan and Emergency Demand Management Plan by Resolution of the Board of Directors. The Resolution designates responsibilities to implement the plan.

### *C. Future Planning*

A Conservation Committee consisting of two Board members and the Manager will monitor water usage patterns, implement a public information program and make recommendations to the Board for future water conservation efforts.

## III. EMERGENCY WATER DEMAND MANAGEMENT PLAN

### *A. Introduction*

The goal of this Plan is to cause a reduction in water use in response to emergency conditions so the water availability can be preserved. Since emergency conditions can occur rapidly, responses must also be enacted quickly. This Plan has been prepared in advance considering conditions that will initiate and terminate emergency water use reduction. This Plan will cause a reduction in water use by complying with the Critical Period Management Rules established by the Edwards Aquifer Authority.

### *B. Demand Reduction Measures*

TABLE 1

Trigger (based on 10-day average)	Critical Use Stage I	Critical Use Stage II	Critical Use Stage III	Critical Use Stage IV
Index Well J-17 Level (MSL) Bexar County	<660	<650	<640	<630
San Marcos Springs Flow (CFS)	<96	<80	N/A	N/A
Comal Springs Flow (CFS)	<225	<200	<150	<100
Withdrawal Reduction	20%	30%	35%	40%

The various reduction stages of this Plan is triggered when the 10-day average of the rate of spring flow at either the Comal or San Marcos springs, or aquifer level readings at the J-17 Index Well in Bexar County drop below the Stage I trigger level. Likewise, a more restrictive Stage is activated by any one of these triggers. Table 1 shows the various reduction stages.

### 3. Small Meter Replacement Program:

The Corporation has adopted a plan to replace all small meters that have been in place at least five (5) years.

### 4. Information Programs:

The Corporation shall develop a New Member Packet which will include Conservation Information materials. This packet shall be provided to new members when they apply for service. Distribution of educational materials will be made semi-annually, timed to correspond with peak summer demand periods. Such material will incorporate information available from the American Water Works Association (AWWA), Texas Water Development Board (TWDB), Texas Rural Water Association (TRWA) and other similar associations in order to expand the scope of this project.

### 5. Leak Detection And Repair:

The Corporation will utilize modern leak detection techniques in locating and reducing leaks. The Corporation will audit and identify excessive usage and take steps to determine whether it is a result of leakage. Members of the Corporation faithfully report suspected water system leaks. Once located, all leaks will be immediately repaired. A continuous leak detection and repair program has been adopted and is a vital part of the day to day operations of the Corporation.

### 6. Pressure Reduction:

Pressure reduction is used to save water by reducing the amount of water flow throughout the distribution system. There are fourteen pressure reducing stations throughout the Corporation's water system. Lower pressure is used to reduce pipe joint failures and water flow in leaks is reduced. A regulator will be installed at each meter to maintain the water pressure to the customer at or about 45 PSI.

### 7. Members Responsibilities:

Since the Corporation is owned by the membership, members play a major role in conserving water. Without ordinance making authority the Board is somewhat limited in power to implement water conservation policies. The Board will encourage members to conserve water in the following ways:

- Members are responsible for reading meters and reporting the monthly water usage. This alerts the members to unusual water usages and they can take action immediately to correct the problem.
- Encourage retrofitting of plumbing fixtures with low water use units.
- Encourage members to identify and correct water wasting habits.
- Encourage members to repair household and outside water leaks as soon as possible.
- Encourage members to follow applicable lawn watering guides.

### 8. Alternate Source of Water:

The Corporation is investigating the development of another source of groundwater other than the Edwards Aquifer. The quality and quantity of the water are major factors that determine the feasibility to develop another groundwater source.

5. Insure that discretionary use demand for water does not exceed the amount available allowed by the pumping permit.

### *C. Contractual Obligations*

The Corporation is obligated by law to comply with the Edwards Aquifer Authority Critical Period Management Rules and Groundwater Withdrawal Rules. The Corporation Board does not actually have ordinance making authority to enforce water restrictions. However, the Corporation has adopted an Emergency Water Demand Management Plan which contains applicable water restrictions rules established by the Edwards Aquifer Authority.

The Edwards Aquifer Authority has proposed a Groundwater Withdrawal Permit which is at least 40% short of the Corporation's water needs. In order to acquire water to meet these needs, the Corporation must enter into lease or purchase contracts to obtain the water rights.

The Texas Water Development Board has loans to install water systems. The Corporation will need a loan to develop an alternative source of water. A Water Conservation Plan is a requirement before securing a loan with the Texas Water Development Board. This Plan, adopted by Board resolution, will be forwarded to the Texas Water Development Board staff for review and approval prior to applying for a loan.

## **II. WATER CONSERVATION PLAN**

### *A. Plan Elements*

The Plan has eight elements enacted as policies of the Board of Directors by Resolution. The Conservation Committee should periodically review these policies, make necessary revisions and recommend the adoption of the revisions. The Board of Directors will act on the recommendations of the Conservation Committee.

#### **1. Conservation Oriented Water Rates:**

The water rate structure adopted by the Corporation is an increasing block rate scheduled to encourage continuous water conservation. The rate structure contains two service availability fees. One for the Original System and the other for the Extension. The service availability fees were determined by the cost to finance the construction of the Original and Extension System plus a Water Acquisition Fee. The Service Availability Fee does not include a base usage. The gallonage charge can be found in Section G, Rates and Service Fees, of the Tariff.

#### **2. Universal Metering And Repair Program:**

All members on the system are metered. Master metering will be allowed under certain situations (RV Parks) however, the need for master meters is very limited. Generally meter repairs are not warranted since the Corporation has an adopted meter replacement program. However, the Corporation will test a member's meter upon their request and the "Meter Test Authorization and Test Report" is included in Appendix 1 Forms.

Large meters at the well sites are checked annually to insure that they are accurate to within acceptable levels.

## SECTION H. WATER CONSERVATION AND EMERGENCY WATER DEMAND MANAGEMENT PLAN

### I. INTRODUCTION

#### A. Description of Planning Area and Water System

Yancey Water Supply Corporation is a member owned, non-profit water supply corporation formed under the provisions of Texas Revised Civil Statute Annotated, Article 1434 a. as supplemented by the Texas Non-profit Corporation Act, Tex. Rev. Div. Stat. Ann., Article 1396, for the purpose of furnishing a potable water utility service. The Corporation provides potable water service in an approximately five hundred (500) square mile area with approximately seven hundred fifty (750) miles of water mains.

The Corporation has a service area, noted on C.C.N. #11463, which covers a bounded area located approximately eleven (11) miles Northeast of downtown Castroville, Texas on Farm to Market Road 1957. The service area is generally bounded on the East by the Medina/Bexar County line, on the South by FM-1957, and on the West and North by FM-471 in Medina County, Texas.

The certificate also covers facilities plus 200 feet service area which is located approximately one (1) mile East, as well as, one (1) mile south of downtown Hondo, Texas. The service area is generally located along portions of U.S. Highway 90, State Highway 173, Farm to Market Roads 462, 471, 1283, 2200, 2676, and various county roads in Frio and Medina counties, Texas.

The service area is not within the corporate limits of any city but borders the extra-territorial jurisdiction of the cities of Castroville, Devine, Hondo, and San Antonio, Texas. There are approximately one thousand five hundred (1,500) service connections in the area. Predominant consumption is for livestock and domestic use. Water service is provided to a few businesses East of the city of Hondo along U.S. Highway 90. Presently the Edwards Aquifer is the only source of water.

#### B. Goals Of The Plan

This Plan has two components: The long term Water Conservation Plan, and the Emergency Water Demand Management Plan. These Plans have been reviewed and approved by the Texas Water Development Board, Edwards Aquifer Authority and The Corporation's Board of Directors. All Plans have been implemented by a Resolution of the Board. A copy of this Resolution is an appendix to this Plan. The Plan, the methods of implementation and the actions to carry out the Plan constitutes the Water Conservation Program.

The goals of the Water Conservation Program are to establish a set of Policies to:

1. Comply with the Edwards Aquifer Authority Critical Period Management Rules by 1999.
2. By the year 2000, assemble and distribute water saving information to encourage water conserving practices.
3. Complete investigations to develop alternative sources of water by the year 2001.
4. Reduce the unaccounted for water to ten (10) percent or less by the year 2005.

## BASIC METER COST:

	5/8"	3/4"	1"	1 1/2"	2"	3"	4"
MEMBERSHIP	100.00	100.00	100.00	100.00	100.00	100.00	100.00
EQUITY BUY IN	950.00	1,425.00	2,375.00	4,750.00	7,600.00	15,200.00	23,750.00
CONNECTION	350.00	425.00	550.00	700.00	900.00	1,200.00	1,600.00
INSTALLATION	250.00	375.00	450.00	850.00	1,500.00	2,000.00	2,000.00
WATER ACQ FEE	3,700.00	5,550.00	9,250.00	18,500.00	29,600.00	59,200.00	92,500.00
HYDRAULIC STUDY	125.00	125.00	125.00	125.00	125.00	125.00	125.00
CUSTOMER SERVICE INSPECTION	25.00	25.00	25.00	25.00	25.00	25.00	25.00
TOTAL BASIC COST	5,500.00	8,025.00	12,875.00	25,050.00	39,850.00	77,850.00	120,100.00
MONTHLY MINIMUM	30.00	45.00	75.00	150.00	240.00	480.00	750.00

DOES NOT INCLUDE ROAD CROSSINGS, ROAD BORES, EXTENSIONS, ETC.

NOTE: CONNECTION COST MAY INCREASE DUE TO MATERIAL COSTS

ALL METER REQUEST REQUIRE HYDRAULIC STUDY

17. **Customer History Report Fee.** A fee of \$1.00 shall be charged to provide a copy of the Members record of past water purchases in response to a Member's request for such a record.
18. **Meter Test Fee.** The Corporation shall test a Member's meter upon written request of the Member. The cost of testing, other than by the Corporation, shall be imposed on the affected account.
19. **Transfer Fee.** An Applicant for service who is a Transferee shall complete all required application forms, etc., and pay a Transfer Fee of \$40.00.
20. **Non-Disclosure Fee.** A fee of \$\_\_\_\_\_.00 shall be assessed any customer requesting in writing that personal information under the terms of this tariff not be disclosed to the public.
21. **Information Copy Fee.** A fee for the copying of any public information will be charged to the person requesting that information in compliance with the cost rules of the Texas Government Code Section 552.261 et. seq.
22. **Customer Service Inspection Fee.** A fee of \$25.00 will be assessed each Applicant before permanent continuous service is provided to new construction.
23. **Regulatory Assessment (TCEQ).** A fee of 0.5% of the water service billed plus .20 will be assessed each customer; this assessment is required under Texas law and TCEQ regulations. **NOTE:** The regulatory assessment is not to be collected from state agencies, wholesale customers, or buyers of non-potable (not drinkable) water. (Ref. TCEQ RG-199 revised Oct. 2002; TCEQ Section 291.76 (c))
24. **Additional Assessments (EAA).** In the event any federal, state or local government imposes a fee on the Corporation, this fee or assessment will be billed and collected as a "pass through" charge to the customer. Currently the only other Assessment is Edwards Aquifer Authority at \$.40 per 1000 gallons used per month.
25. **Automated Meter Read Fee.** The Corporation shall charge an Automated Meter Read (AMR) fee to all new meter connections, meter replacements, transferred or moved meters. A \$5.00 AMR fee will be charged for a 5 year period, beginning with the actual installation of the AMR meter. After a period of 5 years, or the member has paid \$300.00, the monthly AMR fee shall be suspended (Approved 1/13/2009, effective 2/1/2009)
26. **Water Acquisition Charge.** The Corporation shall charge all new applicants to acquire water by leasing or purchasing water rights. Each charge is based on the 5/8" meter equivalent or service unit for which service has been requested. Periodically, the charge may be increased or decreased by the Board of Directors depending on current water rights cost. The Water Acquisition Charge for different size meters is listed in a chart at the end of this section.
27. **Other Fees.** All services outside the normal scope of utility operations that the Corporation may be compelled to provide at the request of a customer or Member shall be charged to the recipient based on the cost of providing such service.
28. **Initial Installation Charges.** Initial charges for metered service include Equity Buy-In, Water Acquisition, Connection and Installation, The following chart shows initial installation charges for the different size meters.

**NOTE:** The Corporation cannot charge political subdivisions and state agencies the late payment fee. (Texas Government Code Chapter 2251.021 and Sec. E.16)

9. **Owner Notification Fee.** The Corporation may, at the expense of the Member, notify said Member of a renter/lessee delinquent account status prior to disconnection of service. The Owner Notification Fee shall be \$\_\_\_\_\_.00 per notification. (See Miscellaneous Transaction Forms.)
10. **Mortgagee/Guarantor Notification Fee.** The Corporation shall assess a fee of \$\_\_\_\_\_.00 for each notification to a Membership lien-holder under agreement prior to Membership cancellation. (See Miscellaneous Transaction Forms.)
11. **Returned Check Fee.** In the event a check, draft, or any other similar instrument is given by a person, firm, corporation, or partnership to the Corporation for payment of services provided for in this Tariff, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge of \$30.00. (See Miscellaneous Transaction Forms)
12. **Reconnect Fee.** The Corporation shall charge a fee of \$50.00 for reconnecting service after the Corporation has previously disconnected the service for any reason provided for in this Tariff except for activation of service under Section E 5 b Re-Service.
13. **Seasonal Reconnect Fee** – Base Rate multiplied by the number of months during which service is suspended, not to exceed nine (9) months during any twelve (12) consecutive months.
14. **Service Trip Fee.** The Corporation shall charge a trip fee of \$25.00 for any service call or trip to the Member's tap as a result of a request by the Member or resident for response to damage of the Corporation's or another Member's facilities, for customer service inspections due to suspicion of meter tampering, bypass or diversion of service, or for the purpose of disconnecting or collecting payment for services. For service trips that extend beyond one hour, such as when an extended line location is required, the Corporation shall charge \$50.00 per employee per hour for each additional hour required.
15. **Equipment Damage Fee.** If the Corporation's facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, and other Corporation actions. This fee shall be charged and paid before service is re-established. If the Corporation's equipment has not been damaged, a fee equal to the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority shall be charged. All components of this fee will be itemized, and a statement shall be provided to the Member. If the Corporation's facilities or equipment have been damaged due to negligence or unauthorized use of the Corporation's equipment, right-of-way, or meter shut-off valve, or due to other acts for which the Corporation incurs losses or damages, the Member shall be liable for all labor and material charges incurred as a result of said acts or negligence.
16. **Meter Tampering and Damage to Property Penalty.** In addition to the Equipment Damage Fee, the Corporation may charge a penalty for "Tampering" as defined in Section E 23. The penalty may only be assessed against the person who committed the Tampering. An owner cannot be assessed for the Tampering committed by their tenant. The penalty shall not exceed six (6) times the Base Rate.

5,001 to 10,000 gals.....	\$3.35 / 1,000 gals
10,001 to 15,000 gals.....	\$3.85 / 1,000 gals
15,001 to 20,000 gals.....	\$4.35 / 1,000 gals
20,001 to 25,000 gals.....	\$5.85 / 1,000 gals
25,001 to 30,000 gals.....	\$6.35 / 1,000 gals
30,001 to 40,000 gals.....	\$7.35 / 1,000 gals
40,001 to 50,000 gals.....	\$8.10 / 1,000 gals
50,001 to 60,000 gals.....	\$8.60 / 1,000 gals
60,001 plus .....	\$9.10 / 1,000 gals

## Stage III

Zero to 2,000 gals.....	\$2.20 / 1,000 gals
2,001 to 5,000 gals.....	\$2.65 / 1,000 gals
5,001 to 10,000 gals.....	\$3.35 / 1,000 gals
10,001 to 15,000 gals.....	\$3.85 / 1,000 gals
15,001 to 20,000 gals.....	\$4.35 / 1,000 gals
20,001 to 25,000 gals.....	\$5.85 / 1,000 gals
25,001 to 30,000 gals.....	\$6.35 / 1,000 gals
30,001 to 40,000 gals.....	\$7.35 / 1,000 gals
40,001 to 50,000 gals.....	\$8.10 / 1,000 gals
50,001 to 60,000 gals.....	\$9.60 / 1,000 gals
60,001 plus .....	\$10.10 / 1,000 gals

## Stage IV

Zero to 2,000 gals.....	\$2.20 / 1,000 gals
2,001 to 5,000 gals.....	\$2.65 / 1,000 gals
5,001 to 10,000 gals.....	\$3.35 / 1,000 gals
10,001 to 15,000 gals.....	\$3.85 / 1,000 gals
15,001 to 20,000 gals.....	\$4.35 / 1,000 gals
20,001 to 25,000 gals.....	\$5.85 / 1,000 gals
25,001 to 30,000 gals.....	\$6.35 / 1,000 gals
30,001 to 40,000 gals.....	\$7.35 / 1,000 gals
40,001 to 50,000 gals.....	\$8.10 / 1,000 gals
50,001 to 60,000 gals.....	\$10.10 / 1,000 gals
60,001 plus .....	\$10.60 / 1,000 gals

(2) The Corporation shall, as required by Texas Water Code Section 5.701, collect from each of its retail customers a regulatory assessment equal to one-half of one percent of the charge for retail water service. This charge shall be collected in addition to other charges for utility service. This fee is collected on all charges pertaining to Section G 6 Monthly Charges of this Tariff. (16 TAC 291.76(d))

7. **Assessments.** If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water or wastewater charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by Rural Development, so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all costs of the operation, maintenance, replacement and repayment on indebtedness for the year's operations. (See Article XVIII of USDA Model Bylaws, Section 1)
8. **Late Payment Fee.** Once per billing period, a penalty of \$15.00, shall be applied to delinquent bills. This late payment penalty shall not be applied to any balance to which the penalty was applied in a previous billing, but shall be applied to any unpaid balance during the current billing period.

5. **Equity Buy-In Fee.** In addition to the Membership Fee, each Applicant for new service that requires a new service tap shall be required to achieve parity with the contributions to the construction of the Corporation's facilities capacity that have been made previously by existing Members. This fee shall be assessed immediately prior to providing service on a per service unit basis for each service requested and shall be assigned and restricted to that property for which the service was originally requested. This fee shall be set aside for future capacity improvements such as line upgrades, new tanks, treatment, or production. The Equity Buy-In Fee for a regular 5/8" meter is \$950.00. The Equity Buy-In Fee for different sized meters is listed in a chart at the end of this section.

6. **Monthly Charges.**

a. **Base Rate**

- (1) **Water Service** - The monthly charge for standard metered water service is for a 5/8" by 3/4" meter. The 5/8" X 3/4" meter charge is used as a base multiplier for larger non-standard meters in accordance with the following chart based on American Water Works Association maximum continuous flow specifications:

METER SIZE	5/8" X 3/4" METER EQUIVALENTS	MONTHLY RATE
5/8"	1.0	\$30.00
3/4"	1.5	\$45.00
1"	2.5	\$75.00
1 1/2"	5	\$150.00
2"	8.0	\$240.00
3" Compound	16.0	\$480.00
3" MVIDS	15.0	\$450.00
4" Compound	25.0	\$750.00

Initial installation charges associated with the different size meters are listed at the end of this Section.

- b. **Gallage Charge** - In addition to the Base Rate, a gallage charge shall be added at the following rates for usage during any one (1) billing period.

(1) **Water - Drought Restrictions I - IV**

Stage I (Regular)

Zero to 2,000 gals.....	\$2.20 / 1,000 gals
2,001 to 5,000 gals.....	\$2.65 / 1,000 gals
5,001 to 10,000 gals.....	\$3.35 / 1,000 gals
10,001 to 15,000 gals.....	\$3.85 / 1,000 gals
15,001 to 20,000 gals.....	\$4.35 / 1,000 gals
20,001 to 25,000 gals.....	\$4.85 / 1,000 gals
25,001 to 30,000 gals.....	\$5.35 / 1,000 gals
30,001 to 35,000 gals.....	\$5.85 / 1,000 gals
35,001 to 40,000 gals.....	\$6.35 / 1,000 gals
40,001 to 45,000 gals.....	\$6.85 / 1,000 gals
45,001 plus .....	\$7.35 / 1,000 gals

Stage II

Zero to 2,000 gals.....	\$2.20 / 1,000 gals
2,001 to 5,000 gals.....	\$2.65 / 1,000 gals

## **SECTION G. RATES AND SERVICE FEES**

Unless specifically defined in this Tariff, all fees, rates, and charges as stated shall be non-refundable.

1. ***Hydraulic Study Fee.*** The Corporation shall have a hydraulic study conducted for each service application submitted at the Corporation office. An initial determination shall be made by the Corporation, without charge, as to whether the service request is Standard or Non-Standard. A hydraulic study shall then be conducted and the results reported.
  - a. All Standard and Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with the study of the Corporation's ability to deliver service to the Applicant to:
    - (1) provide cost estimates of the project,
    - (2) to present detailed plans and specifications as per final plat,
    - (3) to advertise and accept bids for the project, if needed,
    - (4) to present a Standard or Non-Standard Service Contract to the Applicant, and
    - (5) to provide other services as required by the Corporation for such study. A Standard or Non-Standard Service Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project. (See Section F. for Non-Standard Service Contract details)
2. ***Membership Fee.*** At the time the application for service is approved, a refundable Membership Fee must be paid for each service requested before service shall be provided or reserved for the Applicant by the Corporation. The membership fee cannot be more than 12 times the minimum monthly base rate.
  - a. The Membership Fee for water service is \$100.00 for each service unit.
3. ***Easement Fee.*** When the Corporation determines that private right-of-way easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to make good faith efforts to secure easements in behalf of the Corporation and/or pay all costs incurred by the Corporation in validating, clearing, and retaining such right-of-way in addition to tap fees otherwise required pursuant to the provisions of this Tariff. The costs may include all legal fees and expenses necessary to attempt to secure such right-of-way and/or facilities sites in behalf of the Applicant. (Section E 3, Section F 8 b)
4. ***Installation and Connection Fees.*** The Corporation shall charge an installation and connection fees for service as follows:
  - a. **Standard Service** shall include all current labor, materials, engineering, legal, customer service inspection, and administrative costs necessary to provide individual metered water or wastewater service and shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed. The minimum Installation Fee for a regular 5/8' meter is \$250.00. The minimum Connection Fee for a regular 5/8' meter is \$350.00. The Installation and Connection Fees for different size meters are listed in a chart at the end of this section.
  - b. **Non-Standard Service** shall include any and all construction labor and materials, inspection, administration, legal, and engineering fees, as determined by the Corporation under the rules of Section F of this Tariff.
  - c. Standard and Non-Standard Service Installations shall include all costs of any pipeline relocations as per Section E 3 e of this Tariff.