



Control Number: 52206



Item Number: 1

Addendum StartPage: 0



INTEGRITY
EXCELLENCE
TRUST

May 28, 2021

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
PO Box 13326
Austin, TX 78711-3326
512-936-7000

52206

RE: SUN Water Supply Corporation
Application to Amend a Water Certificate of Convenience and Necessity (CCN)
CCN #11139

Dear Reviewer:

Attached to this letter, please find the required seven copies of the application and attachments to amend the existing CCN for SUN Water Supply Corporation. The existing CCN area is based upon facilities plus 200 feet, and the additional area indicated in this amendment request will also be for facilities plus 200 feet.

The information detailed in the Application to Obtain or Amend (March 2018) has been provided as required in the form with the following exception or comment:

Part E: Financial Information, Question #30

This question asks for financial information. SUN WSC is an existing retail public utility; therefore, the previous fiscal year financial audit is available, and a copy has been included as attachment #11. This question also states that projected financial information may be required if new connections are proposed or if requested by Commission Staff. SUN WSC has indicated that the corporation does not prepare a yearly budget or other type of projected financial forecast or information. Should Commission staff determine that this projected information is required, SUN WSC can have a financial projected prepared and submitted to be included with the application.

If there are any questions, comments, or further information required during the application review process, please feel free to contact me by phone at (325) 695-1070 or by email at lvandiest@jacobmartin.com.

Sincerely,

Luke Van Diest, P.E.



info@jacobmartin.com
www.jacobmartin.com



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Abilene, TX 79606
325.695.1070

1508 Santa Fe, Suite 203
Weatherford, TX 76086
817.594.9880

4920 S. Loop 289, Suite 104
Lubbock, TX 79414
806.368.6375



TBPE Firm #: 2448
TBAE Firm #: BR 2261
TBPLS Firm #: 10194493

SUN WATER SUPPLY CORPORATION

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PUBLIC UTILITY COMMISSION
FILING CLERK

CCN Amendment

CCN # 11139

May 2021



Firm #2448

Project #: 14-11553



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TBPE Firm #: 2448 | TBPELS Firm #: 10194493 - Abilene | TBPELS Firm #: 10194590 - Weatherford | TBAE Firm #: BR 2261



Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

*Pursuant to 16 Texas Administrative Code (TAC) Chapter 24, Substantive Rules Applicable to Water and Sewer
Service Providers, Subchapter G: Certificates of Convenience and Necessity*

CCN Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, you should adhere to the following:
- Answer every question and submit all required attachments.
 - Use attachments or additional pages if needed to answer any question. If you use attachments or additional pages, reference their inclusion in the form.
 - Provide all mapping information as detailed in Part F: Mapping & Affidavits.
 - Provide any other necessary approvals from the Texas Commission on Environmental Quality (TCEQ), or evidence that a request for approval is being sought at the time of filing with the Commission.
- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
- SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (NOTE: Electronic documents may be sent in advance of the paper copy; however, they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records.)
- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
- DEFICIENT (Administratively Incomplete):** Applicant will be ordered to provide information to cure the deficiencies by a certain date (usually 30 days from ALJ's order). ***Application is not accepted for filing.***
 - SUFFICIENT (Administratively Complete):** Applicant will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. ***Application is accepted for filing.***
- IV. Once the Applicant issues notice, a copy of the actual notice sent (including any map) and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may choose to take one of the following actions:
- HEARING ON THE MERITS:** an affected party may request a hearing on the application. The request must be made within 30 days of notice. If this occurs, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
 - LANDOWNER OPT-OUT:** A landowner owning a qualifying tract of land (25+ acres) may request to have their land removed from the requested area. The Applicant will be requested to amend its application and file new mapping information to remove the landowner's tract of land, in conformity with this request.
- V. **PROCEDURAL SCHEDULE:** Following the issuance of notice and the filing of proof of notice in step 4, the application will be granted a procedural schedule for final processing. During this time the Applicant must respond to hearing requests, landowner opt-out requests, and requests for information (RFI). The Applicant will be requested to provide written consent to the proposed maps, certificates, and tariff (if applicable) once all other requests have been resolved.
- VI. **FINAL RECOMMENDATION:** After receiving all required documents from the Applicant, Staff will file a recommendation on the CCN request. The ALJ will issue a final order after Staff's recommendation is filed.

FAQ:

Who can use this form?

Any retail public utility that provides or intends to provide retail water or wastewater utility service in Texas.

Who is required to use this form?

A retail public utility that is an investor owned utility (IOU) or a water supply corporation (WSC) must use this form to obtain or amend a CCN prior to providing retail water or sewer utility service in the requested area.

What is the purpose of the application?

A CCN Applicant is required to demonstrate financial, managerial, and technical (FMT) capability to provide continuous and adequate service to any requested area. The questions in the application are structured to support an Applicant's FMT capabilities, consistent with the regulatory requirements.

Application Summary

Applicant: SUN Water Supply Corporation

CCN No. to be amended: 11139

or ☐ Obtain NEW CCN ☐ Water ☐ Sewer

County(ies) affected by this application: Taylor, Jones, & Fisher

Dual CCN requested with: n/a

CCN No.: n/a (name of retail public utility) ☐ Portion or ☐ All of requested area

Decertification of CCN for: n/a

CCN No.: n/a (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
<input checked="" type="checkbox"/> Certificate of Account Status	Part A: Question 4
<input type="checkbox"/> Franchise, Permit, or Consent letter	Part B: Question 7
<input type="checkbox"/> Existing Infrastructure Map	Part B: Question 8
<input checked="" 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 checked="" 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 checked="" type="checkbox"/> Enforcement Action Correspondence	Part C: Question 16
<input checked="" type="checkbox"/> TCEQ Compliance Correspondence	Part D: Question 20
<input checked="" 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
<input checked="" type="checkbox"/> Financial Audit	Part E: Question 30
<input 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
<input checked="" type="checkbox"/> General Location (small scale) Map	Part F: Question 32
<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: SUN Water Supply Corporation
(individual, corporation, or other legal entity)
☐ Individual ☐ Corporation ☒ WSC ☐ Other: _____
- B. Mailing Address: 135 Edwards Street
PO Box 217, Merkel, TX 79536
Phone No.: (325) 928-5406 Email: sunwsc@windstream.net
- 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: Finley Barnett Title: General Mgr.
Mailing Address: PO Box 217, Merkel, TX 79536
Phone No.: (325) 928-5406 Email: sunwsc@windstream.net
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): 00307768-01
☒ Articles of Incorporation and By-Laws established (*attach*)
☐ 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: n/a

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.

Service is proposed to be extended into a rural area with land use geared mainly towards agriculture. By providing water service to these new areas, additional housing development may occur. No dual certification or de-certification of an existing service area is requested.

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:

Proposed new service area is not currently part of a CCN. Many residents in the new area have made a deposit to request new water service meters once the project is complete.

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

Homes and livestock in the area depend on groundwater sources for water in this new area. The quality of groundwater in this area is less than ideal, and drought conditions can deplete the volume of water available for use.

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?

☐ Yes* ☒ No *Attach copies of any reports and market studies supporting growth

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: 09/09/2020 & 09/21/2020

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

January 2022 - Advertise project for bidding and award construction contracts
January 2023 - Construction completed

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

Funding commitment received from USDA Rural Development for \$11 million project.

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:

N/A, proposed expansion of system will not be physically separated from existing system.

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

☐ 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.

See attachment #5.

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:

Quality of potable water available to new service area will improve. As mentioned previously, the area is currently not served by another water utility.

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

See attachment #6.

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:

As part of a funding requirement from USDA Rural Development, an environmental assessment was done to assess the impacts of the project. The assessment was reviewed & approved by USDA in November 2016.

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

Service is available to anyone, provided they are willing to make the deposit for a new meter.

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:

Bitter Creek WSC, Blair WSC, City of Trent, Sylvester McCauley WSC, City of Anson, Hawley WSC, City of Tye, City of Abilene, City of Merkel

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:
2210015	SUN WSC	5/2/2016	

*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-			
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: 2210015

WQ -

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

Water				Sewer	
	Non-metered		2"		Residential
975	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:			975	Total Sewer Connections:	

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

Water				Sewer	
	Non-metered		2"		Residential
111	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:			113	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: Bitter Creek WSC & City of Abilene

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:	150,000,000	100%
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
William Finley Barnett	Surface WTP Operator, C	WS0003781	Water
Carlos Ugalde	Water Dist. Operator, C	WD0011572	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):

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:
Pump Station, Storage, and water line improvements	1/1/2023	\$ 11,000,000.00

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.

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.

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

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)

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**

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.

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.

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:
 - 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:
 - 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: 3,082

Number of customer connections in the requested area: 113

The closest city or town: Merkel, TX

Approximate mileage to closest city or town center: 15

Direction to closest city or town: South

The requested area is generally bounded on the North by: US Hwy 180

on the East by: FM 707

on the South by: Interstate 20

on the West by: FM 1085

34. A copy of the proposed map will be available at SUN WSC Office, 135 Edwards, Merkel, TX

Applicant's Oath

STATE OF Texas

COUNTY OF Taylor

I, Greg Henderson being duly sworn, file this application to
obtain or amend a water or sewer CCN, as 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.

Greg Henderson

AFFIANT

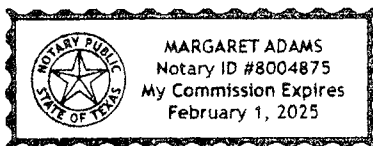
(Utility's Authorized Representative)

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 28th of May, 2021

SEAL



Margaret Adams

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

MARGARET ADAMS

PRINT OR TYPE NAME OF NOTARY

My commission expires: 2/1/2025

Appendix A: Historical Financial Information (Balance Sheet and Income Schedule)

(Audited financial statements may be substituted for this schedule – see item 29 of the instructions)

HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Other						
A. Total Current Assets						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
B. Total Fixed Assets						
C. TOTAL Assets (A + B)						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
D. Total Current Liabilities						
LONG TERM LIABILITIES						
Notes Payable, Long-term						
Other						
E. Total Long Term Liabilities						
F. TOTAL LIABILITIES (D + E)						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
G. TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES+EQUITY (F + G) = C						
WORKING CAPITAL (A – D)						
CURRENT RATIO (A / D)						
DEBT TO EQUITY RATIO (E / G)						

DO NOT INCLUDE ATTACHMENTS A OR B IF LEFT BLANK

HISTORICAL NET INCOME INFORMATION						
(ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Revenue per Meter (use for projections)						
Expense per Meter (use for projections)						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Revenues- Base Rate & Gallonage Fees						
Other (Tap, reconnect, transfer fees, etc.)						
Gross Income						
EXPENSES						
General & Administrative (see schedule)						
Operating (see schedule)						
Interest						
Other (list)						
NET INCOME						

HISTORICAL EXPENSE INFORMATION (ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries & Benefits–Office/Management						
Office (services, rentals, supplies, electricity)						
Contract Labor						
Transportation						
Insurance						
Telephone						
Utilities						
Property Taxes						
Professional Services/Fees (recurring)						
Regulatory- other						
Other (describe)						
Interest						
Other						
Total General Admin. Expenses (G&A)						
% Increase Per Year	0%	0%	0%	0%	0%	0%
OPERATIONS & MAINTENANCE EXPENSES						
Salaries & Benefits (Employee, Management)						
Materials & Supplies						
Utilities Expense-office						
Contract Labor						
Transportation Expense						
Depreciation Expense						
Other(describe)						
Total Operational Expenses (O&M)						
Total Expense (Total G&A + O&M)						
Historical % Increase Per Year	0.00%	0 00%	0 00%	0.00%	0.00%	0.00%
ASSUMPTIONS						
Interest Rate/Terms						
Depreciation Schedule (attach)						
Other assumptions/information (List all)						

Appendix B: Projected Information

HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
A. Total Current Assets						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
B. Total Fixed Assets						
C. TOTAL Assets (A + B)						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
D. Total Current Liabilities						
LONG TERM LIABILITIES						
Notes Payable, Long-term						
Other						
E. Total Long Term Liabilities						
F. TOTAL LIABILITIES (D + E)						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
G. TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES+EQUITY (F + G) = C						
WORKING CAPITAL (A – D)						
CURRENT RATIO (A / D)						
DEBT TO EQUITY RATIO (F / G)						

PROJECTED NET INCOME INFORMATION						
(ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Revenue per Meter (use for projections)						
Expense per Meter (use for projections)						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Revenues- Base Rate & Gallonage Fees						
Other (Tap, reconnect, transfer fees, etc.)						
Gross Income						
EXPENSES						
General & Administrative (see schedule)						
Operating (see schedule)						
Interest						
Other (list)						
NET INCOME						

PROJECTED EXPENSE DETAIL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office						
Computer						
Auto						
Insurance						
Telephone						
Utilities						
Depreciation						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per projected Year	0%	0%	0%	0%	0%	0%
OPERATIONAL EXPENSES						
Salaries						
Auto						
Utilities						
Depreciation						
Repair & Maintenance						
Supplies						
Other						
Total						

PROJECTED SOURCES AND USES OF CASH STATEMENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income						
Depreciation (If funded by revenues of system)						
Loan Proceeds						
Other						
Total Sources						
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
Total Uses						
NET CASH FLOW						
DEBT SERVICE COVERAGE						
Cash Available for Debt (CADS)						
A: Net Income (Loss)						
B: Depreciation, or Reserve Interest						
C: Total CADS (A + B = C)						
D: DEBT SERVICE						
Annual Principle Plus Interest						
E: DEBT SERVICE COVERAGE RATIO						
CADS Divided by DS (E = C / D)						

ATTACHMENT #1

PART A

QUESTION #4

ARTICLES OF INCORPORATION & BY-LAWS

ARTICLES OF INCORPORATION

OF

S. U. WATER SUPPLY CORPORATION

FILED
In the Office of the
Secretary of State of Texas

JUN 6 1972

THE STATE OF TEXAS X
COUNTY OF TAYLOR X

KNOW ALL MEN BY THESE PRESENTS:

[Signature]
Deputy Director, Corporation Division

We, the undersigned natural persons of the age of twenty-one (21) years or more, 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 S. U. 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 communities of Stith, Union Ridge,

and Woodle, Texas, and the surrounding rural areas. The places where the business of the Corporation is to be transacted shall be in the Stith, Union Ridge and Woodle Communities in both Taylor and Jones Counties, Texas, and the surrounding rural areas.

ARTICLE V.

The street address of the initial registered office of the Corporation is P.O. Box 334, Merkel, Texas 79536, and the name of its initial registered agent at such address is Vincent Barnett.

ARTICLE VI.

The number of directors constituting the initial Board of Directors of the Corporation is seven (7), and the name and address of the persons who are to serve as the initial directors are:

Vincent Barnett, P.O. Box 334, Merkel, Texas 79536

Joe McDuff, Route #2, Merkel, Texas 79536

Cramer Reynolds, Route #2, Merkel, Texas 79536

Billy Boyd Tarpley, Route #3, Merkel, Texas 79536

Robert Higgins, Route #3, Merkel, Texas 79536

Jimmy Russell, Route #2, Merkel, Texas 79536

Wilmer Criswell, Route #3, Merkel, Texas 79536

ARTICLE VII.

The name and street address of each incorporator is:

Vincent Barnett, P.O. Box 344, Merkel, Texas 79536

Joe McDuff, Route #2, Merkel, Texas 79536

Cramer Reynolds, Route #2, Merkel, Texas 79536

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

ARTICLE VIII.

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

IN WITNESS WHEREOF, we have hereunto set our hands, this the 5th day of June, 1972.

Vincent Barnett
Vincent Barnett

Cramer Reynolds
Cramer Reynolds

Joe McDuff
Joe McDuff

THE STATE OF TEXAS

COUNTY OF TAYLOR

I, JIM M. CROSS a Notary Public, do hereby certify that on this 5th day of June, 1972, personally appeared before me Vincent Barnett, Cramer Reynolds, and Joe McDuff, who each being by me first duly sworn, severally declared that they are the persons 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 of office the day and year above written.

Jim M. Cross
Notary Public in and for Taylor
County, Texas
My Commission Expires June 1, 1973
JIM M. CROSS

ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION
OF
S. U. WATER SUPPLY CORPORATION

FILED
In the Office of the
Secretary of State of Texas
SEP 20 1972
Bill Kling
Secretary of State

Pursuant to the provisions of Article 4.03 of the Texas
Non-Profit Corporation Act and Vernon's Annotated Civil Statutes
Article 1434a, the undersigned corporation adopts the following
Articles of Amendment to its Articles of Incorporation which:

Change the name of the Corporation from S. U. WATER
SUPPLY CORPORATION to S. U. W. WATER SUPPLY CORPORATION.

ARTICLE I

The name of the Corporation is S. U. Water Supply Corporation.

ARTICLE II

The following amendment to the Articles of Incorporation was
adopted by the corporation on September 14, 1972.

Article I of the Articles of Incorporation is hereby amended
so as to read as follows:

The name of the Corporation is S. U. W. Water Supply
Corporation.

ARTICLE III

The amendment was adopted at a meeting of members held on
the 14th of September, 1972, at which a quorum was present, and the
amendment received at least two-thirds of the votes which members
present or represented by proxy at such meeting were entitled to
cast.

Dated September 18, 1972.


S. U. WATER SUPPLY CORPORATION

By: Vincent Barnett
Vincent Barnett, President
and: John McQuinn
John McQuinn, Secretary

THE STATE OF TEXAS I
 I
COUNTY OF TAYLOR I

I, JIM M. CROSS, a Notary Public, do hereby
certify that on this the 14th day of September, 1972, personally
appeared before me Vincent Barnett, being duly sworn, declared
that he is President of the corporation executing the foregoing
document, that he signed the foregoing document in the capacity
therein set forth, and that the statements therein contained are
true.

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



Notary Public in and for
Taylor County, Texas
My Commission Expires June 1, 1973

BYLAWS
of
S.U.N. WATER SUPPLY CORPORATION

Bylaws of S.U.N. Water Supply Corporation, having been presented to the Board of Directors of said Corporation and duly adopted as follows:

ARTICLE I

The President shall preside and vote at all Members' and Directors' meetings. The President shall perform all other duties that usually pertain to the office or are delegated by the Board of Directors.

ARTICLE II

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

ARTICLE III

The Secretary-Treasurer shall have custody of all monies, records and securities of the Corporation. The Secretary-Treasurer shall keep minutes of all meetings of the Corporation. All monies of the Corporation shall be deposited by the Secretary-Treasurer in such depository as shall be selected by the Directors. Checks must be signed by the Secretary-Treasurer or assistant or deputy secretary, and the President or a designee of that office. The Secretary-Treasurer shall have custody of the seal of the Corporation and affix it as directed by resolution passed by the Board of Directors or Members. The Board of Directors may appoint an employee as assistant or deputy secretary to assist the Secretary-Treasurer in all official duties pertaining to that office.

The position of the Secretary-Treasurer, and other Board positions and/or employees entrusted with receipt and disbursement of funds, shall be placed under a fidelity bond in an amount which shall be set from time to time, but not less than once each year, by the Board of Directors. The fidelity bond coverage amount shall approximate the total annual debt service requirements for all USDA Rural Development, Rural Utilities Service (RUS) loans and be evidenced by a position fidelity schedule bond as acceptable to USDA Rural Development, RUS, or its successor agencies and assigns.

ARTICLE IV

Section 1. A person must be a member of the Corporation and at least 18 years old in order to serve as a Director. A person is not qualified to serve as a director if the person has been determined by a final judgment of a court exercising probate jurisdiction to be totally mentally incapacitated; or partially mentally incapacitated without the right to vote; or has been finally convicted of a felony from which the person has not been pardoned or otherwise released from the resulting disabilities.

Section 2. The Board of Directors shall consist of nine (9) Directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter on the last Thursday of April¹, the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer from among the Directors. The Directors shall be elected by the Members at the Members' meetings provided for in Article VI of the Bylaws. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. The terms of the Directors of the first class shall expire at the first annual meeting of the Members after their election; the terms of the Directors of the second class shall expire at the second annual meeting after their election; and terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires at the time of such meeting shall

¹ This election shall be held between January 1 and May 1, but after the Members' annual meeting. Insert day of week, week of month, and month of year (i.e., second Tuesday of April).

be elected to hold office until the third succeeding annual meeting. Directors, as such, shall not receive any stated salary for their services, except as provided for by state law.

Not later than the 60th day after a Director dies, resigns or is determined by the Board to not meet one of the qualifications set forth in Section 1, a successor who meets those qualifications shall be appointed by a majority of the remaining Directors to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the remaining balance of the previously vacated term.

Section 3. Directors may be removed from office in the following manner, except as otherwise provided in Article V. Any Member or Director may present charges against a Director by filing such charges in writing with the Secretary-Treasurer of the Corporation. The charges must be accompanied by a petition signed by at least ten (10) percent of the Members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the Membership and shall be effective if approved by a vote of 2/3 majority of those voting if a quorum is present. The Director(s) against whom such charges have been presented shall be informed in writing of such charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges shall have the same opportunity. If the removal of a Director(s) is approved, such action shall also vacate any other office(s) held by the removed Director(s) in the Corporation. A vacancy in the Board thus created shall immediately be filled by a qualified person other than the removed Director upon a vote of a majority of the Members present and voting at such meeting, in accordance with the written annual or special meetings procedures as adopted by the Board. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the Board has been filled.

Section 4. The President of the Board, or Vice-President, shall preside at any meeting of the Members convened to consider removal of a Director as provided under Section 2, unless the President is the subject of charges, in which event the Vice-President shall preside. In the event both the President and the Vice-President are the subject of charges, those Directors who are not

the subject of any charges shall appoint one of the other Directors to preside over the meeting. Any meeting convened to consider the removal of a Director shall be conducted in accordance with the procedures prescribed by the Board. The fact that the President, Vice-President, or other Officer or Director has been made the subject of charges does not prevent such individual from continuing to act as Officer and/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 of Directors.

Section 5. The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership. Such policy, at a minimum, shall be in conformance with the provisions of the Texas Business Organizations Code pertaining to duties and responsibilities of the Board of Directors.

ARTICLE V

Section 1. Meetings of the Board of Directors shall be held at such time and place as the Board may determine at the previous meeting, and shall include posting of the meeting as required by the Texas Open Meetings Act. The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act, Chapter 551, Texas Government Code, including any subsequent amendment thereto. In the event of any conflict between the provisions of these Bylaws and the requirements of the Open Meetings Act, the provisions of the Open Meetings Act shall prevail.

Section 2. Any Director failing to attend two (2) consecutive meetings may be given written notice by the balance of the Board of Directors that failure by said Director to attend a third consecutive meeting, without justifiable cause acceptable to the balance of the Board of Directors, shall give rise to removal of said Director from the Board. A successor shall be appointed by a majority vote of the Directors remaining to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the balance of the term.

Section 3. The Board of Directors shall provide access for the public, new service applicants, or Members to the meetings of the Board of Directors by setting aside a time for hearing of suggestions, proposals, or grievances; however, there shall be no deliberations or actions by the Board unless such has first been noticed in accordance with the Texas Open Meetings Act. The Board of Directors shall establish reasonable rules for access to such meetings.

Section 4. The Board of Directors 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. In conducting their duties as members of the Board, Directors: (1) shall be entitled to rely, in good faith and with ordinary care, on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or the Corporation's affairs that have been prepared or presented by one or more officers or employees of the Corporation, or by legal counsel, public accountants, or other persons retained by the Corporation for the development of professional advice and information falling within such person's professional or expert competence; (2) may believe, in good faith and with ordinary care, that the assets of the Corporation are at least that of their book value; and (3) in determining whether the Corporation has made adequate provision for the discharge of its liabilities and obligations, may rely in good faith and with ordinary care, on the financial statements of, or other information concerning, any person or entity obligated to pay, satisfy or discharge some or all of the Corporation's liabilities or obligations; and may rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more Officers or employees of the Corporation, legal counsel, public accountants, or other persons provided the Directors reasonably believes such matters to fall within such person's professional or expert competence. Nevertheless, Directors must disclose

any knowledge they may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

ARTICLE VI

Section 1. There shall be a regular meeting of the Members annually, on the last Thursday of April,² to transact all business that may be properly brought before it.

Section 2. The Board of Directors shall adopt, and from time to time may revise, written procedures for conducting annual or special Membership meetings, including notification to the Membership of the proposed agenda, location, and date of the meeting; election procedures; approval of the ballot form to be used; and validation of eligible voters, ballots, and election results. At least thirty (30) days before the date of a Membership meeting that includes an election, the Corporation shall mail to each member of record at the address last known to the Corporation written notice of such meeting indicating the time, place, and purpose of such meeting; the election ballot; and for director elections, a statement of each candidate's qualifications, including biographical information as provided in each candidate's application. The election ballot for director elections must include the number of directors to be elected and the names of the candidates.

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

Section 3. The Board shall select an independent election auditor not later than thirty (30) days before the scheduled date of a Membership meeting where an election will be held. The independent election auditor is not required to be an experienced election judge or auditor and may serve as an unpaid volunteer. At the time of selection and while serving in the capacity

² This meeting shall be held between January 1 and May 1. Insert the day of the week, week of month and month of year.

of an independent election auditor, the independent election auditor may not be associated with the Corporation as an employee; a director or candidate for director; or an independent contractor engaged by the Corporation as part of the Corporation's regular course of business. The independent election auditor shall receive and count the ballots before the meeting is adjourned. The independent election auditor shall provide the board with a written report of the election results.

Section 4. For any election, a member may vote in person at the Membership meeting; by mailing a completed ballot to the office of the independent election auditor or to the Corporation's main office which must be received by noon on the business day before the date of the meeting; or by delivering a completed ballot to the office of the independent election auditor or to the Corporation's main office by noon on the business day before the date of the meeting.

A quorum for the transaction of business at a meeting of the Membership 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 5. The Board of Directors shall establish a standing Credentials Committee of three (3) Members, of which the Secretary-Treasurer shall be the chairperson. This committee shall at no time have sufficient board members appointed to constitute a quorum of the Board of Directors. This committee, in accordance with procedures adopted by the Board under Section 2, shall recommend for Board approval the election procedures and all related forms and notices, recommend for Board approval a person to fill the role of independent election auditor, ensure that the election procedures are implemented, and serve other functions designated in the Corporation's election procedures. Should the individual holding the office of Secretary-Treasurer be running for re-election, the Board shall appoint an officer not currently running for re-election to serve as chairperson of this committee.

Section 6. After fixing a date for the notice of a meeting, the Board of Directors shall prepare an alphabetical list of the names of all voting members who are entitled to vote as of the

record date of the meeting. The list must show the address of each voting member. No later than two (2) business days after the date notice is given of the meeting, and continuing through the meeting, the list of voting members must be available for inspection by any member entitled to vote at the meeting for the purpose of communication with other members concerning the meeting at the Corporation's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. Any voting Member, or voting Member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and at their expense, copy the list. Further, the Board shall make the list of voting Members available at the meeting, and shall allow inspection of such list by any voting Member or voting Member's agent or attorney at any time during the meeting, including any adjournments thereof.

ARTICLE VII

A special meeting of the Members or Directors may be called by the President, or by demand 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.

Prior to convening any special meeting of the Members, the President shall request in writing that the Secretary-Treasurer give at least ten (10) days prior notice to the Members, and that such special meeting is otherwise noticed, as required under Texas Business Organizations Code Section 22.156, and as provided under Article V of these Bylaws. Such notice shall specify the time, place and purpose of the meeting, and shall be addressed and mailed to each of the Members at their address last known to the Corporation, personally delivered to each Member, or sent by facsimile to each Member.

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 emergency meeting shall be provided under Article V of the Bylaws and the Texas Open Meetings Act, at least two hours before the meeting is convened. It shall be the responsibility of the President, or a designee of that office, to ensure that proper notice is posted and 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 of the Directors receiving at least seventy-two (72) hours notice as provided under Article V of these Bylaws.

ARTICLE VIII

The Corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid and, provided also, that the Directors of the Corporation may allocate to sinking fund(s) and reserve accounts such amount of profits as they deem necessary for maintenance, operation, capital improvements, expansions and replacements of all facility components, as provided by Section 67.008 (d) of the Texas Water code. 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 shall be invested in accordance with the provisions of Section 67.014 (b) of the Texas Water Code.

ARTICLE IX

The Directors of the Corporation shall establish and maintain, so long as the Corporation is indebted to the Government, in an institution insured by the State or Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the Corporation. Securities so purchased shall be deemed at all times to 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. Such deposits shall be made monthly and shall continue until the total amount deposited equals the sum as required by the executed loan resolutions provided, however, that 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.

Withdrawals may be made from this fund only upon prior written approval from USDA Rural Development, RUS. Approval shall be made only for emergency repairs, obsolescence of equipment, improvements to facility, and for making up any deficiencies in revenue for loan payments.

ARTICLE X

Section 1. The Corporation shall have Members as defined by the Texas Water Code. All customers of the Corporation must hold a Membership or obtain their service through a Membership. A person or entity that holds an interest in property solely as security for the performance of an obligation or that only builds on or develops the property for sale to others is not required to hold a Membership as a condition to receive service on a limited basis. Every person (which includes any legal entity) owning or having a legal right to the control, possession or occupancy of property served, or which may reasonably be served by the Corporation, shall have the right to become a Member of the Corporation upon payment of the Membership fee hereinafter provided and upon compliance with the Corporation's conditions of water and/or sewer service as provided for in its published charges, rates and conditions of service. Membership shall not be denied because of the applicant's race, color, religion, sex, age, marital status, familial status, handicap, income from Public Assistance, disability or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis.

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

Section 3. The Membership fee may be revised by the Board of Directors as the Board may determine to be appropriate. In determining the amount of the Membership fee, however, the Board shall ensure that the fee is sufficient to establish the potential Member as being legitimately interested in securing water and/or sewer service from the Corporation for such potential Members' own needs. Furthermore, the Board shall determine and administer such fee in a manner or in an amount which does not unreasonably deny service to financially deprived potential Members. In no event, however, shall the Membership fee exceed an amount equal to the sum of twelve (12) charges of the Corporation's minimum monthly water and/or sewer rate unless previously approved by USDA Rural Development, RUS. Membership fees are non-refundable.

ARTICLE XI

Where necessary for determining those Members entitled to notice of, or those Members entitled to vote at any meeting or any adjournment thereof, or where necessary to make a determination of Members for any other proper purpose, ownership of Memberships shall be deemed to be vested in those persons who are the record owners of Memberships as evidenced by the Membership transfer book on the 15th day of the month preceding the month of the date upon which the action requiring such determination is to be taken. Nothing herein shall preclude the holder of a Membership from mortgaging such Membership or, upon notification of the Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

ARTICLE XII

Section 1. In order to ensure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the Members of the

Corporation, Membership in the Corporation shall be transferred in accordance with the following:

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

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

(c) The transfer of stock, Membership, or another right of participation under this section does not entitle the transferee to water and/or sewer service unless each condition for water and/or sewer service is met as provided in the Corporation's published rates, charges, and conditions of service. Water and/or sewer service provided by the Corporation as a result of stock, Membership, or other right of participation may be conditioned on ownership of the real estate designated to receive service and from which the Membership or other right of participation arose.

(d) The Corporation may cancel a persons or other entity's stock, Membership, or other right of participation if the person or other entity fails to meet the conditions for water and/or sewer service prescribed by the Corporation's published rates, charges, and conditions of service, or fails to comply with any other condition placed on the receipt of water and/or sewer service under the stock, Membership, or other right of participation authorized under Subsection (c) of this section. The Corporation may, consistent with the limitations prescribed by Subsection (a) of this section and as provided in the Corporation's tariff, reassign canceled stock, or a cancelled 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 and/or sewer service is requested, subject to compliance with the conditions for water

and/or sewer service prescribed by the Corporation's published rates, charges, and conditions of service.

Section 2. Notwithstanding anything to the contrary here-in-above provided, the consideration for the transfer of any Membership in the Corporation from the original Members, their transferees, pledges, administrators or executors, or other persons, shall never exceed the amount of the original costs of such Membership. No gain or profit shall ever be realized from the sale or transfer of a Membership.

ARTICLE XIII

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

ARTICLE XIV

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, including the tariff of the Corporation. In the event a member should surrender the Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water and/or sewer service shall be discontinued and the obligation to pay for water and/or sewer service shall terminate except as for the minimum charge for the current month and the charge for water and/or sewer used during the current month, and except as for any prior unpaid amounts due the Corporation. The monthly minimum charge will be applied to any membership balances. In the event Membership is terminated, cancelled, withdrawn, or surrendered, whether voluntarily or involuntarily, the former Member's rights and interest in the assets of the Corporation will not be forfeited.

ARTICLE XV

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

ARTICLE XVI

The fiscal year of the Corporation shall be April 1 to March 31.

ARTICLE XVII

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

ARTICLE XVIII

Section 1. If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water and/or sewer charges to be insufficient for the payment of all costs incident to the operation of the

Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by USDA Rural Development, RUS, so that the sum of such assessments and the amount collected from water and/or sewer and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than USDA Rural Development, RUS, without a favorable vote of the majority of the Members. Any assessments levied to make up operations deficits in any year shall be levied against Members in proportion to their patronage with the Corporation.

Section 2. In the event a Member should surrender their Membership certificate properly endorsed by the Secretary-Treasurer 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 provided, however, that this paragraph and the second sentence of Article XIV shall not apply to relieve 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 XIX

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, and shall keep a record of the name and addresses of its Members entitled to vote at its registered office or principle office in Texas.

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

With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the 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 subject to a reasonable charge for the preparation of copies.

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

ARTICLE XX

These Bylaws may be altered, amended, or repealed by a vote of a majority of the Members voting at any regular meeting of the Members, or at any special meeting of the Members called for that purpose, except that the Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any Member of rights and privileges then existing, or so to amend the 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 XXI

The seal of the Corporation shall consist of a circle within which shall be inscribed "S.U.N. WATER SUPPLY CORPORATION."

ARTICLE XXII

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 XXIII

If an existing Corporation:

The above Bylaws were adopted as amended by the Members of the S.U.N. Water Supply Corporation, at a meeting held on the 25th day of April, 2013.

President

Attest:

Secretary-Treasurer

ATTACHMENT #2

PART A

QUESTION #4

CERTIFICATE OF ACCOUNT STATUS

The SUN Water Supply Corporation's charter number as recorded with the Office of the Texas Secretary of State is 00307768-01.



The State of Texas

Secretary of State

JOHN HANNAM, JR.
SECRETARY OF STATE

CHARTER NO. 00307768-01 - JAMES M. GIBSON
ARTICLE 9.01, T.N.P.C.A. REPORT
FILING FEE \$3.00

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

1. THE NAME OF THE CORPORATION IS:

S. U. N. WATER SUPPLY CORPORATION

2. IT IS INCORPORATED UNDER THE LAWS OF: TEXAS

3. THE STREET ADDRESS OF THE REGISTERED OFFICE OF THE CORPORATION IN THE STATE OF TEXAS IS: P O BOX 300 MERKEL, TX (Mailing Address) - Physical

4. ITS REGISTERED AGENT AT SUCH ADDRESS IS: ~~WILLIAM~~ BARNETT

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

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

NAME	OFFICE	ADDRESS
Dick Grubb	President	Rt 2, Box 1490, Trent, Tx 79561
James L. Jay	V. President	Rt 1, Box 82 B, Merkel, Tx. 79536
Jeannette Rursley	Secretary	Rt 1, Box 141, Merkel, Tx 79536
B. L. Hobbs	Board Mbr.	Rt 1, Box 141, " "

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

DATED 5-24-----, 19 33-----

S. V. N. Water Supply Corp
NAME OF CORPORATION

RECEIVED
SECRETARY OF STATE

BY _____
ITS _____
(AUTHORIZED OFFICER)

MAY 27 1993

CORPORATIONS SECTION
MAIL CLERK 2

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



Franchise Tax Account Status

As of : 05/27/2021 14:04:02

This page is valid for most business transactions but is not sufficient for filings with the Secretary of State

S. U. N. WATER SUPPLY CORPORATION

Texas Taxpayer Number 30001588752

Mailing Address 135 EDWARDS MERKEL, TX 79536-3801

? Right to Transact Business in Texas ACTIVE

State of Formation TX

Effective SOS Registration Date 06/06/1972

Texas SOS File Number 0030776801

Registered Agent Name WILLIAM F. BARNETT

Registered Office Street Address 135 EDWARDS ST. MERKEL, TX 79536

ATTACHMENT #3

PART B

QUESTION #9

CUSTOMER REQUESTS FOR SERVICE IN REQUESTED AREA

Listing of persons requesting service in requested area

Meter #	Name
1	VANCE W. BOYD
2	BILLY BOB NEFF
3	RANDY BLANKENSHIP
4	MICHALE S. KOHUTEK
5	BRENTZ BROOKS
6	JERRY ANDRUS
7	ANDY C. GRAHAM
8	JOHN BERRY
9	PHILLIP LAWLER
10	BILLY J. FLINT
11	SAM SEIDER
12	K.A. GOZA, JR.
13	DOUG TERRELL
14	JERRY ANDRUS
15	HARLEY T. YOUNG
16	LU ANN ADAY
17	DONNIE KIKER
18	BRENTZ BROOKS
19	JIM LEONARD
20	M. LYNN WILKINSON
21	TOMMY CLIFT
22	WILLIAM SOGOURNER, III
23	WILLIAM SOGOURNER, III
24	MIKE ROBERTS
25	LUKE SHOEMAKER
26	BILLY G. CARTER
27	BILLY G. CARTER
28	BOBBY J. WADDELL
29	JOE HANEGAN
30	CHARLES H. GUERNSEY
31	JOAN C. BOAZ
32	STEVE BUNTIN
33	GREG HOLLOWAY
34	MARK TERRELL
35	LLOYD MEEK
36	RICHARD NEWMAN
37	WILLIAM HARVEY III
38	W.W. MOUTRAY III
39	STEVE BLANKENSHIP
40	STEVE BLANKENSHIP
41	LARRY B. MCCLAREN
42	W.W. MOUTRAY III
43	JOE VIC WHITE

Listing of persons requesting service in requested area

Meter #	Name
44	JOE L. MCKNIGHT
45	JACKY REYNOLDS
46	EDWIN E. ELMORE
47	BERTIE J. KINARD
48	GARY W. SMITH
49	NORM DOZIER
50	J.M. ALEXANDER
51	J.M. ALEXANDER
52	DANNY BLANKENSHIP
53	WILLIAM HARVEY III
54	PLAYA DEL TOUCHSTONE, LP
55	ROBERT F. SOUKUP
56	WILLIAM L. BURKE
57	RICKY PETREE
58	RUSSEL N. UECKERT
59	JOE EDD BOAZ
60	HARRY GOEBEL
61	CREED NEWMAN
62	CREED NEWMAN
63	ELIZABETH M. GLASS
64	DALE BARBEE
65	RICHARD MILLER
66	GUY F. TURNER
67	JO SOLIZ
68	LANCE BROWN
69	TOMMYE MICHAL
70	JANELL ELMORE
71	JOEL SPRABERRY
72	CHIP WAGNER
73	WAYLON COLLINS
74	BOBBY WILSON
75	CODY COURTNEY
76	CODY COURTNEY
77	DERRELL RIGGAN
78	TIM CLYBURN
79	P&W CO
80	DEBRA DERSTINE
81	JOHN R. SUTTON
82	JOHN R. SUTTON
83	EDDIE CONNALLY
84	PAMELA DEWITT
92	ORLANDO E. SEPULVEDA
93	GUY M. PAYNE

Listing of persons requesting service in requested area

Meter #	Name
99	TRINITHAD GARCIA
102	ROBERT WAGSTAFF
103	JOE L. KETHLEY
105	CHARLES GUERNSEY
106	JERRY RUSSELL
107	JAMES BERRY
108	RONNIE SHOEMAKER
109	DOUGLAS BAGLEY
110	JOE LOZANO
111	JERRY DON EARLY
112	JERRY DON EARLY
113	TREY NARON
114	EDDIE MERRYMAN
117	LARRY PACK
118	ROCKING 4H RANCH
119	ROCKING 4H RANCH
120	ROCKING 4H RANCH
121	STREAMLINE LEASING, INC.
122	LANA LOYD
123	RICHARD COOLEY
124	WILLIAM BURKE
125	WILLIAM BURKE
126	LAMBERT LIVESTOCK
127	LEE DILL
128	MARK SHOEMAKER

ATTACHMENT #4

PART B

QUESTION #11

TCEQ APPROVAL LETTERS

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



PWS_2210015_CO_20210525_Plan Ltr

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

April 25, 2021

Mr. Luke Van Diest, P.E.
Jacob & Martin, Inc.
3465 Curry Lane
Abilene, Texas 79606

Re: Sun WSC - Public Water System ID No. 2210015
Proposed Disinfection System Modifications at Henderson Storage Tank Site
Engineer Contact Telephone: (325) 695-1070
Plan Review Log No. P-03262021-204
Taylor County, Texas

CN600689087; RN101456432

Dear Mr. Diest:

On March 26, 2021, the Texas Commission on Environmental Quality (TCEQ) received planning material with your letter, dated March 26, 2021, for the proposed disinfection system modifications at Henderson Storage Tank site for the above public water system.

The water system currently obtains chloraminated water from City of Abilene. The water system received approval to interconnect with Bitter Creek WSC to add a second source of supply by TCEQ's letter dated November 19, 2020 (TCEQ Log No. P-09102020-068rev). Bitter Creek WSC has chlorine disinfection system. We note you revised the plan sheet approved by TCEQ's letter dated November 19, 2020 to add liquid ammonium sulfate (LAS) to the water obtained from Bitter Creek WSC. The proposed LAS is injected upstream of Henderson Ground Storage Tank site which is the entry point for the water supply received from Bitter Creek WSC. The LAS is proposed to make compatible with the existing disinfection system of the water system.

Based on our review of the information submitted, the project generally meets the minimum requirements of Title 30 Texas Administrative Code (TAC) Chapter 290 – Rules and Regulations for Public Water Systems and is **conditionally approved for construction** if the project meets the following requirements:

1. As required in 30 TAC Section 290.42(e)(7)(B), mixing shall be provided to disperse chemicals.
2. As required in 30 TAC Section 290.42(e)(7)(E), when using chloramines, the public water systems shall provide equipment for making at least the following determinations for purposes of complying with the requirements 30 TAC Section 290.110:
 - (i) free ammonia (as nitrogen);
 - (ii) monochloramine;
 - (iii) total chlorine;
 - (iv) free chlorine; and

(v) nitrite and nitrate (both as nitrogen). The public water systems must either obtain equipment for measuring nitrite and nitrate or identify an accredited laboratory that can perform nitrite and nitrate analysis and can provide results to the public water systems within 48 hours of sample delivery.

The submittal consisted of five sheets of revised engineering drawings and technical specifications. The approved project consists of:

- One 25 gallon LAS storage tank along with a 27.5 gallon spill containment pallet in a separate enclosure at the existing chlorination building at Henderson Storage Tank site;
- Two chemical metering pumps (1 service and 1 backup) with minimum capacity rated at 2.3 gallons per hour;
- Revised plans with correct order of chlorine and LAS injection point at the Barnett Pump Station; (LAS and chlorination injection system was approved under TCEQ Log No. P-09212020-140)
- Related valves, fittings and SCADA controls and appurtenances.

This approval is for the construction of the above listed items only. Any wastewater components contained in this design were not considered.

The Sun WSC public water supply system provides water treatment. The gas chlorination system at Henderson Storage Tank site was approved by TCEQ's letter dated November 19, 2020 (TCEQ Log No. P-09212020-140).

The project is located to the southwest of the intersection of Main Street and 4824 Briar Hill Lane in Taylor County, Texas.

The authorization provided in this letter does not relieve a Public Water System from the need to comply with other applicable state and federal regulations.

An appointed engineer must notify the TCEQ's Region 3 Office in Abilene at (325) 698-9674 when construction will start. Please keep in mind that upon completion of the water works project, the engineer or owner will notify the commission's Water Supply Division, in writing, as to its completion and attest to the fact that the completed work is substantially in accordance with the plans and change orders on file with the commission as required in 30 TAC §290.39(h)(3).

Please refer to the Plan Review Team's Log No. **P-03262021-204** in all correspondence for this project.

Please complete a copy of the most current Public Water System Plan Review Submittal form for any future submittals to TCEQ. Every blank on the form must be completed to minimize any delays in the review of your project. The document is available on TCEQ's website at the address shown below. You can also download the most current plan submittal checklists and forms from the same address.

<https://www.tceq.texas.gov/drinkingwater/udpubs.html>

For future reference, you can review part of the Plan Review Team's database to see if we have received your project. This is available on TCEQ's website at the following address:

<https://www.tceq.texas.gov/drinkingwater/planrev.html/#status>

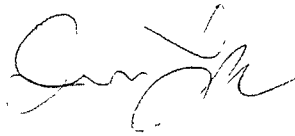
Mr. Luke Van Diest, P.E.
Page 3
May 25, 2021

You can download the latest revision of 30 TAC Chapter 290 - Rules and Regulations for Public Water Systems from this site.

If you have any questions concerning this letter or need further assistance, please contact Pritesh Tripathi at (512)239-3794 or by email at pritesh.tripathi@tceq.texas.gov or by correspondence at the following address:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Sincerely,



John Lock, P.E.
Plan Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality



Vera Poe, P.E., Team Leader
Plan Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality

VP/JL/PT/av

cc: Sun WSC, Attn: Finley Bartnett, General Manager, 135 Edwards St., P.O. Box 217, Merkel, Texas 79536

Mr. Luke Van Diest, P.E.

Page 4

May 25, 2021

bcc: TCEQ Central Records PWS File 2210015 (P-03262021/Sun WSC)
TCEQ Region No. 3 Office - Abilene
TCEQ PWSINV, MC-155

Jou Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



PWS_2210015_CO_20201119_Plan Ltr
PWS_1770007_CO_20201119_Plan Ltr

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 19, 2020

Revised Letter

Mr. Luke Van Diest, P.E.
Jacob & Martin, Inc.
3465 Curry Lane
Abilene, Texas 79606

Re: Sun Water Supply Corporation (WSC) - Public Water System (PWS) ID No. 2210015
Proposed Water Line Improvements
Proposed Interconnection with Bitter Creek WSC South- PWS ID No. 1770007
Engineer Contact Telephone: (325) 695-1070
Plan Review Log No. P-09102020-068
Taylor County, Texas

CN600689087; RN101456432

Dear Mr. Diest:

This letter completely supersedes and replaces our plan review letter dated November 10, 2020 for the same project (Plan Review Log No. P-09102020-068) to reflect the change made in Item No. 1.

On September 10, 2020, the Texas Commission on Environmental Quality (TCEQ) received planning material with your letter dated September 9, 2020 for the proposed water line improvements and interconnection with Bitter Creek WSC South public water system. Additional information was received on October 29, 2020; November 2, 2020 and November 3, 2020 via email. Based on your engineering report, following are noted:

- The purpose of this interconnection is to supply water from Bitter Creek WSC South water system to Sun WSC water system. However, Sun WSC currently has chloramine disinfection system and Bitter Creek WSC has chlorine disinfection system. Based on your engineering report, a portion of Sun WSC will be supplied by chlorinated water from Bitter Creek WSC and remaining portion will be supplied by existing chloraminated water.
- Based on your submittal, valves will be used to sepearte chlorinated water and chloraminated water. Additionally, you have also indicated that chlorinated water will not be blended with chloraminated water under normal operating conditions. The proposed three locations of the valve are near the intersection of FM 3116 and FM 1812 (Lat. 32° 37' 5.739" N; Long. -99° 57' 52.1634" W); near the intersection of County Road 454 and County Road 447 (Lat. 32° 35' 8.649" N; Long. -99° 58' 38.2332" W); and south of the intersection of County Road 416 and County Road 468 (Lat. 32° 31' 14.8584" N; Long. -99° 58' 10.2246" W).

Based on our review of the information submitted, the project generally meets the minimum requirements of Title 30 Texas Administrative Code (TAC) Chapter 290 – Rules and Regulations for Public Water Systems and is **conditionally approved for construction** if the project plans and specifications meet the following requirements:

1. As noted above, a portion of Sun WSC will be supplied by chlorinated water from Bitter Creek WSC and existing chloraminated water will continue to serve remaining portion of the system using valves as physical barrier to isolate chlorinated water and chloraminated water. Since Sun WSC will be using both disinfection system, **the water system must obtain an exception (See below) to 30 TAC Section 290.42(e)(3)(G) for the disinfection blending before receiving chlorinated water through the interconnection.** The water system also has an option to convert its disinfection system. In this case, plans and specifications must be received and approved by TCEQ prior to construction and the interconnection must not be used until the construction of disinfection conversion is completed.
2. Based on your submittal, a portion of proposed waterline extension project is located outside of current Sun WSC's water Certificate of Convenience and Necessity (CCN) service area. Please contact Public Utility Commission to determine if a **CCN amendment is required.**
3. Separation distances and encasement requirements for installation of potable water distribution lines and wastewater collection lines, wastewater force mains and other conveyances and appurtenances must conform to 30 TAC Section 290.44(e).

Pursuant to 30 TAC 290.39(l) exceptions must be requested in writing and demonstrate that approval of the exception will not result in degradation of service or water quality.

For information about the exception process, please go to the URL below:

<http://www.tceq.texas.gov/drinkingwater/trot/exception>

Please note that an "Exception Request Form" (available as a link to the webpage above) must be completed for all exception submittals.

If after you have reviewed the information available at the webpage above you have a question regarding the exception process, please call (512) 239-4691 and ask to speak to a member of the Technical Review and Oversight Team about exceptions.

The submittal consisted of 186 sheets of engineering drawings, technical specifications, engineering report and water purchase contract between Sun WSC and Bitter Creek WSC South. The approved project consists of:

- One interconnection between Sun WSC (PWS ID No. 2210015) and Bitter Creek WSC South (PWS ID No. 1770007) public water systems with 4-inch flow meter located approximately 4,950 feet east of CR 121 and CR 130 intersection (future plant facilities site) in Fisher County, Texas;
- 2,000 linear feet (LF) of 12-inch, American Society for Testing and Materials (ASTM) Standard D2241, SDR 26, Class 160 polyvinyl chloride (PVC) waterline;
- 30,000 LF of 10-inch, ASTM Standard D2241, SDR 21, Class 200 PVC waterline;
- 29,000 LF of 10-inch, ASTM Standard D2241, SDR 26, Class 160 PVC waterline;
- 800 LF of 10-inch, AWWA standard C-900, DR18 PVC waterline;
- 40,000 LF of 8-inch, ASTM Standard D2241, SDR 21, Class 200 PVC waterline;

- 73,000 LF of 8-inch, ASTM Standard D2241, SDR 26, Class 160 PVC waterline;
- 2,880 LF of 8-inch, AWWA standard C-900, DR18 PVC waterline;
- 31,500 LF of 6-inch, ASTM Standard D2241, SDR 21, Class 200 PVC waterline;
- 26,000 LF of 6-inch, ASTM Standard D2241, SDR 26, Class 160 PVC waterline;
- 2,090 LF of 6-inch, AWWA standard C-900, DR18 PVC waterline;
- 44,000 LF of 4-inch, ASTM Standard D2241, SDR 21, Class 200 PVC waterline;
- 25,000 LF of 4-inch, ASTM Standard D2241, SDR 26, Class 160 PVC waterline;
- 1,300 LF of 4-inch, AWWA standard C-900, DR18 PVC waterline;
- 5,700 LF of 3-inch, ASTM Standard D2241, SDR 17, Class 250 PVC waterline;
- 21,500 LF of 3-inch, ASTM Standard D2241, SDR 21, Class 200 PVC waterline;
- 92,500 LF of 3-inch, ASTM Standard D2241, SDR 26, Class 160 PVC waterline;
- 10,040 LF of 3-inch, AWWA standard C-901, DR9 Polyethylene (PE) waterline;
- 70 LF of 3-inch, ASTM Standard D2241, restrained joint SDR 17, Class 250 PVC waterline;
- 35,500 LF of 2-inch, ASTM Standard D2241, SDR 17, Class 250 PVC waterline;
- 204,000 LF of 2-inch, ASTM Standard D2241, SDR 21, Class 200 PVC waterline;
- 20,820 LF of 2-inch, AWWA standard C-901, DR9 PE waterline; and
- Various valves, fittings, and appurtenances.

This approval is for the construction of the above listed items only. Any wastewater components contained in this design were not considered.

The authorization provided in this letter does not relieve a Public Water System from the need to comply with other applicable state and federal regulations.

The Sun WSC public water supply system provides water treatment.

The project is located north of Interstate Highway 20, west of US Highway 277 South, south of US Highway 180 East and east of State Highway 70 in Taylor County, Jones County and Fisher Counties, Texas.

An appointed engineer must notify the TCEQ's Region 3 Office in Abilene at (325) 698-9674 when construction will start. Please keep in mind that upon completion of the water works project, the engineer or owner will notify the commission's Water Supply Division, in writing, as to its completion and attest to the fact that the completed work is substantially in accordance with the plans and change orders on file with the commission as required in 30 TAC §290.39(h)(3).

Please refer to the Plan Review Team's Log No. **P-09102020-068** in all correspondence for this project.

Please complete a copy of the most current Public Water System Plan Review Submittal form for any future submittals to TCEQ. Every blank on the form must be completed to minimize any delays in the review of your project. The document is available on TCEQ's website at the address shown below. You can also download the most current plan submittal checklists and forms from the same address.

<https://www.tceq.texas.gov/drinkingwater/udpubs.html>

For future reference, you can review part of the Plan Review Team's database to see if we have received your project. This is available on TCEQ's website at the following address:

<https://www.tceq.texas.gov/drinkingwater/planrev.html/#status>

Mr. Luke Van Diest, P.E.
Page 4
November 19, 2020

You can download the latest revision of 30 TAC Chapter 290 - Rules and Regulations for Public Water Systems from this site.

If you have any questions concerning this letter or need further assistance, please contact Raj Khadka at 512-239-1188 or by email at Raj.Khadka@Tceq.Texas.Gov. If you are unable to contact Mr. Khadka, please contact another member of the Plan Review Team at 512-239-4691 or by correspondence at the following address:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Sincerely,

A handwritten signature in black ink, appearing to read 'Jonathan Pi'.

Jonathan Pi, P.E.
Plan Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality

A handwritten signature in black ink, appearing to read 'Vera Poe'.

Vera Poe, P.E., Team Leader
Plan Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality

VP/JP/RK/av

cc: Sun WSC - Attn: Water Utilities Official, P.O. Box 217, Merkel, Texas 79536-0217
Bitter Creek WSC South - Attn: Water Utilities Official, P.O. Box 1177, Sweetwater, Texas 79556-1177

ATTACHMENT #5

PART B

QUESTION #13

EFFECT OF GRANTING CCN REQUEST

SUN Water Supply Corporation
CCN 11139
Part B, Question 13

Regionalization Effects

It is not expected that the proposed amendment will have any regionalization effects on the applicant, neighboring utilities, or landowners in the requested service area. SUN WSC serves a predominantly rural area currently, and the proposed extension of service also covers a rural area outside of any city limits.

Compliance Effects

The proposed service area extension will have a positive compliance effect on existing landowners in the areas to be served. These areas are currently do not have water service and would either need to construct a private well or have drinking water transported in from another location. A small sampling of test results of groundwater for the service area showed high nitrate and total dissolved solids in the area. The drinking water that would be delivered by SUN WSC would be of a higher quality in general than the groundwater available in this area.

Economic Effects

The proposed service area extension would have a positive economic effect on the area. Availability of water service in an area would have a beneficial effect on property and home values.

ATTACHMENT #6

PART C

QUESTION #15

EXPERIENCE AND QUALIFICATIONS

SUN Water Supply Corporation

CCN 11139

Part C, Question #15

The SUN Water Supply Corporation has a record of over forty years of providing water service to residents of rural Taylor, Jones, and Fisher Counties in Texas. Over the years, this service has met or exceeded the requirements of TCEQ and TPUC.

ATTACHMENT #7

PART C

QUESTION #16

ENFORCEMENT ACTION CORRESPONDENCE

Summary of Investigation Findings

SUN WSC

135 EDWARDS

MERKEL, TAYLOR COUNTY, TX 79536

Investigation #

1331158

Investigation Date: 05/02/2016

Additional ID(s): 2210015

OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF ENFORCEMENT

Track No: 603630

Compliance Due Date: To Be Determined

30 TAC Chapter 290.46(f)(3)(A)(iv)

30 TAC Chapter 290.46(l)

Alleged Violation:

Investigation: 1331158

Comment Date: 05/10/2016

Failure to maintain records of the locations and dates that the dead-end main lines were flushed

All dead-end mains must be flushed at monthly intervals. Water systems must maintain a record of the dates that the dead-end mains were flushed.

During the comprehensive compliance investigation conducted on May 2, 2016, it was noted that SUN W.S.C did not have records of the dates that the dead-end mains were flushed.

Recommended Corrective Action: Please submit records showing the locations and dates of the dead-end main line flushing in accordance with 30 TAC chapter 290.

Track No: 603631

Compliance Due Date: To Be Determined

30 TAC Chapter 290.38(39)

30 TAC Chapter 290.43(e)

Alleged Violation:

Investigation: 1331158

Comment Date: 05/10/2016

Failure to maintain grounds at Pump Station # 3, 4, Hays Standpipe, and Reynolds Standpipe.

All potable water storage tanks and pressure maintenance facilities must be installed in a lockable building that is designed to prevent intruder access or enclosed by an intruder-resistant fence with lockable gates. An intruder-resistant fence is defined as a fence six feet or greater in height, constructed of wood, concrete, masonry, or metal with three strands of barbed wire extending outward from the top of the fence at a 45 degree angle with the smooth side of the fence on the outside wall. In lieu of the barbed wire, the fence must be eight feet in height. The fence must be in good repair and close enough to surface grade to prevent intruder passage. The gates and doors must be kept locked whenever the facility is unattended.

During the comprehensive compliance investigation conducted on May 2, 2016, it was noted that there was significant vegetation overgrowth at the Hays Standpipe, Pump Station #3, Pump Station #4, and the Reynolds Standpipe. It was also noted that the barbed wire at Pump Station #4 and at the Reynolds Standpipe was not maintained so that there was three tight strands of barbed wire at a 45 degree angle. Additionally the fence at the Reynolds Standpipe did not reach surface grade in a sufficient enough manner to prevent intruder passage.

Recommended Corrective Action: Please submit documentation showing that the vegetation overgrowth at Pump Station # 3, Pump Station # 4, Hays Standpipe, and Reynolds Standpipe has been removed in accordance with 30 TAC chapter 290. Please submit documentation to showing that the necessary fence repairs to Pump Station #3 and Reynolds Standpipe have been made in accordance with 30 TAC chapter 290.

Track No: 603633

Compliance Due Date: To Be Determined

30 TAC Chapter 290.43(c)(4)**Alleged Violation:**

Investigation: 1331158

Comment Date: 05/10/2016

Failure to provide a liquid level indicator at each of the 5 pump stations.
All clearwells and water storage tanks shall have a liquid level indicator located at the tank site. The indicator can be a float with a moving target, an ultrasonic level indicator, or a pressure gauge calibrated in feet of water. If an elevated tank or standpipe has a float with moving target indicator, it must also have a pressure indicator and calibrated at not more than two-foot intervals. Remote reading gauges at the owners' treatment plant or pumping station will not eliminate the requirement for a gauge at the tank site unless the tank is located at the plant or station.

During the comprehensive compliance investigation conducted on May 2, 2016, it was noted that there was not a working liquid level indicator at any of the five pump stations.

Recommended Corrective Action: Please submit documentation showing that a liquid level indicator has been installed at each of the five pump stations in accordance with 30 TAC chapter 290

Track No: 603672

Compliance Due Date: To Be Determined

30 TAC Chapter 290.46(f)(3)(A)(i)(II)**Alleged Violation:**

Investigation: 1331158

Comment Date: 05/11/2016

Failure to maintain records of amount of chemicals used each day.
Systems that serve 250 or more connections or serve 750 or more people shall maintain a record of the amount of each chemical used each day.

During the comprehensive compliance investigation conducted on May 2, 2016, it was noted SUN W.S.C. was not tracking the amount of chlorine gas and LAS being used each day.

Recommended Corrective Action: Please submit records showing the amount of chemicals being used each day in accordance with 30 TAC chapter 290.

Track No: 605170

Compliance Due Date: To Be Determined

30 TAC Chapter 290.42(e)(4)(A)**Alleged Violation:**

Investigation: 1331158

Comment Date: 05/23/2016

When chlorine gas is used, a full-face self-contained breathing apparatus or supplied air respirator that meets Occupational Safety and Health Administration (OSHA) standards for the construction and operation, and a small bottle of fresh ammonia solution (or approved equal) for testing chlorine leakage shall be readily accessible outside the chlorinator room and immediately available to the operator in the event of an emergency.

During the comprehensive compliance investigation conducted on May 2, 2016, it was noted that SUN W.S.C. did not maintain a self-contained breathing apparatus or bottle of ammonia solution.

Recommended Corrective Action: Please submit documentation showing that a self-contained breathing apparatus and a bottle of fresh ammonia solution is readily accessible, and immediately available to all operators, in accordance with 30 TAC chapter 290.

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

Track No: 603637

30 TAC Chapter 290.46(d)(2)(B)**Alleged Violation:**

Failure to maintain a total chlorine residual of 0.5 mg/L or greater throughout the distribution system at all times.

The disinfection equipment shall be to maintain the following minimum disinfection residuals in each finished water storage tank and throughout the distribution system at all times: a chloramine residual of 0.5 mg/L (measured as total chlorine) for those systems that feed ammonia.

During the comprehensive compliance investigation conducted on May 2, 2016, it was noted that SUN W.S.C provided a total chlorine residual of 0.09 mg/L at pump station #5 and a chlorine residual of 0.12 mg/L at 732 CR401.

It is required to maintain a total chlorine residual of 0.5 mg/L in the distribution system at all times.

Recommended Corrective Action: Please submit documentation showing that the chlorine residual at pump station #5 and at 732 CR401 is above 0.5 mg/L within 24 hours of the investigation date.

Resolution: Documentation was received at 1:44pm on May 3, 2016, noting that SUN W.S.C had a total chlorine residual of 1.80 mg/L at pump station #5 and 0.70 mg/L at 732 CR401. In the documentation is a word document noting the current total chlorine residual and the time and location of the sampling. The documentation is adequate to resolve the violation.

ADDITIONAL ISSUES

Description

Item 6

Additional Comments

For pressure planes that do not possess an elevated storage capacity of at least 200 gallons per connection the service pump capacity requirement is 2.0 gpm per connection. Pump station #5 provides a service pump capacity of 120 gpm but is required to provide 124 gpm. It is recommended that SUN W.S.C take appropriate action to increase the service pump capacity at pump station #5.

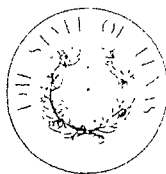
Item 7

During the investigation conducted on May 2, 2016, it was noted that SUN W.S.C is not providing enough pass through capacity at Pump Stations #1, #2, and #3.

Two or more pumps that have a total capacity of 2.0 gpm per connection or that have a total capacity of at least 1,000 gpm and the ability to meet peak hourly demands with the largest pump out of service, whichever is less, at each pump station or pressure plane. For systems which provide an elevated storage capacity of 200 gallons per connection, two service pumps with a minimum combined capacity of 0.6 gpm per connection are required at each pump station or pressure plane. Each pressure plane that serves another pressure plane has to provide enough service pump capacity to serve the first pressure planes connections and the next pressure planes connections.

In the event that any of the above said pump stations are not able to maintain 35 psi and flow rate of 1.5 GPM the system will have 30 days to correct the pressure issue and 180 days to bring the pump station into compliance.

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

May 27, 2016

CERTIFIED MAIL (7015 1730 0002 4151 9868)
RETURN RECEIPT REQUESTED

Mr. Greg Henderson, President
SUN Water Supply Corporation
PO Box 217
Merkel, Texas 79536-0217

Re: Notice of Enforcement for Compliance Evaluation Investigation:
SUN Water Supply Corporation, 135 Edwards Street, Merkel (Taylor County), Texas
RN101456432, TCEQ ID No.: 2210015

Dear Mr. Henderson:

On May 2, 2016, Ms. Samantha Harden and Ms. Jennifer Meador of the Texas Commission on Environmental Quality (TCEQ) Abilene Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supply. During this investigation, certain outstanding alleged violations were documented. Enclosed is a summary which lists the investigation findings and recommended corrective actions. Additional recommended corrective actions may be provided by the Enforcement Division.

In the listing of the alleged violations, 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.texas.gov> 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 Abilene Region Office at (325)698-9674 or the Central Office Publications Ordering Team at (512)239-0028.

Also, please be advised that the Legislature has granted enforcement powers to the TCEQ to carry out its mission to protect human health and the environment. Due to the apparent seriousness of the alleged violations, formal enforcement action has been initiated, and additional violations may be cited upon further review. We encourage you to immediately begin taking actions to address the outstanding alleged violations.

In responding with prompt corrective action, the administrative penalty to be assessed may be limited.

The TCEQ recognizes that the great majority of the regulated community wants to prevent pollution and to comply with environmental laws. We dedicate considerable resources toward making voluntary compliance achievable. But where compliance has not been met it is our duty

Mr. Greg Henderson
Page 2
May 27, 2016

to protect the public and the environment by enforcing the state's environmental laws, regulations, and permits.

Also, if you believe the violations documented in this notice have been cited in error, **and** you have additional information that we are unaware of, you may request a meeting to discuss this enforcement matter. To request a meeting, send a letter describing the additional information to the address shown below.

Manager, Water Section
Enforcement Division, MC 219
Re: Enforcement Meeting Request
Texas Commission on Environmental Quality
PO Box 13087
Austin, Texas 78711-3087

If you or members of your staff have any questions, please feel free to contact Ms. Samantha Harden in the Abilene Region Office at (325)698-9674.

Sincerely,

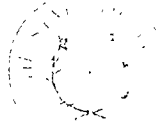


Cliff Moore
Water Section Work Leader
Abilene Region Office

CM/SH/sm

Enclosure: Summary of Investigation Findings

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

January 5, 2017

Mr. Greg Henderson, President
S. U. N. WATER SUPPLY CORPORATION
771 Farm-to-Market Road 1235
Merkel, Texas 79536

Re: Notice of Compliance with Commission Order
S. U. N. WATER SUPPLY CORPORATION
RN101456432; Public Water Supply ID No. 2210015
Docket No. 2016-0929-PWS-E; Enforcement Case No. 52556

Dear Mr. Henderson:

This letter is to inform you that a review of Texas Commission on Environmental Quality records concerning the above-referenced enforcement matter indicates that S. U. N. WATER SUPPLY CORPORATION has fulfilled the requirements of the Commission Order ("Order") effective on December 6, 2016. Specifically, S. U. N. WATER SUPPLY CORPORATION has fulfilled the technical requirements and paid the administrative penalty assessed in the Order. Based upon this, we conclude that your response has been satisfactory and no further action is necessary at this time with respect to this enforcement matter. The Order will remain on the compliance history for this regulated entity for five years from the effective date of the Order.

We appreciate your cooperation, and if we can be of any further assistance, please contact Mr. James Fisher of my staff at (512) 239-2537.

Sincerely,

A handwritten signature in black ink that reads "Megan Hamilton".

Megan Hamilton, Manager
Enforcement Division

cc: ✓ Mr. Finley Barnett, Manager, S. U. N. WATER SUPPLY CORPORATION, P.O. Box 217,
Merkel, Texas 79536

ATTACHMENT #8

PART D

QUESTION #20

TCEQ COMPLIANCE CORRESPONDENCE

Summary of Investigation Findings

SUN WSC

135 EDWARDS

MERKEL, TAYLOR COUNTY, TX 79536

Investigation #

1331158

Investigation Date: 05/02/2016

Additional ID(s): 2210015

OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF ENFORCEMENT

Track No: 603630 Compliance Due Date: To Be Determined

30 TAC Chapter 290.46(f)(3)(A)(iv)

30 TAC Chapter 290.46(l)

Alleged Violation:

Investigation: 1331158

Comment Date: 05/10/2016

Failure to maintain records of the locations and dates that the dead-end main lines were flushed

All dead-end mains must be flushed at monthly intervals. Water systems must maintain a record of the dates that the dead-end mains were flushed.

During the comprehensive compliance investigation conducted on May 2, 2016, it was noted that SUN W.S.C did not have records of the dates that the dead-end mains were flushed.

Recommended Corrective Action: Please submit records showing the locations and dates of the dead-end main line flushing in accordance with 30 TAC chapter 290.

Track No: 603631 Compliance Due Date: To Be Determined

30 TAC Chapter 290.38(39)

30 TAC Chapter 290.43(e)

Alleged Violation:

Investigation: 1331158

Comment Date: 05/10/2016

Failure to maintain grounds at Pump Station # 3, 4, Hays Standpipe, and Reynolds Standpipe.

All potable water storage tanks and pressure maintenance facilities must be installed in a lockable building that is designed to prevent intruder access or enclosed by an intruder-resistant fence with lockable gates. An intruder-resistant fence is defined as a fence six feet or greater in height, constructed of wood, concrete, masonry, or metal with three strands of barbed wire extending outward from the top of the fence at a 45 degree angle with the smooth side of the fence on the outside wall. In lieu of the barbed wire, the fence must be eight feet in height. The fence must be in good repair and close enough to surface grade to prevent intruder passage. The gates and doors must be kept locked whenever the facility is unattended.

During the comprehensive compliance investigation conducted on May 2, 2016, it was noted that there was significant vegetation overgrowth at the Hays Standpipe, Pump Station #3, Pump Station #4, and the Reynolds Standpipe. It was also noted that the barbed wire at Pump Station #4 and at the Reynolds Standpipe was not maintained so that there was three tight strands of barbed wire at a 45 degree angle. Additionally the fence at the Reynolds Standpipe did not reach surface grade in a sufficient enough manner to prevent intruder passage.

Recommended Corrective Action: Please submit documentation showing that the vegetation overgrowth at Pump Station # 3, Pump Station # 4, Hays Standpipe, and Reynolds Standpipe has been removed in accordance with 30 TAC chapter 290. Please submit documentation to showing that the necessary fence repairs to Pump Station #3 and Reynolds Standpipe have been made in accordance with 30 TAC chapter 290.

Track No: 603633 Compliance Due Date: To Be Determined

30 TAC Chapter 290.43(c)(4)**Alleged Violation:**

Investigation 1331158

Comment Date: 05/10/2016

Failure to provide a liquid level indicator at each of the 5 pump stations.
All clearwells and water storage tanks shall have a liquid level indicator located at the tank site. The indicator can be a float with a moving target, an ultrasonic level indicator, or a pressure gauge calibrated in feet of water. If an elevated tank or standpipe has a float with moving target indicator, it must also have a pressure indicator and calibrated at not more than two-foot intervals. Remote reading gauges at the owners' treatment plant or pumping station will not eliminate the requirement for a gauge at the tank site unless the tank is located at the plant or station.

During the comprehensive compliance investigation conducted on May 2, 2016, it was noted that there was not a working liquid level indicator at any of the five pump stations.

Recommended Corrective Action: Please submit documentation showing that a liquid level indicator has been installed at each of the five pump stations in accordance with 30 TAC chapter 290.

Track No: 603672

Compliance Due Date: To Be Determined

30 TAC Chapter 290.46(f)(3)(A)(i)(II)**Alleged Violation:**

Investigation: 1331158

Comment Date: 05/11/2016

Failure to maintain records of amount of chemicals used each day.
Systems that serve 250 or more connections or serve 750 or more people shall maintain a record of the amount of each chemical used each day.

During the comprehensive compliance investigation conducted on May 2, 2016, it was noted SUN W.S.C was not tracking the amount of chlorine gas and LAS being used each day.

Recommended Corrective Action: Please submit records showing the amount of chemicals being used each day in accordance with 30 TAC chapter 290.

Track No: 605170

Compliance Due Date: To Be Determined

30 TAC Chapter 290.42(e)(4)(A)**Alleged Violation:**

Investigation 1331158

Comment Date: 05/23/2016

When chlorine gas is used, a full-face self-contained breathing apparatus or supplied air respirator that meets Occupations Safety and Health Administration (OSHA) standards for the construction and operation, and a small bottle of fresh ammonia solution (or approved equal) for testing chlorine leakage shall be readily accessible outside the chlorinator room and immediately available to the operator in the event of an emergency.

During the comprehensive compliance investigation conducted on May 2, 2016, it was noted that SUN W.S.C did not maintain a self-contained breathing apparatus or bottle of ammonia solution.

Recommended Corrective Action: Please submit documentation showing that a self-contained breathing apparatus and a bottle of fresh ammonia solution is readily accessible, and immediately available to all operators, in accordance with 30 TAC chapter 290

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

Track No: 603637

30 TAC Chapter 290.46(d)(2)(B)**Alleged Violation:**

Failure to maintain a total chlorine residual of 0.5 mg/L or greater throughout the distribution system at all times.

The disinfection equipment shall be to maintain the following minimum disinfection residuals in each finished water storage tank and throughout the distribution system at all times: a chloramine residual of 0.5 mg/L (measured as total chlorine) for those systems that feed ammonia

During the comprehensive compliance investigation conducted on May 2, 2016, it was noted that SUN W.S.C provided a total chlorine residual of 0.09 mg/L at pump station #5 and a chlorine residual of 0.12 mg/L at 732 CR401

It is required to maintain a total chlorine residual of 0.5 mg/L in the distribution system at all times

Recommended Corrective Action: Please submit documentation showing that the chlorine residual at pump station #5 and at 732 CR401 is above 0.5 mg/L within 24 hours of the investigation date.

Resolution: Documentation was received at 1:44pm on May 3, 2016, noting that SUN W.S.C had a total chlorine residual of 1.80 mg/L at pump station #5 and 0.70 mg/L at 732 CR401. In the documentation is a word document noting the current total chlorine residual and the time and location of the sampling. The documentation is adequate to resolve the violation.

ADDITIONAL ISSUES

Description

Item 6

Additional Comments

For pressure planes that do not possess an elevated storage capacity of at least 200 gallons per connection the service pump capacity requirement is 2.0 gpm per connection. Pump station #5 provides a service pump capacity of 120 gpm but is required to provide 124 gpm. It is recommended that SUN W.S.C take appropriate action to increase the service pump capacity at pump station #5.

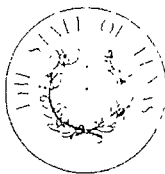
Item 7

During the investigation conducted on May 2, 2016, it was noted that SUN W.S.C is not providing enough pass through capacity at Pump Stations #1, #2, and #3.

Two or more pumps that have a total capacity of 2.0 gpm per connection or that have a total capacity of at least 1,000 gpm and the ability to meet peak hourly demands with the largest pump out of service, whichever is less, at each pump station or pressure plane. For systems which provide an elevated storage capacity of 200 gallons per connection, two service pumps with a minimum combined capacity of 0.6 gpm per connection are required at each pump station or pressure plane. Each pressure plane that serves another pressure plane has to provide enough service pump capacity to serve the first pressure planes connections and the next pressure planes connections.

In the event that any of the above said pump stations are not able to maintain 35 psi and flow rate of 1.5 GPM the system will have 30 days to correct the pressure issue and 180 days to bring the pump station into compliance.

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

May 27, 2016

CERTIFIED MAIL (7015 1730 0002 4151 9868)
RETURN RECEIPT REQUESTED

Mr. Greg Henderson, President
SUN Water Supply Corporation
PO Box 217
Merkel, Texas 79536-0217

Re: Notice of Enforcement for Compliance Evaluation Investigation:
SUN Water Supply Corporation, 135 Edwards Street, Merkel (Taylor County), Texas
RN101456432, TCEQ ID No.: 2210015

Dear Mr. Henderson:

On May 2, 2016, Ms. Samantha Harden and Ms. Jennifer Meador of the Texas Commission on Environmental Quality (TCEQ) Abilene Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supply. During this investigation, certain outstanding alleged violations were documented. Enclosed is a summary which lists the investigation findings and recommended corrective actions. Additional recommended corrective actions may be provided by the Enforcement Division.

In the listing of the alleged violations, 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.texas.gov> 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 Abilene Region Office at (325)698-9674 or the Central Office Publications Ordering Team at (512)239-0028.

Also, please be advised that the Legislature has granted enforcement powers to the TCEQ to carry out its mission to protect human health and the environment. Due to the apparent seriousness of the alleged violations, formal enforcement action has been initiated, and additional violations may be cited upon further review. We encourage you to immediately begin taking actions to address the outstanding alleged violations.

In responding with prompt corrective action, the administrative penalty to be assessed may be limited.

The TCEQ recognizes that the great majority of the regulated community wants to prevent pollution and to comply with environmental laws. We dedicate considerable resources toward making voluntary compliance achievable. But where compliance has not been met it is our duty

Mr. Greg Henderson
Page 2
May 27, 2016

to protect the public and the environment by enforcing the state's environmental laws, regulations, and permits.

Also, if you believe the violations documented in this notice have been cited in error, **and** you have additional information that we are unaware of, you may request a meeting to discuss this enforcement matter. To request a meeting, send a letter describing the additional information to the address shown below.

Manager, Water Section
Enforcement Division, MC 219
Re: Enforcement Meeting Request
Texas Commission on Environmental Quality
PO Box 13087
Austin, Texas 78711-3087

If you or members of your staff have any questions, please feel free to contact Ms. Samantha Harden in the Abilene Region Office at (325)698-9674.

Sincerely,



Cliff Moore
Water Section Work Leader
Abilene Region Office

CM/SH/sm

Enclosure: Summary of Investigation Findings

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 5, 2017

Mr. Greg Henderson, President
S. U. N. WATER SUPPLY CORPORATION
771 Farm-to-Market Road 1235
Merkel, Texas 79536

Re: Notice of Compliance with Commission Order
S. U. N. WATER SUPPLY CORPORATION
RN101456432; Public Water Supply ID No. 2210015
Docket No. 2016-0929-PWS-E; Enforcement Case No. 52556

Dear Mr. Henderson:

This letter is to inform you that a review of Texas Commission on Environmental Quality records concerning the above-referenced enforcement matter indicates that S. U. N. WATER SUPPLY CORPORATION has fulfilled the requirements of the Commission Order ("Order") effective on December 6, 2016. Specifically, S. U. N. WATER SUPPLY CORPORATION has fulfilled the technical requirements and paid the administrative penalty assessed in the Order. Based upon this, we conclude that your response has been satisfactory and no further action is necessary at this time with respect to this enforcement matter. The Order will remain on the compliance history for this regulated entity for five years from the effective date of the Order.

We appreciate your cooperation, and if we can be of any further assistance, please contact Mr. James Fisher of my staff at (512) 239-2537.

Sincerely,

A handwritten signature in cursive script that reads "Megan Hamilton".

Megan Hamilton, Manager
Enforcement Division

cc: ✓ Mr. Finley Barnett, Manager, S. U. N. WATER SUPPLY CORPORATION, P.O. Box 217,
Merkel, Texas 79536

ATTACHMENT #9

PART D

QUESTION #23

PURCHASED WATER SUPPLY OR TREATMENT AGREEMENT

AGREEMENT #1 – CITY OF ABILENE

WATER SUPPLY CONTRACT (WATER SUPPLY CORPORATION)

This Contract is made on March 1, 2004, by and between the City of Abilene, Texas, a Municipal Corporation of Taylor and Jones Counties, Texas ("City"), and the **S.U.N. Water Supply Corporation** the "Corporation"), a Water Supply Corporation organized under Article 1434a, Texas Revised Civil Statutes, as supplemented by the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq., Texas Revised Civil Statutes, as amended. The City shall act by and through its agent, the City Manager, or his duly authorized representative, unless otherwise stated herein. The Corporation shall act by and through its agent, the Board President, having been authorized to so act by the Corporation's Board of Directors.

WITNESSETH:

That for and in consideration of the covenants, promises and agreements set forth herein, it is mutually agreed as follows:

I. GENERAL PROVISIONS

A. Purpose

The purpose of this Contract is for the City to sell and provide water to the Corporation for rural residential and rural agricultural uses and for rural uses incidental to such uses under this Contract's provisions. This Contract is not intended to encourage or permit in the Corporation's area, new or additional large commercial or industrial development, or subdivision development outside the corporate limits of the City. Therefore, the Corporation agrees not to furnish any customer a water connection exceeding a meter size of one and one-half inches (1½") in diameter.

This agreement does not authorize sale of water by the City to the Corporation at terms more favorable than those normally granted to regular customers within the City's corporate limits.

The Corporation agrees to comply with all applicable provisions of Chapter 212 of the Texas Local Government Code, as amended. In particular, the Corporation agrees that it may not serve or connect any land within the City's jurisdiction (including its extraterritorial jurisdiction) with water or other utility service unless: (1) the Corporation has been presented with or otherwise holds a certificate issued by the City stating that any plat required under Section 212.004 of the Texas Local Government Code or otherwise required by the City has been reviewed and approved by the City; or (2) the City determines, in accordance with Section 212.012 of the Texas Local Government Code, that no such certificate is required. The Corporation further agrees to discontinue service to

any such land not in compliance with all applicable provisions of Chapter 212 of the Texas Local Government Code.

B. Term of Duration.

This Contract is effective for 40 years, from January 1, 2004 through December 31, 2043. Upon mutual agreement of the parties, the Contract may be renewed for additional terms.

C. Modification

This Contract may be changed or modified only by the Abilene City Council, the Corporation's Board of Directors, and the United States Department of Agriculture – Rural Utilities Service ("RUS"). If the Corporation pays all debt owed to RUS, consent need only be obtained from the Abilene City Council and the Corporation's Board of Directors. Any modification must be in writing and signed by all parties. Such modification may be requested by either party, in which event a joint meeting of representatives of all parties shall be held within 90 days after such notice is given, at which joint meeting the requested changes or modifications shall be considered and discussed. No such change or modification may be made which will adversely affect the prompt payment, when due, of all monies required to be paid by the Corporation under this Contract's provisions.

D. Assignment

The Corporation shall not assign or transfer any interest under this Contract without the City's prior written consent; provided however, that the Corporation may pledge this Contract as part of the security for any loan from RUS. Upon loan default by the Corporation, it is agreed that RUS may assign this Contract to a successor in interest if the assignee agrees to comply with all Contract provisions. **This Contract shall be fully assignable by the City to the United States Department of Agriculture - Rural Utilities Service ("RUS").**

E. Breach, Termination

Upon either party's breach of any of this Contract's provisions, the other party may terminate this Contract after providing written notice of the breach to the breaching party. The party in breach shall have 90 days to correct all contract violations after receipt of written notice by registered or certified mail to the address shown herein. Such notice shall explain in detail the Contract provision(s) that has been breached and the circumstances giving rise to the breach.

It is specifically provided that the Corporation's failure to timely pay the City for water

supplied under this Contract is a breach of this Contract. If the Corporation pays the full amount of money owed the City within 90 days after the City gives notice of the breach, this Contract shall remain in full force and effect. However, the City's acceptance of any partial payment from the Corporation will not waive any of the City's contract rights, including the right to pursue the Corporation for any remaining balance due. No endorsement or statement on any check or letter which acknowledges payment, partial or full, shall be deemed an accord and satisfaction.

RUS reserves the right to assume all of the Corporation's rights and obligations so long as the Corporation is still indebted to RUS. The Corporation shall have 90 days and RUS shall have 120 days to correct any and all violations of the Contract after receipt of written notice of same by registered or certified mail to the address shown herein. Such notice shall explain in detail the Contract provision(s) that has been breached and the circumstances giving rise to the breach.

F. Notices

All notices required under the provisions of this Contract must be in writing, hand-delivered or sent by registered or certified mail to the addresses below. The name and address for notification may be changed by notice to the other party.

City of Abilene:	City of Abilene Attn: Director of Water Utilities P.O. Box 60 Abilene, TX 79604-0060
Corporation:	S.U.N. Water Supply Corporation Attn: Mike Walla, President P.O. Box 217 Merkel, TX 79536
Rural Utilities Service:	USDA- Rural Utilities Service Abilene Local Office 4400 Buffalo Gap Rd., Suite 4150 Abilene, TX 79606

G. Venue

Venue for any cause of action arising under this Contract is in Abilene, Taylor County, Texas. This Contract is governed by the laws of Texas both as to interpretation and performance.

H. Force Majeure

If by reason of *force majeure* either party hereto is rendered unable wholly or in part to carry

out its contract obligations, other than the Corporation's obligation to make payment required under the provisions hereof, then if such party shall give written notice and full details of such *force majeure* to the other party within 10 days after occurrence of the event or cause relied on, the obligation of the party filing such notice, so far as it is affected by such *force majeure*, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "*force majeure*" as used herein means any circumstance or condition beyond the party's control, including but not limited to: acts of God and actions of the elements (including floods, droughts, storms, etc.); acts of the public enemy or acts of war; strikes or other industrial disturbances; accidents; explosions; laws, acts, rules, regulations, or orders of any local, state, or federal government; transportation failures; civil disturbances; breakage or accidents to machinery, pipelines or canals; partial or complete water supply failure; and the City's inability to deliver water or the Corporation's inability to receive water hereunder due to any other causes not reasonably within the control of the party claiming such inability.

I. No Indebtedness

The Corporation agrees that no payments owed by it to the City, including payment in advance for service charges or any sums of any character whatsoever, are or shall become delinquent or in arrears.

J. Attorney's Fees

If either party brings legal action to enforce this Contract's provisions, the prevailing party shall be entitled to reasonable attorney's fees and court costs.

K. Compliance with Laws and Regulations

The Corporation hereby agrees to comply with all applicable local, state, and federal laws and regulations.

L. Conflict/Severability. If any provision of this Contract conflicts with a state or federal law or constitution, the state or federal law or constitution shall control. The invalidity of any provision of this Contract as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

M. Subject to Certificate of Convenience

Upon final contract approval and execution by all parties, the terms and conditions of the

Contract shall be filed with and be a part of any "Certificate of Convenience and Necessity" that has been or will be issued to the Corporation by the Texas Commission on Environmental Quality (TCEQ).

N. Additional Contract Violations

It is hereby agreed that the following actions are contract violations that subject the Corporation to liability to the City in the amount of \$1,000 per violation per month that the violation continues:

1. The Corporation fails to comply with the City's Water Conservation Plan, attached as Exhibit A and incorporated into this Contract for all purposes; or
2. The Corporation sells water in violation of this Contract (e.g., sells water for large industrial or large commercial uses).
3. The Corporation fails to prohibit service to any structure existing in a designated floodplain area after the date of public environmental notification. (September 13, 2001).
4. The Corporation fails to scrutinize any service applications in areas where wetlands exist to verify that potential users have obtained, where applicable, Section 404 permits from the U.S. Army Corps of Engineers, prior to any modification of an aquatic or wetland area.

II. FURNISHING WATER

A. Delivery Point(s)

The City agrees to sell and provide water, as available, to the Corporation at the following points of metering which shall be known as the "Delivery Point(s)":

Delivery Point No. 1 – 6249 Shirley Road

Additional Delivery Points may be designated as negotiated between the City and the Corporation.

The Corporation agrees to purchase and to take delivery of said water at the Delivery Point(s) for the Corporation's own use. The City is obligated to deliver the same quality of water that is supplied to the City's customers. The Corporation agrees to provide all necessary cross connection control(s) for its Delivery Point distribution and storage system that may be required by the health standards of the State of Texas, and any changes thereto. If the Corporation moves or abandons the designated Delivery Point(s), the Corporation shall pay all costs incurred in relocating the Delivery Point(s).

B. Quantity and Demand

The Corporation's estimated quantity of water needed is seventy-five million (75,000,000) gallons per year, known as the "Base Contract Amount." The unit of measurement for water delivered hereunder shall be 1,000 gallons of water, U.S. Standard Liquid Measure.

"Demand" means the quantity of water used by Corporation within a water year.

"Water Year" means the year beginning January 1 and ending December 31.

"Base Contract Amount" will be 75,000,000 gallons per year or the highest water year demand established during the preceding three years, whichever is greater.

"Demand Charge" represents the cost of reserving the water for the Corporation.

The City is not required to deliver any more water to the Corporation than the Maximum Daily Flow Rate. The "Maximum Daily Flow Rate" of water that the City's system is capable of delivering to the Corporation, at a minimum pressure of 35 psi, is as follows:

Delivery Point No. 1: 500 g.p.m.

If Stage I, II, or III of the City's Water Conservation Plan becomes in effect which may be resulting in the Corporation using less water, then the annual demand charge amount will be reduced 1/12 for each month a Water Conservation stage is in effect during the water year.

If there is a change in the City's Water Conservation Plan, written notice of such change shall be mailed to the Corporation and RUS.

The City will use its best efforts to remain in a position to furnish water sufficient for the Corporation's reasonable demands, but the City's obligation under this Contract shall depend on the amount of water available to the City from its own source of supply. If unavoidable distribution problems arise, the City reserves the right to further limit the Corporation's quantity of water to be taken on an hourly, daily, and/or monthly basis as the City determines necessary, to preserve adequate water for both parties.

C. Water Conservation Plan

The City has adopted a Water Conservation Plan that provides for your year around Water Conservation measures. The Corporation hereby agrees to comply with all provisions of the City's Water Conservation Plan that is in effect or hereafter adopted. See attached Exhibit A.

If there is a change in the City's Water Conservation Plan, written notice of such change shall be mailed to the Corporation and RUS.

D. Rates

The Corporation agrees to purchase water at the rate of \$1.52 per 1,000 gallons (the "Contract Rate"), which is the rate for one year from the effective date of this Contract. The City will charge no less than the "Commercial Class" rate for the given quantity of water under the City's standard established rate schedules. The Corporation agrees that the Abilene City Council may revise the rate schedule and/or the demand charge from time to time to cover all reasonable, actual, and expected costs, including the costs of future municipal water supplies. The City shall give 60 days advance written notice to the Corporation and RUS of any rate change.

The Corporation agrees to pay a total annual demand charge for each water year based on:

- (1) the 75,000,000 gallon Base Contract Amount less current water year demand, or
- (2) the highest water year demand established during the preceding three years, less current water year demand, whichever is greater.

The following Rate Schedule applies to this Contract:

Rate Schedule:

Contract Rate: \$1.52 per 1,000 gallons
Demand Charge: \$0.10 per 1,000 gallons
Ivie Surcharge: \$0.65 per 1,000 gallons

E. Payment

The City agrees to provide a monthly statement of charges for the base rate of water consumption. Payment is due upon receipt of the statement. The Corporation agrees to pay within 30 days from receipt of the statement. The demand charge shall be billed within 60 days after each water year. Payment will be in a lump sum due within 30 days from receipt of the statement.

F. Additional Surface Water Supplies

If the Corporation develops or acquires additional surface water supplies from any source other than the City, resulting in a reduced water demand to the City, then the City is released from the obligation to supply the quantity of water mutually established under Part II (B) of this Contract. In such event, the City may adjust its supply obligation to levels commensurate with the Corporation's reduced demand.

If within this Contract's term of duration, the Corporation totally or partially discontinues taking water from the City because such other water supplies have been developed or acquired, the Corporation shall for three years or the balance of this Contract, whichever is less, remain liable for

demand charges at the billing level in effect at the date of written notification of such partial or total cessation of the Base Contract Amount. However, the City may, at its discretion, waive the Corporation's obligation in the event of nominal reductions based on the Corporation's plans if the City receives prior notice of the plans and concurs in the reduction.

G. Facilities and Equipment Maintenance

The Corporation agrees to construct and install all pipelines, valves, fittings, and appurtenances required to meet the quantity and demand requirements set forth in Part II(B) of this Contract. The Corporation shall own and maintain all facilities and equipment constructed beyond the master meter(s). The Corporation shall pay the City a connection fee to initiate water service. Said fee shall be limited to all costs incurred to connect the City's water line through and including the master meter facilities. The City will install, own, and maintain the master meter(s), as required, to maintain meter accuracy. Both parties to this Contract shall have access to such metering equipment at all reasonable times. It is the duty of each party to this Contract to notify the other party if any meter is registering inaccurately or malfunctioning so the meter can be promptly repaired. Each meter will be operated and maintained so as to record with commercial accuracy. The City will notify the Corporation before any meter tests are performed. Either party may request a meter test with the other party having the right to witness such test. If the Corporation requires that an independent testing service be used, the Corporation shall pay the cost of the testing service if the meter(s) is found to be accurate. If the meter(s) is found to be inaccurate, the City shall pay the costs of the testing service.

H. Right to Water

The right to use the water supplied under this Contract shall remain with the City up to the Delivery Point(s). From such Delivery Point(s), whether metered there or not, the right to use the water shall pass to the Corporation.

I. Hold Harmless

To the extent permitted by law, the Corporation shall indemnify, hold harmless, and defend the City, its officers, agents, and employees from and against all liability for any and all claims, liens, suits, demands, and/or actions for damages, injuries to persons (including death), property damage (including loss of use), and expenses, including court costs, attorneys' fees, and other reasonable costs occasioned by or resulting from the negligent acts or omissions

of the Corporation during the transportation, delivery, and disposal of said water beginning at the Delivery Point(s) and continuing while title to the water remains with the Corporation.

To the extent permitted by law, the City shall indemnify, hold harmless, and defend the Corporation, its officers, agents, and employees from and against all liability for any and all claims, liens, suits, demands, and/or actions for damages, injuries to persons (including death), property damage (including loss of use), and expenses, including court costs, attorneys' fees, and other reasonable costs occasioned or resulting from the negligent acts or omissions of the City during the transportation, delivery, and disposal of said water while title to the water remains with the City, ending at the Delivery Point(s).

In the event of liability from claims, liens, suits, demands, or actions arising out of or occasioned by the negligence of both the Corporation and the City, their officers, agents or employees in the performance of this Agreement, each party shall contribute toward the satisfaction of the liability its proportionate share, which share shall be equal to the percentage of negligence attributable to that party, as permitted by law.

J. Acquisition of Facilities / Annexation

The City and the Corporation agree the provisions of this Contract relating to annexation or acquisition of facilities shall govern any current or future annexation provisions that are enacted.

If the City annexes any area in which the Corporation's customers, equipment, facilities, or easements are located, all parties agree that the following procedures shall be followed:

- (1) The ownership and/or title to such equipment, facilities, or easements shall remain with the Corporation subject to RUS's rights and liens as against the Corporation. If the City requests the removal, replacement, or relocation of any equipment or facilities, the City shall bear the expense for such removal, replacement, or relocation.
- (2) If the City, in its sole discretion, should assume the servicing, repair, and maintenance responsibilities of the Corporation's equipment, facilities, or easements, the Corporation's customers that are connected to the annexed portion of the system would then begin paying to the City the standard City water service rates established for regular City water customers. In this situation, the Corporation agrees to apply to the Texas Commission on Environmental Quality to decertify the annexed area to be served by the City from the Corporation's Certificate of Convenience and Necessity service area.

- (3) If the City should assume the aforementioned service, repair, and maintenance responsibilities, the City will purchase all or part of the Corporation's facilities within the annexed area in accordance with the following provisions: The City shall pay the then current fair market value less depreciation as set out herein; provided, however, that such action shall comply with applicable provisions of the Texas Water Code, § 13.255. The fair market value shall be based on the then current total cost of pipe, labor, and installation less depreciation. The usable life shall be 40 years from the date of actual installation. For example, if the line was installed 10 years before the time of acquisition, the line shall be depreciated 1/4 of its then current total cost of installation and the Corporation shall be paid 3/4 of the then current cost of installation.

In addition, the City shall provide RUS with written notice at least 90 days before the City's acquisition of any facilities from the Corporation as provided in Paragraph II (I). RUS shall evaluate the City's offer to insure that the Corporation is receiving fair market value less depreciation as defined herein. If RUS does not object to the offer in writing within 120 days of such notice, the City's offer shall be deemed to be a fair market offer. After receiving approval or no objections by RUS, the City shall notify the Corporation 30 days before exercising its right to acquire the Corporation's facilities.

Any and all compensation under the provisions of this Paragraph II (J) is limited to the water supply line(s), pump station(s), storage tank(s) and appurtenances thereto located along the water supply line routing between the City and the Corporation as defined in Paragraph II (A). Any facility acquisition, relocation, or removal by the City shall not affect the City's obligation to provide water to the Corporation under this Contract.

III. AGREEMENT

Entire Agreement.

This Contract is the entire agreement of the parties, and any prior representations, warranties, agreements, promises, or negotiations, verbal or otherwise, pertaining to this agreement not expressly set forth in this written agreement are of no force and effect. This Contract supersedes and takes the place of the previous contract between the parties dated August 14, 1975 and shall cover all water sales by the City to the Corporation. This Contract shall be binding upon and shall inure to the benefit of the respective successors and/or assigns of the City and the Corporation.

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ATTACHMENT #9

PART D

QUESTION #23

PURCHASED WATER SUPPLY OR TREATMENT AGREEMENT

AGREEMENT #2 – BITTER CREEK WSC

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 0th day of May, 2015, between the Bitter Creek Water Supply Corporation, 2803 East Broadway, Sweetwater, Texas 79556, herein referred to as the "Seller" and the Sun Water Supply Corporation, 135 Edwards Street, Merkel, Texas 79536, hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Texas Water Code, for the purpose of constructing and operating a water supply distribution system serving water users within the Purchaser's Certificate of Convenience and Necessity (CCN) service area, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system, and is developing resources to be able to serve the estimated number of water users to be served by the said Purchaser in its CCN area as permitted by the quantity of water committed in this contract, and

Whereas, by Resolution enacted on the 24th day of February, 2014, by the Seller,

the sale of water to the Purchaser in accordance with the provisions of the said Resolution was approved, and the execution of this contract carrying out the said Resolution was approved, and the execution of this contract carrying out the said Resolution by the President, and attested by the Secretary, was duly authorized and

Whereas, by Resolution of the Board of Directors of the Purchaser, enacted on the 20th day of January 2015 the purchase of water from the Seller in accordance with the terms set forth in this contract and said Resolution was approved, and the execution of this contract by the President, and attested by the Secretary was duly authorized,

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A The Seller Agrees:

1. (Quantity and Quantity) To furnish the Purchaser at the Point of Delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Texas Commission on Environmental Quality in such quantity as required by the Purchaser, not to exceed 150 gallons per minute, and not to exceed 75 million gallons per year

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at a minimum of 35 psi from an eight (8) inch main supply pipeline near the Purchaser's proposed storage tank. The Point of Delivery and metering point shall be at the Purchaser's proposed storage tank and it will be located near County Road 130 about one mile east of County Road 121 Fisher County, Texas. The Seller shall install the eight (8) inch pipeline to a point adjacent to FM Road 2744 as far east of Highway 70 as the Seller's Texas Water Development Board funds allow. From the end of the Seller's installed eight (8) inch pipeline, the Purchaser shall install at its cost the remainder of the eight (8) inch pipeline to the Purchaser's proposed storage tank. The eight (8) inch pipeline installed by the Purchaser to the metering point shall be donated by the Purchaser to the Seller for the Seller's ownership, operation and maintenance.

If a greater pressure than that normally available at point of delivery is required by the Purchaser the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To own, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser, but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate.

If the previous readings of any meter disclosed by test to be inaccurate shall be corrected for the 6 months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser agree upon a different amount. The metering equipment shall be read on or before the 10th day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 10th day of each month, with a detailed statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees.

1. (Rates and Payment Date) To pay the Seller the initial rate of \$3.50 per 1000 gallons of water subject to the modification under paragraph C-5, for water provided hereunder during the preceding month.

Purchaser shall pay the amount shown on such statement within (15) days of the date of the invoice. In the event that Purchaser shall fail to make any such monthly payment in the time specified herein, a ten percent (10%) penalty will be added to all statements not paid by the due date. Such payments shall be made to the Seller at its corporate offices in Nolan County. In the event such payment is not made within fifteen (15) days from the date such payment becomes due, the Seller may, upon fifteen (15) additional days notice to Purchaser, at its option discontinue delivery of Water to Purchaser until the amount due the Seller is paid in full with penalty as herein specified.

During each calendar year, beginning with the first full calendar year during which the Seller is providing water to Purchaser hereunder, Purchaser shall compensate the Seller, at the then current price rate hereunder for an annual quantity of 40,000,000 gallons of water, regardless of whether said quantities are actually taken by Purchaser. Any payment due for the annual minimum quantity shall be paid within thirty days of the invoice from the Seller for any balance due for the difference in water taken and paid for during the preceding year and the remaining balance due for the annual minimum quantity. The Purchaser is not required to begin taking and paying for 40,000,000 gallons per year sooner than the 4th anniversary of this contract. If the Purchaser fails to comply with the take or pay requirements in this contract, the Purchaser shall be relieved of any take or pay provision provided the Purchaser pays to the Seller the liquidated damages described below. Upon completion of payment of the liquidated damages, this contract shall automatically terminate.

The requirement of payment for the annual quantity of 40,000,000 gallons of water shall be proportionally reduced by 3,333,333 gallons for each month of the year during which the provision of water by the Seller is restricted to an amount less than 3,333,333 gallons for that month due to production failure, Water Conservation Plan requirements, or other causes.

2. (Connection Fee) The Purchaser shall bear all the cost required to connect to the Seller's system and as required to furnish and install metering equipment, vault, etc. Once completed the Purchaser shall donate to the Seller the metering equipment for the Seller's ownership, operation, and maintenance.

3. (Governmental Charge) To pay to the Seller as an additional payment for water provided hereunder, any governmental fees or charges assessed by the County Water District or other governmental entity to or on the Seller for the transport or sale of water to an out-of-county end user, including any permit or assessment.

4. (Penalty For Failure To Take Delivery) To pay to Seller as liquidated damages the amount of \$250,000.00 over five equal annual installments of \$50,000.00, in the event that Purchaser fails to complete the required installation of additional infrastructure, and fails to begin taking delivery of the water from Seller under this Contract on, or before, the 4th anniversary date of this Water Purchase Contract. The Parties respectively agree that the Seller's cost to upgrade existing pipelines and extend an eight (8) inch pipeline to a point, adjacent to FM Road 274 east of Highway 70, shall be \$250,000.00, and said liquidated damage amount will be paid as set forth herein if such cost are incurred by Seller and Purchaser fails to begin performance under this Contract on or before the 4th anniversary date of this Water Purchase Contract.

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to Purchaser and thereafter may be renewed or extended for such term or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the

metering equipment has been installed at that time, at a flat charge of \$4.50 per thousand gallons which will be paid by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser as set forth above. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser and Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of Paragraph B(1) above pertaining to the schedule of rates applied and to be paid by the Purchaser for water supplied hereunder are subject to modification at the end of every one calendar year period. Within 60 days the first of January for the coming year, the rate set forth in B(1) above be modified and the new rate will become effective to the water delivered during the next calendar year. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance of the Seller hereunder. Such costs shall not include increased capitalization of the Seller's system, unless the future capitalization costs are specifically required by Seller to perform or satisfy the commitment of Seller to the Purchaser as set forth in this Contract. Other provisions of this contract may be modified or altered by mutual written agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by and/or a grant from the United States of America acting through Rural Development of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of Rural Development. That Seller is also seeking financing through a loan from the Rural Water Assistance Fund to start and complete additional infrastructure improvement, and the provisions hereof pertaining to the undertakings of the Seller are conditioned upon approval, in writing of the State Director of Rural Development.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment or otherwise, shall succeed to the rights of the Purchaser hereunder.

9. As part of this agreement, the Purchaser shall adopt a Water Conservation Plan which is compliant and approved by the Texas Water Development Board. Also, the Purchaser shall abide by the Seller's Drought Contingency Plan for all water purchased from the Seller.

10. Each Party shall take such action necessary to obtain the necessary governmental agency approval as required including the USDA Rural Development, and Texas Water Development Board for this Water Purchase Contract.

11. (Assignment of Interest) The interest of the Purchaser under this contract may be assigned to the United States of America as collateral security for any loan made to finance construction, extension, repair, or maintenance of the Purchaser's water distribution system.

In witness whereof, the Parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in five (5) counterparts, each of which shall constitute an original

Seller:

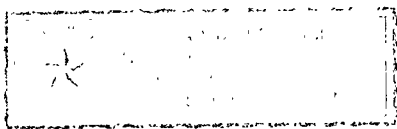
Bitter Creek Water Supply Corporation

By Jeff Posey -----
Name: Jeff Posey
Title: President of the Board of Directors

THE STATE OF TEXAS
COUNTY OF TAYLOR

BEFORE ME, the undersigned authority, on this day personally appeared
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to
me that they he executed the same for the purpose and consideration therein expressed

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 6th day of May, 2015



Margaret Henderson
Notary Public in and for
Taylor County, Texas

Purchaser

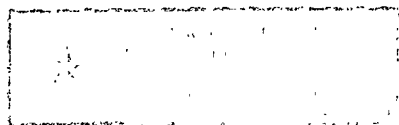
S.U.N. Water Supply Corporation

By: Greg Henderson -----
Name: Greg Henderson
Title: President of the Board of Directors

THE STATE OF TEXAS
COUNTY OF TAYLOR

BEFORE ME, the undersigned authority, on this day personally appeared
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to
me that they he executed the same for the purpose and consideration therein expressed

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 6th day of May, 2015



Margaret Henderson
Notary Public in and for
Taylor County, Texas

This Water Purchase Agreement is further approved by the United States of America, acting through the Rural Development Department of the United States Department of Agriculture

APPROVED on this 14 Day of May, 2015

United States Department of Agriculture

By: Jim Lawler

Title: Area Director

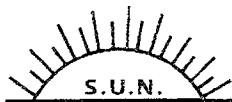
ATTACHMENT #10

PART E

QUESTION #29

TARIFF / RATE SCHEDULE

FINLEY BARNETT
Manager



S.U.N. Water Supply Corporation

P.O. Box 217
MERKEL, TEXAS 79536

Office Phone: (325) 928-5406

The following is our current rate:

Monthly minimum (no longer includes the first 1,000 gallons) = \$35.00

1,001 – 12,000 gallons = \$11.30 per thousand gallons

12,001 – 20,000 gallons = \$11.55 per thousand gallons

20,001 – 30,000 gallons = \$12.45 per thousand gallons

30,001 – 40,000 gallons = \$13.20 per thousand gallons

40,001 gallons and over = \$14.20 per thousand gallons

The following will be the new rate. The rate increase will reflect on the October 2020 bill.

This is the bill you will receive on or around November 1, 2020.

Monthly minimum (no longer includes the first 1,000 gallons) = \$35.00

1 – 12,000 gallons = \$11.50 per thousand gallons

12,001 – 20,000 gallons = \$11.75 per thousand gallons

20,001 – 30,000 gallons = \$12.65 per thousand gallons

30,001 – 40,000 gallons = \$13.40 per thousand gallons

40,001 gallons and over = \$14.40 per thousand gallons

****The late charge for all bills paid after the 15th of each month will be \$10.00****

****Returned check Fee will be \$35.00****

The S.U.N. Water Supply Board of Directors and management want you to know that S.U.N. Water Supply Corp. remains dedicated in providing you with the water it takes for our daily necessities.

The water purchase contract that S.U.N. Water Supply Corp. has with the City of Abilene requires our members and customers to abide by the same water restrictions as the water users in the City of Abilene. So therefore, watch your local news and newspapers for any changes or updates that will affect Abilene, and in turn apply to S.U.N. Water Supply Corp. members and customers also.

Let's all do our part and be water smart to help conserve our most precious resource – water.

Thank you for your interest, concern, understanding, and cooperation.

S.U.N. Water Supply Corp.
Board of Directors and Management

If you have any questions or would like information on water saving tips, feel free to call the office at 325-928-5406 or come by
135 Edwards Street in Merkel.

ATTACHMENT #11

PART E

QUESTION #30

FINANCIAL AUDIT

Merritt, McLane & Hamby, P.C.

401 Cypress Street, Suite 303
Abilene, TX 79601

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
S.U.N. Water Supply Corporation
Merkel, Texas

We have audited the accompanying financial statements of S.U.N. Water Supply Corporation (a nonprofit organization), which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, changes in net assets, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 S.U.N. Water Supply Corporation as of March 31, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


MERRITT, MCLANE & HAMBY, P.C.

Abilene, Texas
April 23, 2021

S.U.N. WATER SUPPLY CORPORATION

STATEMENTS OF FINANCIAL POSITION

March 31, 2021 and 2020

ASSETS		<u>2021</u>	<u>2020</u>
Current:			
Cash and cash equivalents	\$	223,234	\$ 163,419
Investments		342,713	340,003
Accounts receivable		118,210	104,490
Prepaid insurance		19,581	18,006
Total current assets		<u>703,738</u>	<u>625,918</u>
Non current:			
Property and equipment - net		<u>729,152</u>	<u>767,421</u>
Total non current assets		<u>729,152</u>	<u>767,421</u>
Total Assets	\$	<u><u>1,432,890</u></u>	<u><u>\$ 1,393,339</u></u>
 LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$	46,872	\$ 47,687
Payroll liabilities		2,609	2,615
Notes payable - current		327,329	3,531
Total current liabilities		<u>376,810</u>	<u>53,833</u>
Non current:			
Water deposit payable		58,919	62,996
Notes payable		<u>7,201</u>	<u>331,218</u>
Total non current liabilities		<u>66,120</u>	<u>394,214</u>
Total Liabilities		<u>442,930</u>	<u>448,047</u>
Net Assets Without Donor Restrictions			
Memberships		210,609	203,409
Accumulated Earnings		<u>779,351</u>	<u>741,883</u>
Total Net Assets Without Donor Restrictions		<u>989,960</u>	<u>945,292</u>
Total Liabilities and Net Assets Without Donor Restrictions	\$	<u><u>1,432,890</u></u>	<u><u>\$ 1,393,339</u></u>

The accompanying notes are an integral part of the financial statements.

S.U.N. WATER SUPPLY CORPORATION

STATEMENTS OF ACTIVITIES

For the Years Ended March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues and Other Support:		
Water sales	\$ 981,195	\$ 899,602
Patronage dividends	331	1,441
Late charges	13,990	16,915
Installation, maintenance, and connection fees	39,800	23,800
Loan forgiveness	26,900	
Interest income	2,918	5,464
	<u>1,065,134</u>	<u>947,222</u>
Total Revenues and Other Support		
Expenses:		
Cost of water sold	515,410	476,568
Utilities - pump station	42,647	43,064
Salaries	125,640	123,300
Office expense	11,960	13,284
Repairs and maintenance	55,990	53,194
Auto allowance and expenses	34,867	34,672
Professional fees	10,205	9,960
Regulatory fees	10,639	11,725
Miscellaneous	195	527
Annual meeting expense	1,116	4,867
Bad debts		177
Water samples	4,036	1,973
Telephone	4,016	4,824
Utilities - office	7,522	8,291
Payroll taxes	9,821	9,679
Retirement	6,334	5,849
Depreciation	113,464	107,782
Chemicals	3,440	3,012
Insurance	56,540	51,868
Dues, conventions, seminars	3,068	6,041
Small tools	1,163	653
Donations and advertising	375	776
Interest expense	9,218	13,338
	<u>1,027,666</u>	<u>985,424</u>
Total Expenses		
Change in Unrestricted Net Assets	<u>\$ 37,468</u>	<u>\$ (38,202)</u>

The accompanying notes are an integral part of the financial statements

S.U.N. WATER SUPPLY CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

For the Years Ended March 31, 2021 and 2020

	<u>Memberships</u>	<u>Accumulated Earnings</u>	<u>Total Net Assets Without Donor Restrictions</u>
Balance at March 31, 2019	\$ 198,009	\$ 780,085	\$ 978,094
Net new memberships	5,400		5,400
Change in net assets	<u> </u>	<u>(38,202)</u>	<u>(38,202)</u>
Balance at March 31, 2020	203,409	741,883	945,292
Net new memberships	7,200		7,200
Change in net assets	<u> </u>	<u>37,468</u>	<u>37,468</u>
Balance at March 31, 2021	<u>\$ 210,609</u>	<u>\$ 779,351</u>	<u>\$ 989,960</u>

*The accompanying notes are an integral
part of the financial statements*

S.U.N. WATER SUPPLY CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 37,468	\$ (38,202)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	113,464	107,782
(Increase) decrease in operating assets		
Accounts receivable	(13,720)	(16,558)
Prepaid expense	(1,575)	(765)
Increase (decrease) in operating liabilities		
Accounts payable	(815)	7,911
Payroll liabilities	(6)	9
Customer deposits	(4,077)	(3,141)
Net cash provided by operating activities	<u>130,739</u>	<u>57,036</u>
Cash flows from investing activities		
Purchase of investments	(2,710)	(5,079)
Purchase of property and equipment	<u>(75,195)</u>	<u>(78,272)</u>
Net cash used in investing activities	<u>(77,905)</u>	<u>(83,351)</u>
Cash flows from financing activities		
Increase in memberships	7,200	5,400
Proceeds from long term debt	6,960	22,562
Payments on notes payable	<u>(7,179)</u>	<u>(6,821)</u>
Net cash provided by financing activities	<u>6,981</u>	<u>21,141</u>
Net increase (decrease) in cash and cash equivalents	59,815	(5,174)
Cash and cash equivalents at beginning of year	<u>163,419</u>	<u>168,593</u>
Cash and cash equivalents at end of year	<u><u>\$ 223,234</u></u>	<u><u>\$ 163,419</u></u>
Supplemental Information		
Interest paid	<u><u>\$ 9,218</u></u>	<u><u>\$ 13,338</u></u>

The accompanying notes are an integral part of the financial statements

S.U.N. WATER SUPPLY CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND PURPOSE

S.U.N. Water Supply Corporation (the Corporation) is a not-for-profit organization devoted to furnishing the water supply to rural residents of Stith, Union Ridge, and Noodle, Texas. Water sales are the major source of revenue.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Corporation are summarized below:

Basis of Presentation

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

Inventory

The costs of inventory are recorded as expenses as purchased (purchase method).

Fixed Assets

Land, buildings, and equipment are stated at cost less accumulated depreciation and amortization. The Corporation does not have a formal capitalization policy; however, the Corporation typically capitalizes fixed assets with a useful life of greater than five years and a cost greater than \$500. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows.

	<u>Years</u>
Building, lines, storage	20-30
Pumps and equipment	5-30
Office equipment	5-10
Operations equipment	5-30

Income Taxes

The Corporation prepares a federal information return (Form 990) and is exempt from federal income taxes under Section 501(c)(12) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, the Corporation has made no provision for federal income taxes in the accompanying financial statements. The Corporation is generally no longer subject to examination by the IRS for years before 2017.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

S.U.N. WATER SUPPLY CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 3: LIQUIDITY

On March 31, 2021 the Corporation has \$684,157 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of cash of \$223,234, investments of \$342,713, and accounts receivable of \$118,210

On March 31, 2020 the Corporation has \$607,912 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of cash of \$163,419, investments of \$340,003, and accounts receivable of \$104,490.

None of the financial assets are subject to other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The accounts receivable is subject to implied time restrictions with the majority expected to be collected within 30 days. The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4: CASH AND INVESTMENTS

Cash and investments consist of the following.	<u>2021</u>	<u>2020</u>
Cash and cash equivalents		
Interest bearing checking accounts	\$ 111,806	\$ 91,420
Interest bearing savings accounts	111,428	71,999
Total cash and cash equivalents	<u>\$ 223,234</u>	<u>\$ 163,419</u>
Investments		
Certificates of deposit	\$ 342,713	\$ 340,003
Total investments	<u>\$ 342,713</u>	<u>\$ 340,003</u>
Weighted average maturity	57 days	175 days

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable are stated at unpaid balances. The Corporation provides for losses on accounts receivable using the direct write off method which is a departure from generally accepted accounting principles. Management believes that the departure is immaterial and no allowance for doubtful accounts has been recorded because management believes that substantially all of the balance of the accounts receivable will be collected. As of March 31, 2021 and 2020, the balance in accounts receivable was \$118,210 and \$104,490, respectively.

S.U.N. WATER SUPPLY CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at March 31, 2021 and 2020:

	2021	2020
Office furniture and equipment	\$ 72,768	\$ 72,768
Water system	3,458,232	3,383,037
Office building	61,627	61,627
Land pump station	1,550	1,550
	<u>3,594,177</u>	<u>3,518,982</u>
Less: Accumulated depreciation	2,865,025	2,751,561
Net property and equipment	<u>\$ 729,152</u>	<u>\$ 767,421</u>
Depreciation expense for the year	<u>\$ 113,464</u>	<u>\$ 107,782</u>

NOTE 7: NOTE PAYABLE

The Water Supply Corporation entered into a note agreement with Prosperity State Bank for a line of credit in the amount of \$210,000, on November 28, 2014. On August 9, 2016, the amount of the line of credit was increased to \$300,000 and the maturity date changed to August 9, 2017. On August 31, 2019 the line of credit was increased to \$330,000 and was renewed with a new maturity date of May 22, 2021. The full balance is due at the date of maturity plus any unpaid interest at a rate of 3.75%. The amount of unused line of credit at March 31, 2021 and 2020 was \$10,199 and \$17,159, respectively.

The Corporation entered into a note agreement with Ally secured by a pickup truck in the amount of \$32,574 in August 2018. The note matures February 10, 2023. Payments of \$672 are due monthly including interest at 4.79%.

	Balance 3/31/2020	Additions	Principle Payments	Balance 3/31/2021	Interest Payments	Due Within One Year
Line of Credit	\$ 312,841	\$ 6,960	\$	\$ 319,801	\$ 8,336	\$ 319,801
Note Payable	21,908		7,179	14,729	882	7,528
	<u>\$ 334,749</u>	<u>\$ 6,960</u>	<u>\$ 7,179</u>	<u>\$ 334,530</u>	<u>\$ 9,218</u>	<u>\$ 327,329</u>

The maturity is as follows:

	Principal	Interest	Total
2022	\$ 327,329	\$ 3,531	\$ 330,860
2023	7,201	172	7,373
	<u>\$ 334,530</u>	<u>\$ 3,703</u>	<u>\$ 338,233</u>

NOTE 8: MEMBERS' EQUITY

The Corporation currently requires applicants to pay a fee of \$1,500 before membership is extended and service is provided.

S.U.N. WATER SUPPLY CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 9: FINANCIAL INSTRUMENTS

Fair Value Measurements

Accounting principles generally accepted in the United States of America require the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

A fair value hierarchy exists for valuation inputs that give the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (for example: interest rates, volatilities, prepayment speeds, loss severities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Significant unobservable inputs that reflect an entity's own assumptions that market participants would use in pricing the assets or liabilities

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value.

While management believes the Corporation's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Cash and cash equivalents – The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

S.U.N. WATER SUPPLY CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 9: FINANCIAL INSTRUMENTS - continued

Investments – The fair value of investments in certificates of deposits approximates fair value because of the short maturity of those instruments. Investments are reported at fair value utilizing Level 2 inputs (interest rates) for the CDs held at Prosperity Bank

Accounts receivable – The carrying amount reported in the statement of financial position approximates fair value due to the short-term nature of the receivable.

Prepaid expenses – The carrying amount reported in the statement of financial position approximates fair value due to the short-term nature of the asset

The estimated fair values of the Corporation's financial instruments are as follows:

March 31, 2021	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 223,234	\$ 223,234
Investments	342,713	342,713
Accounts receivable	118,210	118,210
Prepaid expenses	19,581	19,581
Accounts payable	46,872	46,872
Payroll liabilities	2,609	2,609
March 31, 2020	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 163,419	\$ 163,419
Investments	340,003	340,003
Accounts receivable	104,490	104,490
Prepaid expenses	18,006	18,006
Accounts payable	47,687	47,687
Payroll liabilities	2,615	2,615

NOTE 10: CONCENTRATION OF CREDIT RISK

The Corporation maintains cash balances at Prosperity Bank. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Corporation has not experienced any loss in such accounts. As of March 31, 2021 and 2020, the respective uninsured balances are \$307,698 and \$244,125. The Corporation believes it is not exposed to any significant credit risk on its cash balances.

NOTE 11: WATER CONTRACTS

S.U.N. Water Supply Corporation has a contract with the City of Abilene (the City) to purchase up to 75,000,000 gallons of water during each calendar year, or the highest water year demand established during the preceding three years, whichever is greater, at a base rate of \$5.75 per 1,000 gallons. An additional demand charge of \$0.10 per 1,000 gallons can be billed within 60 days after each water year and is due in a lump sum within 30 days from receipt of statement. The demand charge is calculated on the difference between the 75,000,000 gallons the City has reserved for the Corporation and the actual purchase for the calendar year, if the purchase is less than the amount reserved for the Corporation. In addition, the City has adopted a Water Conservation Plan that provides for year-round Water Conservation measures. The Corporation agrees per term of the contract to comply with all provisions of the City's Water Conservation Plan that are in effect or later adopted. The term of the contract is 40 years, expiring in December 2043.

S.U.N. WATER SUPPLY CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 12: RETIREMENT PLAN

S.U.N. Water Supply Corporation provides a defined contribution S E P Plan for employees where, after three years of service, the Corporation will contribute 4% of each employee's salary to the Plan. The investments are held at Edward Jones and the employees bear the costs of the plan. For the years ended March 31, 2021 and 2020, the Corporation contributed \$6,334 and \$5,849, respectively.

NOTE 13: DATE OF SUBSEQUENT REVIEW

The Corporation has evaluated subsequent events through April 23, 2021, the date which the financial statements were available to be issued.

ATTACHMENT #12

PART F

QUESTION #32

DETAILED (LARGE SCALE) MAP

OVERSIZED MAP(s) or DOCUMENT(s)

TO VIEW
OVERSIZED MAP(s) or DOCUMENT(s)

PLEASE CONTACT
CENTRAL RECORDS
512.936.7180

Thank you

DIGITAL DATA (FLASH DRIVE/S)

PLEASE CONTACT CENTRAL RECORDS

AT 512-936-7180