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PUC DOCKET NO. 53254

PETITION OF STC GROUP MILLER,	§	PUBLIC UTILITY COMMISSION
LLC TO AMEND BOLIVAR WATER	§	
SUPPLY CORPORATION'S	§	OF TEXAS
CERTIFICATE OF CONVENIENCE	§	
AND NECESSITY IN DENTON	§	
COUNTY BY STREAMLINED	§	
EXPEDITED RELEASE	§	

RESPONSE OF BOLIVAR WATER SUPPLY CORPORATION

Bolivar Water Supply Corporation ("Bolivar") hereby submits this Response ("Response") to the Original Petition of STC Group Miller, LLC to Amend Bolivar Water Supply Corporation's Certificate of Convenience and Necessity in Denton County by Streamlined Expedited Release ("Petition") filed on February 22, 2022, with the Public Utility Commission of Texas ("PUC" or "Commission"). The Petition seeks to remove, amend, decertify, or release from Bolivar's CCN No. 11257 approximately 202 acres of land in Denton County, Texas.

Order No. 1 in this docket provided an April 14, 2002, deadline for Bolivar's response. This Response is therefore timely filed.

I. RESPONSE

Bolivar is fully capable of providing continuous and adequate retail water service to the Property. Bolivar has lines readily available to provide service to the Petitioner. Bolivar, in addition, has long-term debt issued for the benefit of the property that is the subject of the Petition.

Petitioner has filed the Petition instead of receiving excellent service from an existing provider that boasts long standing compliance with existing standards for customer service. The only reason Petitioner is not receiving service from Bolivar is that it has not requested service. Bolivar understands that the landowner will be required to pay compensation for the adverse impacts of the decertification on Bolivar. Such compensation is required by law. Therefore, if the Commission grants the Petition, Bolivar demands that a compensation phase be initiated to

determine the amount of compensation that the landowner must pay to Bolivar for the decertification, according to Texas Water Code § 13.254 and 16 Tex. Admin. Code § 24.245.

Bolivar hereby includes the Declarations of James Parkman and Kerry Maroney that addresses the Petition. The declarations are attached hereto as Exhibit Nos. 1 and 2, respectively.

Bolivar seeks full compensation allowed by law, if the Petition is granted, in order to compensate Bolivar for the planning, design, construction, stranded investment, and other costs that are allocable to the Petitioner. Bolivar further seeks full compensation as set forth in Chapter 21 of the Texas Property Code and 16 Tex. Admin. Code § 24.245(j).

II. CONCLUSION

Bolivar respectfully requests that the Commission, if the Petition is granted, award full compensation allowed by law to Bolivar. Bolivar additionally requests all other relief to which it may be justly entitled.

Respectfully submitted,

Russell Rodriguez Hyde Bullock LLP
1633 Williams Drive, Building 2, Suite 200
Georgetown, Texas 78628
(512) 930-1317
(866) 929-1641 (Fax)
arodriguez@txlocalgovlaw.com

/s/ Arturo D. Rodriguez, Jr.
ARTURO D. RODRIGUEZ, JR.
State Bar No. 00791551

**ATTORNEY FOR BOLIVAR WATER
SUPPLY CORPORATION**

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on the 14th day of April, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Arturo D. Rodriguez, Jr.
ARTURO D. RODRIGUEZ, JR.

PUC DOCKET NO. 53254

**PETITION OF STC GROUP MILLER,
LLC TO AMEND BOLIVAR WATER
SUPPLY CORPORATION'S
CERTIFICATE OF CONVENIENCE
AND NECESSITY IN DENTON
COUNTY BY STREAMLINED
EXPEDITED RELEASE**

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**PUBLIC UTILITY COMMISSION

OF TEXAS**

STATE OF TEXAS

§
§
§

COUNTY OF DENTON

DECLARATION OF JAMES PARKMAN

Pursuant to Texas Civil Practices and Remedies Code Section 132.001, JAMES PARKMAN, hereby subscribes to the following declarations under penalty of perjury:

1. My name is James Parkman, my date of birth is September 16, 1950, and my address is 4151 FM 455 West, Sanger, Texas 76266. I declare under the penalty of perjury that all information in this document is true and correct.
2. I am the General Manager of the Bolivar Water Supply Corporation.
3. I have reviewed Bolivar Water Supply Corporation's Response to the Original Petition of McCart St, LLC to Amend Bolivar Water Supply Corporation's Certificate of Convenience and Necessity in Denton County by Streamlined Expedited Release.
4. Bolivar Water Supply Corporation seeks full compensation allowed by law, if the Petition is granted, in order to compensate Bolivar for the planning, design, construction, stranded investment, and other costs that are allocable to the Petitioner. Bolivar Water Supply Corporation further seeks full compensation as set forth in Chapter 21 of the Texas Property Code and 16 Tex. Admin. Code § 24.245(j).
5. Bolivar Water Supply Corporation's engineer, Kerry Maroney, details the company's system and the stranded investment which will be left if the Petition that is the subject of this docket is granted.
6. In addition to the materials provided by Mr. Maroney, I am attaching Bolivar Water Supply Corporation's audited financial statements, as of December 31, 2021. A true and correct copy of audited financial statements is attached hereto as Exhibit A. Bolivar Water Supply Corporation has current debt with the United States Department of Agriculture-Rural Development for facilities that are used to serve the property that is the subject of the Petition. Further, Bolivar Water Supply Corporation is obligated to the Greater Texoma Utility Authority to make monthly payments in amounts sufficient to provide for the



payment and redemption of the principal and interest on revenue bonds issued by the Greater Texoma Utility Authority on Bolivar Water Supply Corporation's behalf.

7. I declare under the penalty of perjury that the foregoing is true and correct.

SIGNED in Denton County, Texas on April 13, 2022.



A handwritten signature in black ink, appearing to read "James Parkman", is written over a horizontal line. Below the line, the name "JAMES PARKMAN" is printed in a sans-serif font.

JAMES PARKMAN

**BOLIVAR WATER
SUPPLY CORPORATION**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2021

EXHIBIT

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exhibitstickers.com

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902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
TEL (940) 337-8553
FAX (940) 333-4716

INDEPENDENT AUDITORS' REPORT

Board of Directors
Bolivar Water Supply Corporation
Sanger, Texas

We have audited the accompanying financial statements of Bolivar Water Supply Corporation (a nonprofit corporation), which comprise the balance sheet as of December 31, 2021, and the related statements of income and retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bolivar Water Supply Corporation as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 8, 2022, on our consideration of Bolivar Water Supply Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Bolivar Water Supply Corporation's internal control over financial reporting and compliance.

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

March 8, 2022

BOLIVAR WATER SUPPLY CORPORATION

BALANCE SHEET DECEMBER 31, 2021

ASSETS

Current assets:		
Cash and cash equivalents	\$ 1,113,857	
Accounts receivable - trade (net of allowance), pledged	203,142	
Investments	6,627,938	
Prepaid expenses	8,714	
Inventory, at cost	88,958	
Total current assets		\$ 8,042,609
Investments - restricted		135,175
Property and equipment, pledged:		
Wells and well sites, water distribution system and storage facilities	22,765,872	
Buildings	1,447,060	
Furniture, equipment and vehicles	765,318	
Construction in progress	1,507,637	
	26,485,887	
Less accumulated depreciation	(15,241,693)	
Land, right of way and easements	403,618	
Net property and equipment		11,647,812
Other assets:		
Utility deposits	70	
Total other assets		70
TOTAL ASSETS		<u>\$ 19,825,666</u>

LIABILITIES AND MEMBERS EQUITY

Current liabilities:		
Accounts payable	\$ 524,566	
Accrued expenses	30,275	
Current portion of long-term debt	65,666	
Total current liabilities		\$ 620,507
Long-term debt, net of current portion		1,013,054
TOTAL LIABILITIES		<u>1,633,561</u>
Members' equity:		
Contributed capital -		
Member accounts	416,900	
Other contributed capital	3,025,098	
Total contributed capital		3,441,998
Retained earnings:		
Restricted	135,175	
Unrestricted	14,614,932	
Total retained earnings		14,750,107
Total members' equity		<u>18,192,105</u>
TOTAL LIABILITIES AND OWNER'S CAPITAL		<u>\$ 19,825,666</u>

See accompanying notes to the financial statements.

BOLIVAR WATER SUPPLY CORPORATION

STATEMENT OF INCOME AND RETAINED EARNINGS YEAR ENDED DECEMBER 31, 2021

Revenues:		
Water sales	\$ 2,706,987	
Current period new member additions	1,294,500	
Installations and road bores	100,479	
Other fees and changes	46,424	
Other income	48,183	
Total revenues		\$ 4,196,573
Operating expenses:		
Depreciation	685,921	
Salaries	864,121	
Payroll taxes	66,247	
Employee insurance	98,705	
Utilities	308,228	
Repairs, maintenance and operations	622,765	
Contracted services - GTUA	97,221	
Interest expense	55,803	
Insurance and bonds	51,791	
Miscellaneous	30,965	
Bank and credit card charges	50,977	
Office supplies and expense	40,750	
Telephone	12,835	
Professional fees	23,192	
Postage	13,558	
Retirement plan contribution	24,846	
Auto and truck expense	80,695	
Water sample expense	20,428	
Total operating expenses		3,149,048
Net operating income		1,047,525
Other income (loss):		
Interest and dividend income	194,648	
Realized gain/(loss) on investments	534,996	
Unrealized gain/(loss) on investments	(142,207)	
Gain on sale of equipment	5,500	
Total other income (loss)		592,937
Net Income		1,640,462
Retained earnings - beginning of year		13,109,645
Retained earnings - end of year		<u>\$ 14,750,107</u>

See accompanying notes to the financial statements.

BOLIVAR WATER SUPPLY CORPORATION

STATEMENT OF CASH FLOWS DECEMBER 31, 2021

Cash flows from operating activities		
Net income		\$ 1,640,462
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	\$ 685,921	
(Increase) decrease in:		
Accounts receivable - trade	(49,739)	
Prepaid expenses	(1,334)	
Inventory	2,414	
Increase (decrease) in accounts payable	279,861	
Increase (decrease) in accrued expenses	(26,479)	
Interest and dividend income	(194,648)	
Realized and unrealized gains/losses on investments	(392,789)	
Gain on sale of equipment	(5,500)	
Total adjustments		<u>297,707</u>
Net cash provided by operating activities		<u>1,938,169</u>
Cash flows from investing activities:		
Proceeds from sale of investments	4,664,802	
Proceeds from sale of equipment	5,500	
Purchase of property and equipment	(1,670,045)	
Purchase of investments	(5,471,593)	
Interest and dividend income	194,468	
Net cash used by investing activities		<u>(2,276,868)</u>
Cash flows from financing activities:		
Principal payments on long-term debt	(73,923)	
Increase in member accounts - net	21,427	
Net cash used by financing activities		<u>(52,496)</u>
Net decrease in cash and cash equivalents		(391,195)
Cash and cash equivalents at beginning of year		<u>1,505,052</u>
Cash and cash equivalents at end of year		<u><u>\$ 1,113,857</u></u>
Supplemental disclosure:		
Cash paid for interest		<u><u>\$ 50,078</u></u>

See accompanying notes to the financial statements.

BOLIVAR WATER SUPPLY CORPORATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Bolivar Water Supply Corporation ("the Corporation") is operated in a manner similar to a private enterprise where the intent is to provide water and related services to the general public with all costs financed primarily through user charges. The Corporation is a nonprofit, member-owned corporation governed by a nine member Board of Directors elected by the members of the Corporation. The Corporation serves individuals residing in the rural areas surrounding Sanger, Texas in northern Denton County, southern Cooke County, and eastern Wise County, Texas.

Revenue and Expense Recognition

The books and records of the corporation are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the accounting period they are earned, and expenses are recognized when incurred.

Property, Equipment and Depreciation

Depreciation expense included in the accompanying financial statements is recorded on the straight-line method over the estimated useful lives of the assets. Property and equipment in excess of \$2,000 is recorded at cost or, if contributed, estimated cost of materials and installation. Useful lives range from 5 years for light equipment to 40 years for certain system improvements.

Inventory

Inventory, consisting of supplies and equipment, is stated at cost. Cost is determined primarily by the first-in, first-out method.

Accounts Receivable - Trade

Accounts receivable consist primarily of receivables related to water sales. Trade accounts receivable are shown net of an allowance for uncollectible amounts of \$30,264. All trade accounts receivable are pledged as security for the U.S.D.A. Rural Development loans. Accounts receivable are not collateralized.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of financial statement presentation, the Corporation considers all money market funds and highly liquid debt instruments with maturities of three months or less when acquired to be cash equivalents.

BOLIVAR WATER SUPPLY CORPORATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2019

NOTE 2 – LONG-TERM DEBT

Long-term debt at December 31, 2021, consisted of the following:

United States Department of Agriculture Rural Development:
5% note payable, dated March 8, 1996, maturing in July
2033. Due in monthly installments of \$10,341 including
interest. Secured by the water system. \$ 1,078,720

Total	1,078,720
Less Current Portion	<u>(65,666)</u>
Long-Term Debt	<u>\$1,013,054</u>

Maturities of Long-Term Debt are as follows:

Years Ended December 31:

2022	\$ 65,666
2023	75,146
2024	78,990
2025	83,032
2026	87,280
Thereafter	<u>688,606</u>
Total	<u>\$1,078,720</u>

BOLIVAR WATER SUPPLY CORPORATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 3 – AGREEMENT WITH THE GREATER TEXOMA UTILITY AUTHORITY (GTUA)

GTUA is a political subdivision of the State of Texas created to assist cities, towns, and other entities develop water, sewer, and solid waste facilities. In 2004, the Corporation entered into a contract with GTUA for certain water supply services. Pursuant to the agreement, GTUA issued \$1,500,000 of Contract Revenue Bonds in order to fund construction of facilities as provided for in the water supply services contract with the Corporation.

The Corporation has agreed, and is obligated to GTUA, to make monthly payments in amounts sufficient to provide for the payment and redemption of the principal and interest on those revenue bonds as they become due through the year 2028. The Corporation is also obligated to pay an annual administration fee to GTUA. This fee was \$650 in 2021. These payments are recognized as operating expenses by the Corporation and as revenues by GTUA.

Contractual commitments to be paid to GTUA by the Corporation as required by the water supply and service contract are shown in the following schedule:

<u>Year</u>	<u>Amount</u>
2022	\$ 95,624
2023	97,142
2024	99,805
2025	98,579
2026	99,818
Thereafter	<u>127,901</u>
Total	<u>\$ 618,869</u>

Future payments to GTUA will fluctuate because the revenue bonds issued by GTUA are variable rate bonds, and the interest rate changes each year. The payment obligations shown above represent the bond interest rate as of April 1, 2017, which was 2.79%.

The debt obligation for GTUA's revenue bonds is not reflected in the Corporation's financial statements. The liability for the debt obligation is separately presented in the publicly available September 30, 2021 financial statements of GTUA.

NOTE 4 – RESTRICTED INVESTMENTS

Included in the financial statements at December 31, 2021 is \$135,175 of investments that are restricted under the Corporation's loan agreement with USDA Rural Development for future debt service payments.

The loan agreement requires the Corporation to maintain a reserve fund of at least \$124,092, which is one year of debt service payments on the loan. The reserve fund balance at December 31, 2021 was \$135,175. The reserve fund consists of mutual funds with a fair value at December 31, 2021 of \$135,175.

BOLIVAR WATER SUPPLY CORPORATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 5 – INVESTMENTS

Investments consist of common stocks and mutual funds all of which are readily marketable. All investments are stated at fair value. The fair value of the mutual funds is based on significant other observable inputs (level 2 measurements). The mutual funds consist of both bond funds and equity funds. The fair value of the common stocks is based on quoted prices in active markets (level 1 measurements).

Investments at December 31, 2021 are summarized as follows:

Unrestricted investments included in current assets:

	<u>Cost</u>	<u>Fair Value</u>
Common Stocks	\$ 1,779,383	\$ 2,258,140
Mutual funds	<u>4,001,844</u>	<u>4,369,798</u>
Total	<u>\$ 5,781,227</u>	<u>\$ 6,627,938</u>

Restricted investments (see Note 4):

Mutual funds	<u>\$ 145,201</u>	<u>\$ 135,175</u>
Total	<u>\$ 145,201</u>	<u>\$ 135,175</u>

Total investment return for the year ended December 31, 2021 consisted of \$194,648 of interest and dividend income plus \$142,207 of unrealized losses in the fair value of investments plus \$534,996 of realized losses on the sale of investments for a net investment return of \$587,437.

NOTE 6 – FEDERAL INCOME TAX

Bolivar Water Supply Corporation is a non-profit organization that qualifies under IRS Code Sec. 501(c)(12) for exemption from Federal income tax.

The Corporation files Form 990 with the Internal Revenue Service, and as of December 31, 2021, the Corporation's tax returns related to the years ended December 31, 2018 through 2020 remain open to possible examination by the Internal Revenue Service; however, no tax returns are currently under examination.

Exempt organizations are required to pay Federal income tax on unrelated business taxable income. For the year ended December 31, 2021, the Corporation had no unrelated business taxable income.

BOLIVAR WATER SUPPLY CORPORATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 7 – RETIREMENT PLAN

The Corporation sponsors an SEP retirement plan for eligible employees. The Plan allows for the Corporation to make contributions for eligible employees at a percentage of eligible compensation determined by the Board of Directors. For 2021 the Corporation contributed three percent of eligible compensation. The Corporation's contribution for 2021 was \$24,846. All participating employees are fully vested in the Corporation's contributions.

NOTE 8 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable – trade, accounts payable, and accrued expenses reported in the balance sheet approximate fair values because of the short maturities of those instruments. The carrying amount of long-term debt reported in the balance sheet approximates fair value based on currently available loans with similar terms.

NOTE 9 – CONCENTRATIONS

The Corporation operates a water system in the Sanger, Texas area including northern Denton County, southern Cooke County, and eastern Wise County, Texas. The Corporation is reliant on customers within this area for its operations.

The Corporation maintains demand checking accounts at Sanger Bank and First United Bank. Deposits at the banks are insured by the FDIC up to \$250,000 per institution. The Corporation maintains balances in excess of FDIC coverage at times. As of December 31, 2021, the bank balance at Sanger Bank was \$776,202. Demand checking and money market accounts at other financial institutions were all below \$250,000 as of December 31, 2021. The Corporation invests excess funds in a money market mutual fund with Edward Jones. Deposits in the Edward Jones money market mutual fund are not federally insured. The balance invested in the Edward Jones money market mutual fund at December 31, 2021 was \$223,144.

NOTE 10 – SUBSEQUENT EVENTS

Management has reviewed events subsequent to December 31, 2021 through March 8, 2022, which is the date the financial statements were available to be issued. No subsequent events were identified that were required to be recorded or disclosed in the financial statements.

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902 NORTH LOCUST
P O. BOX 977
DENTON, TX 76202-0977
TEL (940) 337-3563
FAX (940) 333-4746

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Bolivar Water Supply Corporation
Sanger, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bolivar Water Supply Corporation, which comprise the balance sheet as of December 31, 2021, and the related statements of income and retained earnings and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bolivar Water Supply Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bolivar Water Supply Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bolivar Water Supply Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

March 8, 2022

PUC DOCKET NO. 53254

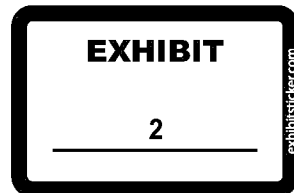
PETITION OF STC GROUP MILLER, LLC TO AMEND BOLIVAR WATER SUPPLY CORPORATION'S CERTIFICATE OF CONVENIENCE AND NECESSITY IN DENTON COUNTY BY STREAMLINED EXPEDITED RELEASE	§ § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
STATE OF TEXAS	§ §	
COUNTY OF DENTON	§	

DECLARATION OF KERRY D. MARONEY, P.E.

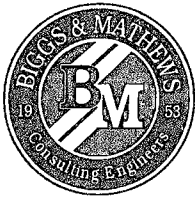
Pursuant to Texas Civil Practices and Remedies Code Section 132.001, KERRY D. MARONEY, P.E. hereby subscribes to the following declarations under penalty of perjury:

1. My name is Kerry D. Maroney, my date of birth is 10/12/1950, and my address is 2500 Brook Avenue, Wichita Falls, Texas, 76301. I declare under the penalty of perjury that all information in this document is true and correct.
2. I am a registered professional engineer registered in Texas (License No. 44639) and Oklahoma (License No. 20730) and a shareholder with Biggs and Mathews, Inc. I serve as the corporate engineer for the Bolivar Water Supply Corporation. I designed much of their system and am familiar with their water distribution system. I have been a registered professional engineer in the state of Texas since 1979.
3. I have reviewed the Original Petition of STC Group Miller, LLC to Amend Bolivar Water Supply Corporation's Certificate of Convenience and Necessity in Denton County by Streamlined Expedited Release.
4. I prepared the attached Letter of Engineering Review of the property that is the subject of this proceeding. A true and correct copy of the letter is attached hereto as Exhibit A. Bolivar Water Supply Corporation will have its investment in the letter partially stranded if the Petition in this docket is granted.
5. I declare under the penalty of perjury that the foregoing is true and correct.

SIGNED in Wichita County, Texas on April 12th, 2022.



KERRY D. MARONEY, P.E.



BIGGS & MATHEWS INC.

Consulting Engineers

April 8, 2022

Art Rodriguez
Russell Rodriguez Hyde Bullock, LLP
1633 Williams Drive
Bldg. 2, Suite 200
Georgetown, Texas 78628

RE: Letter of Engineering Review – STC Group Miller, LLC Tract
Request for Expedited Release – 202.69 Acres
East Lois Rd. & Melton Rd.

Dear Mr. Rodriguez:

We have evaluated the potential for Bolivar Water supply Corporation (BWSC) to provide continuous and adequate water service to this 202.69 acre tract of land, and are providing you with the following information and results of our evaluation.

SITE INFORMATION:

Size of Development: Approx. 203 Acres
Site Ground Elevation: Approx. 748 – 705 MSL
Site Pressure Plane: Pressure Plane No.2
County Location: Denton County
Groundwater District (If Applicable): North Texas GCD
Bolivar WSC Pressure Plane: No. 2 – HGL 860 MSL (Woolard, Melton, Kit Carson)
Current Water Supply Capacity (Plane No. 2)-535 GPM – Max. 890 Connections
Current High Service Pump Capacity (Plane 2)-1900 GPM – Max. 950 Connections
Current Ground Storage Tank Capacity (Plane 2)-210,000 Gallons
Current Elevated Storage Capacity (Plane 2) – 100,000 Gallons – Max. 1,000 Connections
Current Total Storage Capacity (Plane 2) – 310,000 Gallons – Max. 1,550 Connections
Estimated Current Connections: 512 Connections

WATER SERVICE RECOMMENDATIONS:

- *BWSC has more than adequate water service capacity to provide continuous and adequate water service to this tract of land including adequate fire flows for emergency purposes. The only reason this tract is not being serve at this time, is that the Owner has not requested water service*
- *BWSC currently has a 12" water distribution line located in the public right-of-way of East Lois Rd. and along the north frontage of this 203 acre tract. This existing 12"line is provided more than adequate pressure maintenance from a 100,000 gallon elevated water storage tank and two (2) existing pump stations with a combined ground storage capacity of 210,000 gallons and a combined high service pump capacity of 1,900 GPM.*

EXHIBIT

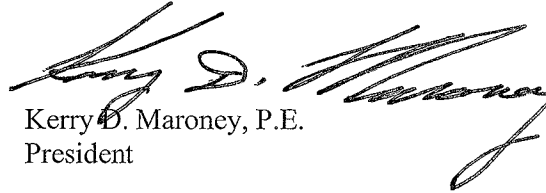
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- *This tract of land is within the CCN of BWSC, and BWSC has adequate capacity and when service is requested, BWSC intends to provide continuous and adequate domestic water service and adequate emergency fire flows to this tract of land in accordance with the current adopted tariff of BWSC*

Please contact us if you have any questions regarding this information.

Sincerely,

BIGGS & MATHEWS, INC.

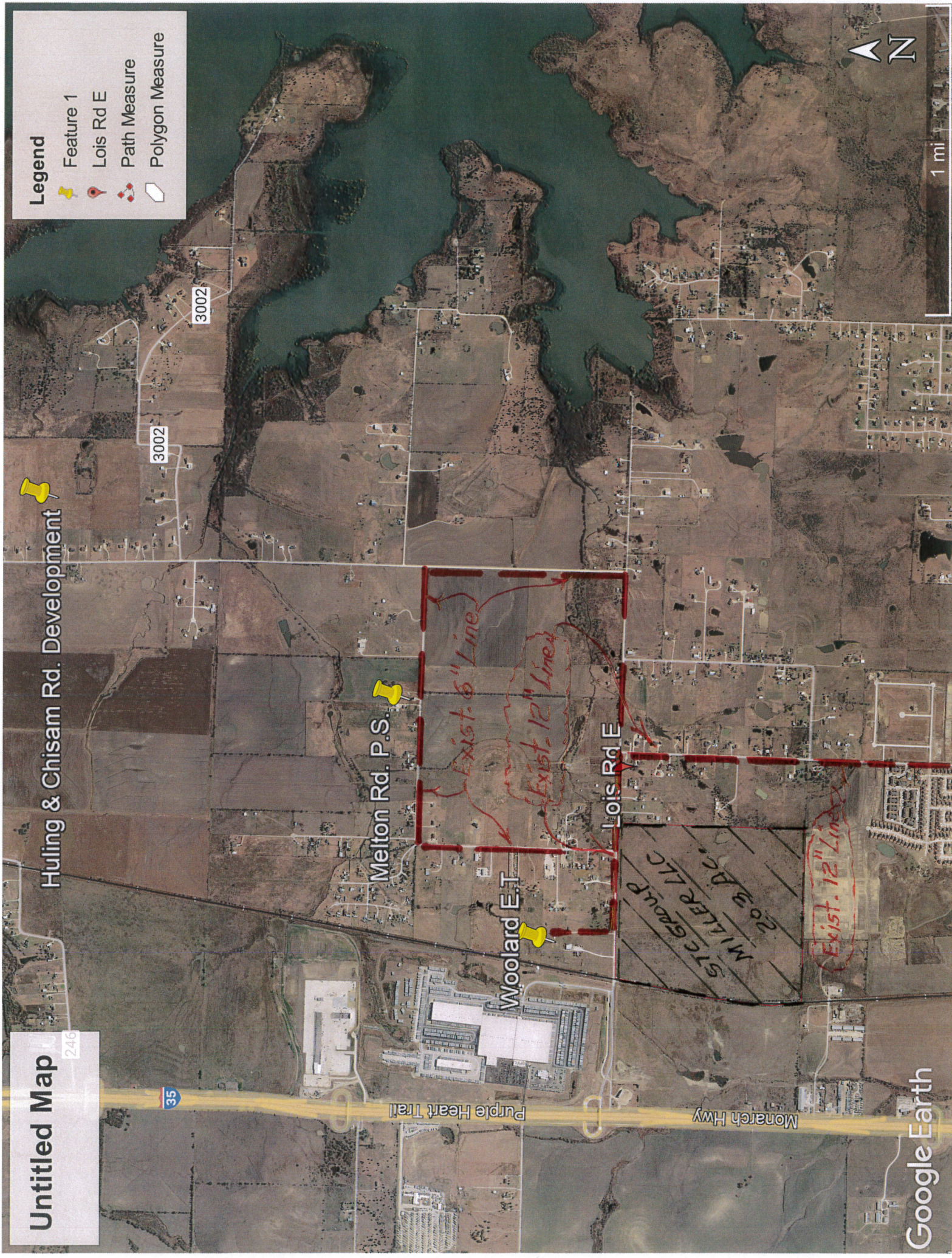


Kerry D. Maroney, P.E.
President

Huling & Chisam Rd. Development

Legend

- Feature 1
- Lois Rd E
- Path Measure
- Polygon Measure



LOIS RD W

35

LOIS RD E

CITY OF SANGER

UTILITY RD

B.N.S.F. RAILROAD CO.

MELTON RD

JORDAN LN

LOIS RD E

BRIDLE PATH LN

LAKEPARK DR

Application Exhibit

Exhibit "C"



MAP SCALE: 1" = 800'

0 400 800 1,600 Feet

January 12, 2022

**Tract of Land for Streamlined Expedited
Release From Bolivar WSC CCN No. 11257
(Water Only)**

Tract of land for decertification is located east of
IH-35, south of Lois Road East, east of B.N.S.F.
Railroad Co., and north of Utility Road.

Denton County, TX

MAP LEGEND:



Tract of land for streamlined expedited
release from Bolivar WSC Water CCN
No. 11257



City of Sanger Jurisdictional Boundary