

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

CHIEF CLERKS OFFICE

2009 JAN -9 AM 10:10

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY

January 9, 2009

Ms. LaDonna Castañuela, Chief Clerk
Office of the Chief Clerk
Texas Commission on Environmental Quality
P.O. Box 13087, MC-105
Austin, Texas 78711-3087

Re: TCEQ Docket No. 2007-1011-UCR; Consideration of a request for a Commission order approving a contract designating service areas between Mount Zion Water Supply Corporation and the City of Fate.

Dear Ms. Castañuela:

Enclosed for filing with the Texas Commission on Environmental Quality (Commission) is the original plus seven copies of the following items to be filed as backup materials for a commission agenda on a date to be determined, on a request for an order approving a contract designating water service areas between the Mount Zion Water Supply Corporation (WSC) and the City of Fate:

1. Agenda Executive Summary;
2. Caption;
3. Staff memo detailing financial, managerial, and technical capabilities of the City to provide continuous and adequate service in the affected area;
4. Request for Commission order approving a Texas Water Code section 13.248 agreement filed by Mount Zion WSC and the City of Fate on December 20, 2006;
5. Texas Water Code section 13.248 agreement between Mount Zion WSC and the City of Fate executed on November 7, 2006;
6. Letter from Sam Jones Consulting, Inc. stating that the 24.328 acre tract represents the same area requested for transfer in the original application which was described as a 17.346 acre tract.
7. Mount Zion WSC Certificate of Convenience and Necessity No. 10088;

8. City of Fate Certificate of Convenience and Necessity No. 12889;
9. Proposed map of the service area subject to the section 13.248 agreement; and
10. Proposed Order.

Please do not hesitate to contact me at 239-0608 if you have any questions regarding this material. Thank you for your attention to this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ron Olson", with a stylized flourish extending to the right.

Ron Olson
Staff Attorney
Environmental Law Division

Enclosure

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

TO: Texas Commission on Environmental Quality **DATE:** January 9, 2009
THRU: LaDonna Castañuela, Chief Clerk
FROM: Ron Olson, Staff Attorney, Environmental Law Division
SUBJECT: **TCEQ Docket No. 2007-1011-UCR.** Consideration of a request for a Commission order approving a contract designating service areas between Mount Zion Water Supply Corporation and the City of Fate.

DESCRIPTION OF APPLICATION

Applicant: Mount Zion Water Supply Corporation
Regulated Activity: Retail water utility service
Type of Application: Request for a Commission Order approving a contract
Commission Action: Hearing regarding approval of the contract
Authority: Texas Water Code § 13.248 and 30 Texas Administrative Code § 291.117

FACTUAL BACKGROUND

The Mount Zion Water Supply Corporation, water certificate of convenience and necessity (CCN) No. 10088, and the City of Fate, water CCN No. 12889, provide retail water service in Rockwall County, Texas. On November 7, 2006, the Mount Zion Water Supply Corporation and the City of Fate entered into an agreement regarding their respective water service areas pursuant to section 13.248 of the Texas Water Code.

Under the agreement, Mount Zion Water Supply Corporation will transfer approximately 24.328 acres of its CCN area to the City of Fate. The agreement refers to the proposed transfer area as 17.346 acres; however, after recalculation by TCEQ Staff, it was determined that the area is actually 24.328 acres. Mount Zion Water Supply Corporation submitted a revised legal description and map to adjust the acreage to 24.328. There are no customers or facilities in the area being transferred. Finally, the parties were provided with a copy of the map that will be attached to the order. The parties have consented that the maps are accurate with regards to the proposed transfer area.

LEGAL AUTHORITY

The Texas Water Code prohibits a utility, a utility operated by an affected county, or a water supply corporation from rendering retail water or sewer utility service directly or indirectly to the public without first obtaining a CCN.¹ Conversely, a municipality is not required to obtain a CCN to provide retail water service.² However, a municipality may not provide service to areas that are outside of its corporate boundaries but within the CCN of another retail public utility without first obtaining written consent from that retail public utility.³

The Texas Water Code and TCEQ rules allow retail public utilities to enter into service area agreements and have the Commission affirm the agreements by amending the entities' respective CCNs.⁴ A transfer of a water or sewer system that also includes the transfer of customers and/or facilities may, in some cases, also require separate Commission approval for the transfer of customers and/or facilities.⁵

The request to approve a 13.248 agreement is not subject to the notice provisions of section 291.106, Title 30 of the Texas Administrative Code, which apply to applications for new and amended CCNs. The Commission may approve the service area agreement pursuant to section 13.248 of the Texas Water Code with the appropriate notice under the Open Meetings Act. The Executive Director will mail notice of the hearing upon the setting of an Agenda date.

BASIS FOR STAFF RECOMMENDATION

The following items were considered in developing the staff's recommendation:

¹ TEX. WATER CODE ANN. § 13.242(a) (Vernon 2006).

² A municipality is a "retail public utility" under section 13.002(19) of the Texas Water Code but is not a "utility" under section 13.002(23). Therefore, the section 13.242(a) requirement that a "utility" must obtain a CCN before providing retail water utility service does not apply to a municipality.

³ *Id.* § 13.242(b).

⁴ *Id.* § 13.248; 30 TEX. ADMIN. CODE § 291.117 (West 2005) (Tex. Comm'n on Env'tl. Quality, Contracts Valid and Enforceable). Section 13.248 states "[c]ontracts between retail public utilities designating areas to be served and customers to be served by those retail public utilities, when approved by the commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity."

⁵ TEX. WATER CODE § 13.301. The section requires that some applicants also demonstrate "adequate financial, managerial, and technical capability for providing continuous and adequate service to the service area being acquired and to any areas currently certificated to the person" for the separate transaction relating to the transfer of facilities and/or customers.

1. Request for a Commission order approving the 13.248 agreement filed by Mount Zion on December 20, 2006 (application no. 35574-C);
2. Agreement between Mount Zion Water Supply Corporation and the City of Fate, executed on November 7, 2006;
3. Letter from Sam Jones Consulting, Inc. stating that the 24.328 acre tract represents the same area requested for transfer in the original application which was described as a 17.346 acre tract.
4. Map of the service area subject to the 13.248 agreement submitted by the Mount Zion Water Supply Corporation; and
5. Financial, Managerial, and Technical analysis of the City of Fate to operate in the affected area.

STAFF RECOMMENDATION

Staff has confirmed that both parties are retail public utilities with active water CCNs and that the area the parties are seeking to transfer is either dually certificated to both parties or abuts the CCN of the entity receiving the CCN. There are no customers or facilities in the area being transferred. Further, staff is satisfied that the City of Fate possesses the adequate financial, managerial, and technical capability to provide continuous and adequate service to the area being transferred. The City of Fate provides service to approximately 1,600 connections. Its utility fund has a debt service coverage ratio of 4.1:1.⁶ Therefore, based on the facts stated in the application and the supporting documentation submitted by Mount Zion Water Supply Corporation, Staff supports the request for a Commission Order approving a contract designating service areas between Mount Zion Water Supply Corporation and the City of Fate.

STAFF CONTACTS

Ron Olson, Environmental Law Division (239-0608)
Lisa Fuentes, Water Supply Division (239-6117)

⁶ A retail public utility's debt service coverage ratio should be above 1:1. More than 1.25:1 is considered to be good.

CAPTION
MOUNT ZION WSC
Application No. 35574-C

TCEQ Docket No. 2007-1011-UCR. Consideration of a request for a Commission order approving a contract designating service areas between the Mount Zion Water Supply Corporation ("Mount Zion"), water certificate of convenience and necessity ("CCN") No. 10088, and the City of Fate ("City"), water CCN No. 12889, in Rockwall County, Texas pursuant to section 13.248 of the Texas Water Code. Currently, Mount Zion holds a CCN that includes the approximate 24.328 acres in question. Under the Agreement, Mount Zion will transfer the portion of its CCN that covers this area to the City. No customers or facilities are proposed to be transferred. (Ron Olson, Lisa Fuentes)

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: Environmental Law Division **Date:** August 20, 2007

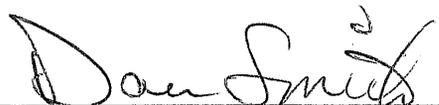
Thru: Lisa Fuentes/Tammy Benter

From: Dan Smith 

Subject: Contract Service Agreement Pursuant to Texas Water Code, Section 13.248, from the City of Fate (Fate), Certificate of Convenience and Necessity (CCN) No. 12889, to Transfer a Portion of CCN No. 10088 from Mount Zion Water Supply Corporation (WSC) and to Amend CCN No. 12889 in Rockwall County; Application No. 35574-C

CN: 600754485 RN: 103049797

In my opinion, Fate has demonstrated adequate financial, managerial and technical capability to provide service to the area contracted for transfer.

Signed:  _____ Date: August 20, 2007

I have reviewed an unqualified audit for Fate for the fiscal year ended 9/30/04. It is represented that the city is in process of changing its auditor/cpa entity, and the new one is in process of performing both '05 and '06 audits. The '04 audited balance sheet shows total proprietary fund assets of \$1,264,782, long-term liabilities of \$369,000, and net assets (equity) of \$1,265,782, for a debt-to-equity ratio of .29:1. The statement of revenues and expenses showed a change in net assets (income) of \$50,332 after transfers, and after covering depreciation expense of \$73,463 and interest expense of \$26,478. So cash available for debt service was \$150,273, and required debt service for proprietary obligations only was \$36,847. That debt service coverage ratio would be 4.1:1. With general obligation bond debt service requirements and long-term lease obligations, debt service requirements increased to \$105,428.

This information supports a finding of more than adequate capability to provide service to what appears to be a small, existing, contiguous CCN area of 17.4 acres. In fact, it would not have been considered a material addition (more than 10%) to Fate's present CCN area and would not have received a review of financial and managerial capability in a routine STM application procedure. Fate presently provides service to more than 1600 connections according to our database, and Mount Zion over 700.

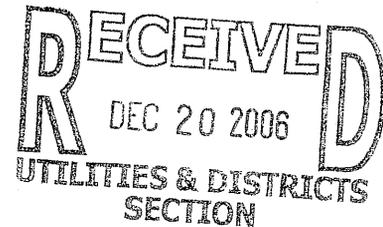
SAM JONES CONSULTING, INC.



December 15, 2006

HAND DELIVERY

Ms. Tammy Lee Benter
Team Leader, Utilities Financial review Team MC-153
Utilities and Districts Section
Texas Commission on Environmental Quality
P. O. Box 13087
Austin, Texas 78711-3087



Re: Mount Zion Water Supply Corporation, Water CCN #10088;
Application for Decertification of a Portion of CCN #10088;
SJC # 0100-002

Dear Ms. Benter:

The City of Fate (City) and Mount Zion Water Supply Corporation (WSC) have entered into an agreement to transfer the rights to water service for a portion of WSC's water CCN to the City. Pursuant to Section 13.248 of the Texas Water Code and on their behalf, we are submitting a request to decertify approximately 17.346 acres currently located within CCN number 10088, together with any rights WSC might have to provide water utility services within a 264.53 acre tract, of which the foregoing 17.346 acre tract is a part.

There are currently no customers located within the 17.346 acre tract. The tract is owned in its entirety by Fate Land, L.P. and they have written a letter, including supporting documentation from the Rockwall Central Appraisal District which shows that they are sole owner and in full support of the agreement to transfer the rights to water service to the City of Fate and decertify the CCN on their property.

In support of the application, please find:

- 1) Filing Fee - \$100.00 check #2206
- 2) Purchase and Sale Agreement which includes a map and metes and bounds of both the 17.346 and 264.53 acre tracts.
- 3) Bill of Sale and General Assignment
- 4) Release of Easement
- 5) Water Line Easement
- 6) Letter from Mt. Zion WSC stating that they no longer are providing service to the 17.346 acre tract.

Ms. Tammy Lee Benter, TCEQ

December 14, 2006

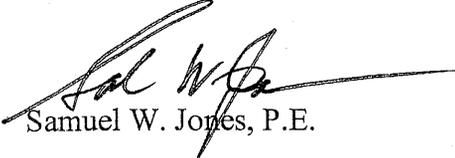
Page 2 of 2

- 7) Letter dated November 29, 2006 from the sole owner of the 17.346 acre tract, including a tax statement from the Rockwall Central Appraisal District.

Retail water service to the tract will be provided by the City of Fate. The City receives wholesale water under a contract with the North Texas Water Authority.

Please contact the undersigned if you have any questions or need additional information.

Sincerely,
Sam Jones Consulting, Inc.



Samuel W. Jones, P.E.

enclosures

cc: Mr. Matt Mildren, Provident Realty (w/o attachments)
Mr. Gerry Boren, City of Fate (w/o attachments)
Mr. Steven Rinner, Mount Zion WSC (w/o attachments)

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") dated November 7, 2006, is made and entered into by and between MOUNT ZION WATER SUPPLY CORPORATION ("Seller") and THE CITY OF FATE, a municipal corporation ("Purchaser").

In consideration of the mutual covenants and agreements set forth herein, Seller and Purchaser agree as follows:

SECTION 1. SALE AND PURCHASE. Seller hereby sells, conveys and assigns to Purchaser and Purchaser hereby purchases and accepts from Seller, for the Purchase Price (hereinafter defined) and on and subject to the terms and conditions herein set forth, Seller's right to provide water utility service (the "Water Rights") within that certain parcel of land situated in Rockwall County, Texas containing approximately 17.346 acres, which is described in Exhibit A attached hereto and made a part hereof for all purposes, together with any other rights of Seller to provide water utility services within that parcel of land containing 264.53 acres, more or less, described in Exhibit B attached hereto and made a part hereof for all purposes, of which the foregoing 17.346 acre tract is a part (both tracts of land are collectively referred to as the "Land"), pursuant to the Certificate of Convenience and Necessity ("CCN") which is attached hereto as Exhibit C and made a part hereof for all purposes. .

SECTION 2. PURCHASE PRICE. Purchaser shall pay Seller as total consideration for the transaction contemplated by this Agreement the sum of THIRTY EIGHT THOUSAND DOLLARS (\$38,000.00) (the "Purchase Price"), which amount shall be payable in cash at the Closing.

SECTION 3. CONDITION PRECEDENT. This transaction is contingent upon its approval by the Texas Commission on Environmental Quality ("TCEQ"). Purchaser and Seller have previously submitted an application (the "Application") to the TCEQ requesting approval of this transaction. Purchaser and Seller shall provide to the TCEQ such information as may be required by the TCEQ in connection with the Application. If the TCEQ does not approve this transaction, then neither Purchaser nor Seller shall have any obligations with respect to this transaction. If the TCEQ does approve this transaction, then Purchaser and Seller shall promptly execute this Agreement, and the Closing (herein so called) of this transaction shall occur on or before the expiration of fifteen (15) days after such approval.

SECTION 4. CLOSING. At the Closing:

- a. Purchaser and Seller shall execute and deliver to each other the Bill of Sale, in the form attached hereto as Exhibit D and made part hereof for all purposes.
- b. Purchaser and Seller shall execute, acknowledge and deliver to each other the Water Line Easement (herein so called), in the form attached hereto as Exhibit E and made part hereof for all purposes.
- c. Seller shall execute, acknowledged, and deliver to Purchaser a Release of Easement (herein so called), in the form attached hereto as Exhibit F and made part hereof for all purposes.
- d. Purchaser shall cause the Water Line Easement and the Release of Easement to be recorded in the real property records of Rockwall County, Texas.
- e. After the Closing, Purchaser and Seller shall cooperate with each other and with the TCEQ as may be required by the TCEQ in order for the TCEQ to issue a new Certificate of Convenience and Necessity to Purchaser for the Land to Purchaser.

SECTION 5. MISCELLANEOUS.

- a. Entire Agreement; Governing Law. **THIS AGREEMENT AND ANY EXHIBITS ATTACHED HERETO CONTAIN THE ENTIRE AGREEMENT BETWEEN THE PARTIES, AND NO PROMISE, REPRESENTATION, WARRANTY OR COVENANT NOT INCLUDED IN THIS AGREEMENT OR ANY SUCH REFERENCED EXHIBITS**

HAS BEEN OR IS RELIED UPON OR MADE BY EITHER PARTY. No modification or amendment of this Agreement shall be of any force or effect unless made in writing and executed by both Purchaser and Seller. In the event that any litigation arises hereunder, it is specifically stipulated that this Agreement shall be interpreted and construed according to the laws of the State of Texas, without regard to conflicts of laws principles, and shall be performed in Rockwall County, Texas.

- b. Authority to Enter into Agreement. Purchaser represents and warrants to Seller that (i) Purchaser has full right and authority to enter into this Agreement and to consummate the transactions contemplated herein, (ii) each of the persons executing this Agreement on behalf of Purchaser is authorized to do so, and (iii) this Agreement constitutes a valid and legally binding obligation of Purchaser, enforceable in accordance with its terms. Seller represents and warrants to Purchaser that (i) Seller has full right and authority to enter into this Agreement and to consummate the transactions contemplated herein, (ii) each of the persons executing this Agreement on behalf of Seller is authorized to do so, and (iii) this Agreement constitutes a valid and legally binding obligation of Seller, enforceable in accordance with its terms.
- c. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be deemed added automatically as a part of this Agreement, a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.
- d. Attorneys' Fees and Legal Expenses. Should either party hereto institute any action or proceeding in court or through arbitration to enforce any provision hereof or for damages by reason of any alleged breach of any provision of this Agreement or for any other remedy, the prevailing party shall be entitled to receive from the losing party all reasonable attorneys' fees and all court and/or arbitration costs in connection with said proceeding.
- e. Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.
- f. Calculation of Dates and Times. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday under the laws of the State of Texas, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday or legal holiday. The final day of any such period shall be deemed to end at 5 p.m., Dallas, Texas time.
- g. Counterparts. This Agreement may be executed in any number of counterparts which together shall constitute the agreement of the parties. The Section headings herein contained are for purposes of identification only and shall not be considered in construing this Agreement.
- h. Successors and Assigns. This Agreement and all terms and provisions hereof shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors and assigns.
- i. Further Assurances. Both Seller and Purchaser agree that it will without further consideration execute and deliver such other documents and take such other action, whether prior or

subsequent to Closing, as may be reasonably requested by the other party to consummate more effectively the transactions contemplated hereby.

- j. Notices. All notices or other communications required to be given or served on any party pursuant to this Agreement must be in writing and given to the parties at the following addresses:

If to Seller:
MOUNT ZION WATER SUPPLY CORPORATION
P.O. Box 686
Rockwall, Texas 75087

WITH A COPY TO:
Arturo D. Rodriguez, Jr.
Russell & Rodriguez L.L.P.
102 W. Morrow, Suite 103
Georgetown, Texas 78628

If to Purchaser:
CITY OF FATE

Any such notice or other communication shall be deemed given on the earliest to occur of the following (a) the first business day following the day sent by United States express mail, postage prepaid, return receipt requested; (b) on the first business day following the day sent by an overnight carrier service that operates on a nationwide basis; (c) on the third business day following the day sent by United States certified mail, postage prepaid, return receipt requested; or (d) on the date delivered by hand to the address above, whether or not actually received by the person to whom directed. From time to time either party may designate another address within the continental United States for purposes of this Agreement by giving the other party not less than ten (10) days advance written notice of such change of address in accordance with the provisions of this Section.

IN WITNESS WHEREOF, the parties hereto have executed this Purchase and Sale Agreement to be effective as of the date set forth above.

MOUNT ZION WATER SUPPLY CORPORATION,
a Texas corporation

By: Steven Rinner
Name: STEVEN RINNER
Title: President

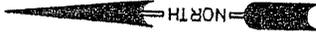
THE CITY OF FATE,
a Texas municipal corporation

By: Gerry Boers
Name: Gerry Boers
Title: City Manager

Exhibits

Exhibit A	17.346 acres
Exhibit B	264.53 acres
Exhibit C	CCN
Exhibit D	Bill of Sale
Exhibit E	Water Line Easement
Exhibit F	Release of Easement

EXHIBIT A



MT. ZION CCN LIMITS
(17.346 AC)
(PRELIMINARY SITE PLAN)

BEN PAYNE
BLVD

FUTURE DEVELOPMENT

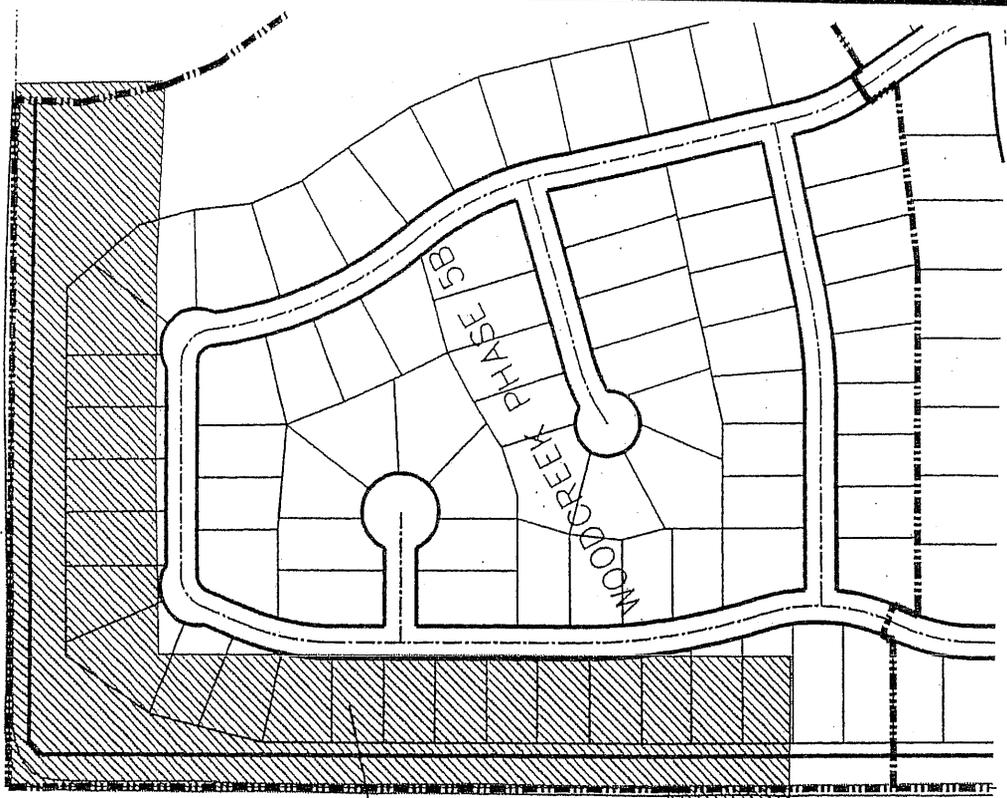


EXHIBIT SHOWING
MT. ZION CCN LIMITS

Pd **Pettitt and Associates, Inc.**
ENGINEERING & SURVEYING

300 MUNICIPAL DRIVE
Richardson, Texas 75080
Tel. No. (214) 221-9955
Fax No. (214) 340-3550

JOB NO: 0505100
SCALE: 1" = 300'
DATE: MARCH 2006

0505100\EXHIBIT A\REVISIONS.dwg

EXHIBIT "A"
**PARTIAL RELEASE OF THE MOUNT ZION WATER SUPPLY
CORPORATION'S CERTIFICATE OF CONVENIENCE AND NECESSITY**

BEING a 17.346 acre tract of land situated in the J. HODGES SURVEY, ABSTRACT NO. 103, and the R.B. IRVINE SURVEY, ABSTRACT NO. 120, in Rockwall County, Texas, and being part of a called 1074.12 acre tract of land described in a deed to Fate Land, L.P., recorded in Volume 2919, Page 99 of the Deed Records of Rockwall County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8" iron rod with cap marked "PETITT-RPLS-4087" found for a reentrant corner of said Fate Land, L.P. tract and the southwest corner of a tract of land described in a deed to Marjorie Elane Wheeler recorded in Volume 0846, Page 033 of said Deed Records, in the approximate centerline of a public road known as Ben Payne Road (undedicated right-of-way);

THENCE North 89 degrees 05 minutes 33 seconds East, along a northern line of said Fate Land, L.P. tract, the south line of said Wheeler tract, the south line of a tract of land described in a deed to Elmer T. Campbell and Reesie W. Campbell recorded in Volume 61, Page 132 of said Deed Records, the south line of tract of land described in a deed to Loretta Cameron recorded in Volume 104, Page 917 of said Deed Records, the south line of a 3.77 acre tract of land described in a deed to Kelli J. Love and Jim C. Love recorded in Volume 1104, Page 132 of said Deed Records and the south line of a called 31.009 acre tract of land described in a deed to Charles R. Noland and wife Janna D. Noland recorded in Volume 531, Page 176 of said Deed Records, and generally along the center of a public road, a distance of 1,079.08 feet to a point for corner;

THENCE, departing said northern line, and over and across said Fate Land, L.P. tract the following courses and distances:

South 01 degrees 03 minutes 18 seconds East, a distance of 233.27 feet to a point for corner;

South 89 degrees 05 minutes 33 seconds West, a distance of 876.00 feet to a point for corner;

South 00 degrees 52 minutes 17 seconds East, a distance of 989.46 feet to a point for corner;

South 89 degrees 22 minutes 49 seconds West, a distance of 1,603.94 feet to a point for corner;

North 62 degrees 47 minutes 36 seconds West, a distance of 409.53 feet to a point in a northern line of said Fate Land, L.P. tract and the south line of a tract of land described in a deed to Kenneth Baker and Cara L. Baker, husband and wife, recorded in Volume 0948, Page 070, of said Deed Records;

THENCE North 89 degrees 22 minutes 49 seconds West, along said north and south lines, a distance of 1,761.44 feet to a 5/8" iron rod with cap marked "PETITT-RPLS-4087" found in a western line of said Fate Land, L.P. tract, and the southern most southeast corner of said Baker tract;

THENCE North 00 degrees 52 minutes 17 seconds West, departing said north and south lines and along a eastern line of said Baker tract, and a western line of said Fate Land, L.P. tract, a distance of 1,030.54 feet to the point of beginning and containing 755,570 square feet or 17.346 acres of land, more or less.

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EXHIBIT B

264.53 ACRES DESCRIPTION

BEING a tract of land situated in the R. B. IRVINE SURVEY, ABSTRACT NO. 120, and the J. HODGES SURVEY, ABSTRACT NO. 103 in the City of Fate, Rockwall County, Texas, and being part of a called 1074.12 acre tract of land as described to Fate Land, LP, recorded in Volume 02919, Page 00099 of the Deed Records of Rockwall County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found for the southwest corner of a 348.201 acres tract of land as described in deed from Fate Land, LP to PRA/Fate Development, Corp., recorded in Volume 02919, Page 00188, Deed Records, Rockwall County, Texas, said rod also being in the approximate center of Ben Payne Road (undedicated public road) intersecting at a point on the north right-of-way line of State Highway No. 66 (60' right-of-way);

THENCE along a curve to the right and being on the north right-of-way line of said State Highway No. 66, which has a chord that bears South 87 degrees 46 minutes 18 seconds West for 64.15 feet, a central angle of 01 degree 57 minutes 18 seconds and a radius of 1880.00 feet, for an arc distance of 64.15 feet to a TxDOT concrete monument found for the end of said curve;

THENCE South 88 degrees 44 minutes 57 seconds West, continuing along the north right-of-way line of State Highway No. 66, a distance of 239.33 feet to a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found for the southeast corner of a tract of land described in a deed to Cash Water Supply Corporation recorded in Volume 161, Page 393 of said Deed Records;

THENCE North 01 degree 15 minutes 03 seconds West, along the east line of said Cash tract, a distance of 53.11 feet to a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found for the northeast corner of said Cash tract;

THENCE South 88 degrees 44 minutes 57 seconds West, along the north line of said Cash tract and the north line of a called 0.057 acre tract of land described in a deed to North Texas Municipal Water Supply Corporation recorded in Volume 59, Page 19 of said Deed Records, a distance of 100.00 feet to a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found for the northwest corner of said North Texas tract;

THENCE South 01 degree 15 minutes 03 seconds East, along the west line of said North Texas tract, a distance of 53.11 feet to a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found in the north right-of-way line of State Highway No. 66 for the southwest corner of said North Texas tract;

THENCE South 88 degrees 44 minutes 57 seconds West, along the north right-of-way line of State Highway No. 66, a distance of 643.53 feet to a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found for the southeast corner of a called 2.0 acre tract of land described in a deed to Gerald Lindsey Payne recorded in Volume 74, Page 358 of said Deed Records;

THENCE North 01 degree 06 minutes 53 seconds West, along the east line of said Payne tract, passing at a distance of 5.58 feet a 1/2-inch iron rod found, a distance of 422.68 feet to a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found for the northeast corner of said Payne tract;

THENCE South 88 degrees 21 minutes 05 seconds West, along the north line of said Payne tract, a distance of 8.33 feet for corner;

THENCE North 01 degree 55 minutes 01 second West, a distance of 518.00 feet to a corner;

THENCE South 88 degrees 21 minutes 05 seconds West, a distance of 200.00 feet for corner at a point on the east line of a called 54 acre tract of land described in a deed to William G. A. Stevenson recorded in Volume 162, Page 625, Deed Records, Rockwall County, Texas;

THENCE North 01 degree 55 minutes 01 second West, along the east line of said Stevenson tract, a distance of 718.10 feet to a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found for the northeast corner of said Stevenson tract;

THENCE South 88 degrees 46 minutes 28 seconds West, along the north line of said Stevenson tract, a distance of 1856.29 feet to a point in the center of a creek;

THENCE along the center of said creek as follows:

North 00 degrees 35 minutes 20 seconds East, a distance of 647.00 feet;

North 05 degrees 03 minutes 21 seconds West, a distance of 374.71 feet;

North 03 degrees 31 minutes 09 seconds East, a distance of 571.38 feet to a corner;

North 44 degrees 54 minutes 58 seconds East, a distance of 279.47 feet to a point on the common north line of said R. B. IRVINE SURVEY and the south line of the NORVELL SURVEY, ABSTRACT NO. 170, and also being the southwest corner of a called 231.5198 acres tract of land as described in a deed to Kenneth Baker and Cara L. Baker, husband and wife, recorded in Volume 0948, Page 070, of said Deed Records;

THENCE North 89 degrees 22 minutes 49 seconds East, along the common line of said survey's, and the south line of said Baker tract, a distance of 2879.38 feet to a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found in the center of a public road known as Ben Payne Road (undedicated right-of-way) for the southeast corner of said Baker tract;

THENCE North 00 degrees 52 minutes 17 seconds West, along the most southerly east line of said Baker tract and along the center of said public road, a distance of 1030.54 feet to a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found for the southwest corner of a 1.571 acre tract of land described in a deed to Marjorie Elane Wheeler recorded in Volume 0846, Page 033 of said Deed Records;

THENCE North 89 degrees 05 minutes 33 seconds East, along the south line of said Wheeler tract, the south line of a tract of land described in a deed to Elmer T. Campbell and Reesie W. Campbell recorded in Volume 61, Page 132 of said Deed Records, the south line of tract of land described in a deed to Loretta Cameron recorded in Volume 104, Page 917 of said Deed Records, the south line of a 3.77 acre tract of land described in a deed to Kelli J. Love and Jim C. Love recorded in Volume 1104, Page 132 of said Deed Records and the south line of a called 31.009 acre tract of land described in a deed to Charles R. Noland and wife Janna D. Noland recorded in Volume 531, Page 176 of said Deed Records, and generally along the center of a public road, a distance of 1055.55 feet to a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found for corner at a point on the west line of said PRA/Fate Development tract, and a point on the south line of said Noland tract;

THENCE along the west line of said PRA/Fate Development tract the following courses:

South 02 degrees 08 minutes 40 seconds West, a distance of 102.52 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for corner;

South 11 degrees 44 minutes 05 seconds East, a distance of 130.00 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for corner;

South 23 degrees 00 minutes 18 seconds East, a distance of 100.00 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for corner;

South 36 degrees 28 minutes 24 seconds East, a distance of 260.00 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for corner;

South 07 degrees 41 minutes 36 seconds East, a distance of 250.00 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for corner;

South 27 degrees 30 minutes 52 seconds East, a distance of 185.00 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for corner;

South 00 degrees 27 minutes 43 seconds East, a distance of 125.00 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for corner;

South 25 degrees 36 minutes 22 seconds East, a distance of 450.00 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for corner;

South 14 degrees 12 minutes 57 seconds East, a distance of 350.00 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for corner;

South 22 degrees 45 minutes 44 seconds East, a distance of 270.00 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for corner;

South 15 degrees 19 minutes 35 seconds East, a distance of 555.00 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for corner;

South 44 degrees 21 minutes 08 seconds East, a distance of 100.00 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for corner;

South 13 degrees 19 minutes 35 seconds East, a distance of 49.11 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for the beginning of a non-tangent curve to the right;

Southwesterly, along said non-tangent curve to the right which has a chord that bears South 83 degrees 25 minutes 03 seconds West for 380.07 feet, a central angle of 10 degrees 38 minutes 17 seconds and a radius of 2050.00 feet, for an arc distance of 380.62 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for the end of said curve;

South 88 degrees 44 minutes 11 seconds West, a distance of 1573.02 feet to a 5/8-inch iron rod with cap marked "PETITT - RPLS 4087" found for an ell corner on the west line of said PRA/Fate Development tract;

South 01 degree 15 minutes 49 seconds East, along the general center of said Ben Payne Road, a distance of 1660.93 feet to a the POINT OF BEGINNING and containing 11,523,123 square feet or 264.53 acres of land.

EXHIBIT C

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION



CERTIFICATE OF CONVENIENCE AND NECESSITY

To Provide Water Service Under V.T.C.A., Water Code
and Texas Natural Resource Conservation Commission Substantive Rules

Certificate No. 10088

I. Certificate Holder:

Name: Mt. Zion Water Supply Corporation

Address: P. O. Box 686
Rockwall, Texas 75087

II. General Description and Location of Service Area:

The area covered by this certificate is located approximately 2 miles northeast of downtown Rockwall, Texas on State Highway 549. The service area is generally bounded on the north by the Collin County line, on the east and south by State Highway 66 and on the west by State Highway 205 in Rockwall County, Texas.

Dual certification exists in a portion of the area with Lavon Water Supply Corporation, CCN No. 10066.

III. Certificate Maps:

The certificate holder is authorized to provide water service in the area identified on the Commission's official water service area map, WRS-199, maintained in the offices of the Texas Natural Resource Conservation Commission, 12015 Park 35 Circle, Austin, Texas with all attendant privileges and obligations.

This certificate is issued under Application No. 30682-C and subject to the rules and orders of the Commission, the laws of the State of Texas, conditions contained herein and may be revoked for violations thereof. The certificate is valid until amended or revoked by the Commission.

Issued Date: DEC 08 1995

A handwritten signature in black ink, appearing to read "Jan Gunn".

A. EST: Mamie M. Black

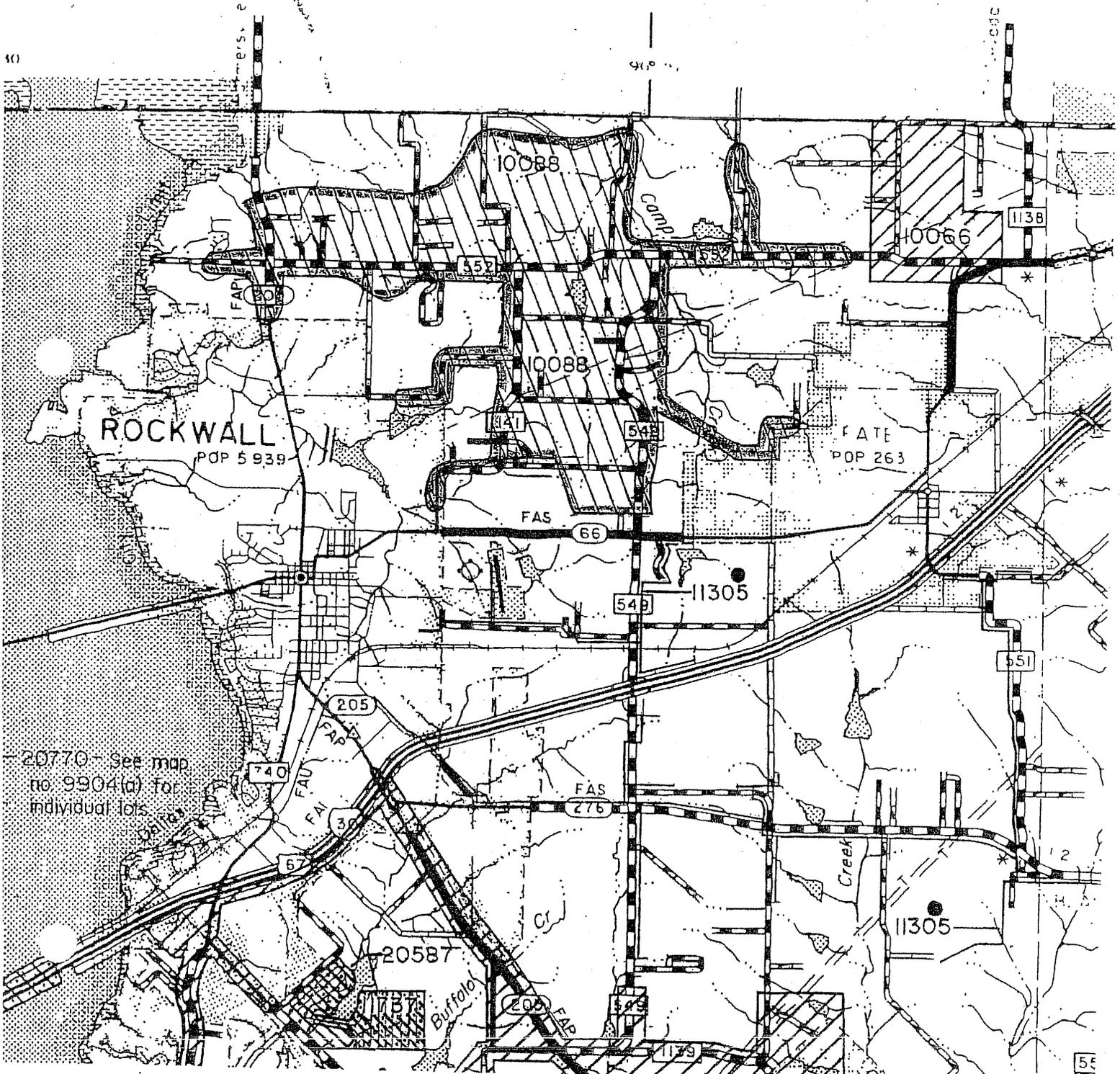
For the Commission

MAP NO. WRS-199
ROCKWALL COUNTY

MOUNT ZION WSC
WATER SERVICE AREA
CCN NO. 10088

SCALE: 1" = 1 MILE
10/19/94

D L L I N C O U N T



Public Utility Commission of Texas

By These Presents Be It Known To All That

MOUNT ZION WATER SUPPLY CORPORATION

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity

numbered 10038, to provide water utility service to that service area or those service areas designated by final Order or Orders duly entered by this Commission, which Order or Orders are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these

presents do evidence the authority and the duty of this Grantee to provide such utility service in accordance with the laws of this State and the Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this 1st day of November, 1979.

Philip F. Ricketts

Phillip F. Ricketts
SECRETARY OF THE COMMISSION



BILL OF SALE AND GENERAL ASSIGNMENT

This BILL OF SALE AND GENERAL ASSIGNMENT (the "Assignment") is executed and delivered as of November 7, 2006 between MOUNT ZION WATER SUPPLY CORPORATION, a Texas corporation ("Assignor") and THE CITY OF FATE, a Texas municipal corporation ("Assignee").

NOW, THEREFORE, in consideration of the receipt of Ten Dollars (\$10.00) and other good and valuable consideration in hand paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged and confessed by Assignor, Assignor does hereby ASSIGN, TRANSFER, SET OVER and DELIVER to Assignee, its successors and assigns, Assignor's right to provide all water utility service (the "Water Rights") within that certain parcel of land situated in Rockwall County, Texas containing approximately 17.346 acres, which is described in Exhibit A attached hereto and made a part hereof for all purposes, together with any other rights of Assignor to provide water utility services within that parcel of land containing 264.53 acres, more or less, described in Exhibit B attached hereto and made a part hereof for all purposes, of which the foregoing 17.346 acre tract is a part (both tracts of land are collectively referred to as the "Land"), pursuant to the Certificate of Convenience and Necessity ("CCN") which is attached hereto as Exhibit C and made a part hereof for all purposes.

The parties hereto agree to perform or cause to be performed on the date of this Assignment or thereafter any and all such further acts as may be reasonably requested by either party in connection with the transactions contemplated hereby, including, without limitation, amending the legal descriptions attached hereto.

Executed as of the date set forth above.

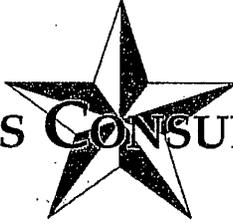
MOUNT ZION WATER SUPPLY CORPORATION,
a Texas corporation

By: STEVEN RYNNER
Name: Steven Ryner
Title: President

THE CITY OF FATE,
a Texas municipal corporation

By: Gerry Boren
Name: Gerry Boren
Title: City Manager

SAM JONES CONSULTING, INC.



July 29, 2008

Ms. Lisa V. Fuentes
Utilities Financial Review Team MC-153
Utilities and Districts Section
Texas Commission on Environmental Quality
P. O. Box 13087
Austin, Texas 78711-3087

Re: Mount Zion Water Supply Corporation;
Contract Service Agreement Pursuant to TWC 13.248, to Transfer a Portion of
CCN #10088 from Mount Zion Water Supply Corporation in Rockwall County;
Application No. 35574-C
CN: 600754485; RN: 103049797
SJC # 0100-002

Dear Ms. Fuentes:

In response to your request for clarification on the tract of land transferred under this application, I have enclosed a copy of a letter from Mr. John Ho with Pettitt and Associates, Inc. As stated in the letter, the 24 acre tract described represents the same area requested for transfer in the original application and described as approximately 17 acres. The original tract was drawn based on a 200-foot strip whereas the 24.3 acre tract depicts the area shown on TCEQ's CCN map.

Please advise if you have any questions or need additional information.

Sincerely,
Sam Jones Consulting, Inc.

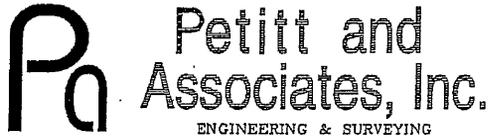


Samuel W. Jones, P.E.

enclosure

cc: Mr. Matt Mildren, Provident Realty
Mr. Gerry Boren, City of Fate
Mr. John Ho, Pettitt Barraza LLC

S:\SJC-Projects\0100 Mt. Zion (Provident Realty)\002 Decertify CCN\Mt. Zion Req for Info.doc



300 Municipal Drive
Richardson, Texas 75080
214.221.9955
Fax 214.340.3550
E-Mail: jho@petittassociates.com

RECEIVED
MAR 16 2007

March 12, 2007

Mr. Sam Jones, P.E.
Sam Jones Consulting, Inc.
101-B East Street
P.O. Box 427
Hutto, TX 78634

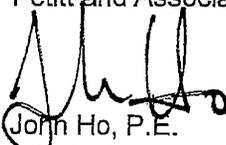
Re: Mount Zion CCN release

Dear Sam:

Attached please find the revised legal description and exhibit for the CCN release. We have modified the area as per Mr. Kent Steelman, TCEQ's direction by superimposing the existing TCEQ CCN map found on their website to our boundary. This yielded an area of approximately 24.3 acres whereas previously we prepared a legal by offsetting a 200-foot strip from the center of the existing roadway. We had discussed this with Mr. Steelman and he has no problem with the new acreage.

Should you have any questions please call me.

Sincerely,
Petitt and Associates, Inc.



John Ho, P.E.
Principal

Cc: Matt Mildren

EXHIBIT "A"
**PARTIAL RELEASE OF THE MOUNT ZION WATER SUPPLY
CORPORATION'S CERTIFICATE OF CONVENIENCE AND NECESSITY**

BEING a 24.328 acre tract of land situated in the J. HODGES SURVEY, ABSTRACT NO. 103, and the R.B. IRVINE SURVEY, ABSTRACT NO. 120, in Rockwall County, Texas, and being part of a called 1074.12 acre tract of land described in a deed to Fate Land, L.P., recorded in Volume 2919, Page 99 of the Deed Records of Rockwall County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8" iron rod with cap marked "PETITT-RPLS-4087" found for a reentrant corner of said Fate Land, L.P. tract and the southwest corner of a tract of land described in a deed to Marjorie Elane Wheeler recorded in Volume 0846, Page 033 of said Deed Records, in the approximate centerline of a public road known as Ben Payne Road (undedicated right-of-way);

THENCE North 89 degrees 05 minutes 33 seconds East, along a northern line of said Fate Land, L.P. tract, the south line of said Wheeler tract, the south line of a tract of land described in a deed to Elmer T. Campbell and Reesie W. Campbell recorded in Volume 61, Page 132 of said Deed Records, the south line of tract of land described in a deed to Loretta Cameron recorded in Volume 104, Page 917 of said Deed Records, the south line of a 3.77 acre tract of land described in a deed to Kelli J. Love and Jim C. Love recorded in Volume 1104, Page 132 of said Deed Records and the south line of a called 31.009 acre tract of land described in a deed to Charles R. Noland and wife Janna D. Noland recorded in Volume 531, Page 176 of said Deed Records, and generally along the center of a public road, a distance of 1,045.84 feet to a point for corner;

THENCE, departing said northern line, and over and across said Fate Land, L.P. tract the following courses and distances:

South 08 degrees 01 minute 38 seconds East, a distance of 84.09 feet to a point for corner;

South 12 degrees 48 minutes 50 seconds West, a distance of 139.85 feet to a point for corner;

South 64 degrees 09 minutes 15 seconds West, a distance of 283.92 feet to a point for corner;

South 83 degrees 07 minutes 28 seconds West, a distance of 295.61 feet to a point for corner;

South 84 degrees 22 minutes 44 seconds West, a distance of 265.34 feet to a point for corner;

South 01 degree 43 minutes 03 seconds East, a distance of 918.95 feet to a point for corner;

South 88 degrees 43 minutes 58 seconds West, a distance of 1690.75 feet to a point for corner;

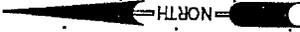
North 59 degrees 58 minutes 57 seconds West, a distance of 584.49 feet to a point in a northern line of said Fate Land, L.P. tract and the south line of a tract of land described in a deed to Kenneth Baker and Cara L. Baker, husband and wife, recorded in Volume 0948, Page 070, of said Deed Records;

THENCE North 89 degrees 22 minutes 49 seconds East, along said north and south lines, a distance of 1,971.31 feet to a 5/8" iron rod with cap marked "PETITT-RPLS-4087" found in a western line of said Fate Land, L.P. tract, and the southern most southeast corner of said Baker tract;

THENCE North 00 degrees 52 minutes 17 seconds West, departing said north and south lines and along a eastern line of said Baker tract, and a western line of said Fate Land, L.P. tract, a distance of 1,030.54 feet to the point of beginning and containing 1,059,728 square feet or 24.328 acres of land, more or less.

EXHIBIT "B"

PARCEL RELEASE OF THE MOUNT ZION WATER SUPPLY CORPORATION'S
 CERTIFICATE OF CONVENIENCE AND NECESSITY
 24.328 ACRES



SCALE: 1" = 400'

12889—CITY OF FATE

POINT OF BEGINNING

MARJORIE E. WHEELER
 VOL. 846, PG. 33

E.T. CAMPBELL &
 R.W. CAMPBELL
 VOL. 61, PG. 132

KENNETH & CARA L. BAKER
 VOL. 0948, PG. 070

10088—MOUNT ZION WCS
 (TO REMAIN)

N89°22'49"E 1971.31'

10088—MOUNT ZION WCS
 (TO BE REMOVED)

N59°58'57"W
 584.49'

S88°43'58"W 1690.75'

N89°05'33"E 1045.84'

S08°01'38"E
 84.09'

S12°48'50"W
 139.85'

S64°09'15"W
 283.92'

S83°07'28"W
 295.61'

S84°22'44"W
 265.34'

918.95'

S01°43'03"E

FATE LAND, L.P.
 VOL. 2919, PG. 99

12889—CITY OF FATE

JOB NO: 0402300

SCALE: 1" = 400'

DATE: FEBRUARY, 2007

P **a** **Petitt and Associates, Inc.**
 ENGINEERING & SURVEYING

300 MUNICIPAL DRIVE
 RICHARDSON, TX 75080

Tel. No. (214) 221-9955
 Fax No. (214) 340-3550



Texas Commission On Environmental Quality

By These Presents Be It Known To All That

Mount Zion Water Supply Corporation

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 10088

to provide continuous and adequate water utility service to that service area or those service areas in Rockwall County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 35574-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Mount Zion Water Supply Corporation to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

For the Commission



Texas Commission On Environmental Quality

By These Presents Be It Known To All That

City of Fate

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

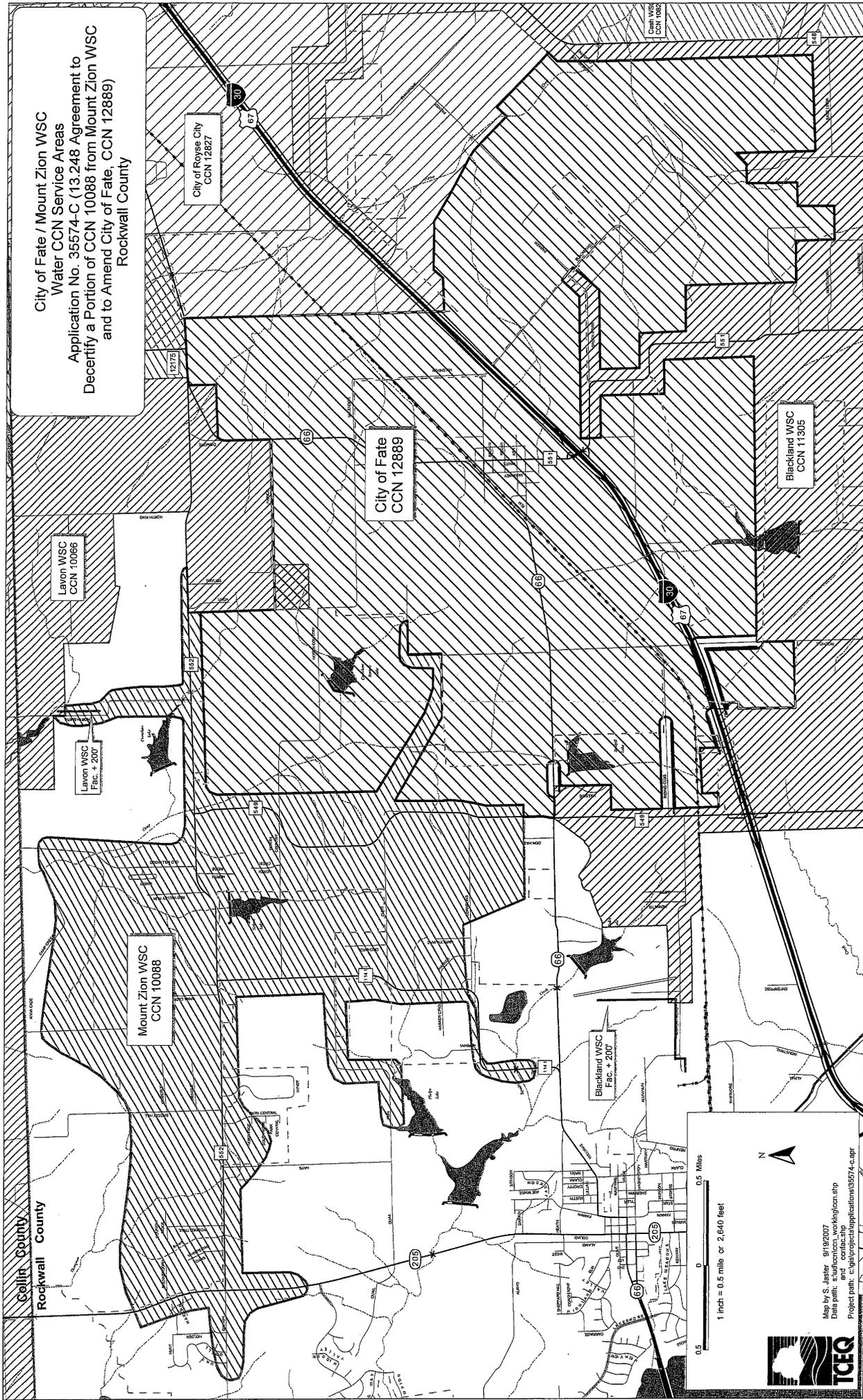
Certificate of Convenience and Necessity No. 12889

to provide continuous and adequate water utility service to that service area or those service areas in Rockwall County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 35574-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of City of Fate to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

For the Commission

City of Fate / Mount Zion WSC
 Water CCN Service Areas
 Application No. 35574-C (13,248 Agreement to
 Decertify a Portion of CCN 10088 from Mount Zion WSC
 and to Amend City of Fate, CCN 12889)
 Rockwall County



Collin County
 Rockwall County

0.5 0 0.5 Miles
 1 inch = 0.5 mile or 2,640 feet

N

Map by S. Jaster 9/19/2007
 Data path: c:\projects\applications\35574-c.apr
 Project path: c:\projects\applications\35574-c.apr

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



AN ORDER approving an agreement designating service areas between Mount Zion Water Supply Corporation and the City of Fate pursuant to Texas Water Code Section 13.248; TCEQ Docket No. 2007-1011-UCR.

A request for a Commission order approving a contract designating service areas between Mount Zion Water Supply Corporation ("Mount Zion"), Certificate of Convenience and Necessity ("CCN") No. 10088, and The City of Fate ("City"), CCN No. 12889, in Rockwall County, Texas, was presented to the Texas Commission on Environmental Quality ("TCEQ" or "Commission") for approval pursuant to Section 13.248 of the Texas Water Code and Title 30 of the Texas Administrative Code, Section 291.117.

On November 7, 2006, Mount Zion and the City entered into an agreement ("Agreement") regarding their respective water service areas pursuant to Section 13.248 of the Texas Water Code. Under the Agreement, Mount Zion will transfer the rights to water service for approximately 24.328 acres of its water CCN area to the City and the City will be the sole retail water service provider in that service area. There are no customers in the area and there will be no transfer of facilities under the Agreement. The Agreement is attached to this Order.

Contracts between retail public utilities that designate areas to be served and customers to be served by those retail public utilities, when approved by the Commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity. TEXAS WATER CODE, §13.248.

On January 9, 2009, the Executive Director of the Commission mailed notice of the hearing date on which the Commission was to consider the request to the representatives for Mount Zion and the City of Fate.

The Commission held a hearing on the request at the January 28, 2009 agenda and found the request had merit.

The City is capable of rendering continuous and adequate water service to every customer in the area, as described by the Agreement. The CCN transfer, which results in the

City being the sole retail water service provider in that area, is necessary for the service, accommodation, convenience, or safety of the public.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that:

The Agreement transferring a portion of Mount Zion's CCN No. 10088 to the City, CCN No. 12889, and designating that the City is the sole retail water service provider in that area, is hereby approved.

CCN No. 10088 in Rockwall County, held by Mount Zion Water Supply Corporation, is hereby amended in accordance with the Agreement.

CCN No. 12889 in Rockwall County, held by the City of Fate, is hereby amended in accordance with the Agreement.

The Executive Director is directed to redraw the maps of the respective CCNs as provided in the Agreement and as set forth on the map attached to this Order, and to amend the Commission's official water service area map for Rockwall County, Texas.

The Chief Clerk of the Texas Commission on Environmental Quality shall forward a copy of this Order to the parties.

If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date:

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

Buddy Garcia, Chairman

CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of January 2009, a true and correct copy of the foregoing document has been sent via facsimile, first class mail, or hand-delivered to the persons on the attached Mailing List.



Ron Olson, Staff Attorney
Environmental Law Division

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY
2009 JAN -9 AM 10:11
CHIEF CLERKS OFFICE

MAILING LIST

Mount Zion Water Supply Corporation / City of Fate 13.248 Agreement
TCEQ Docket No. 2007-1011-UCR.

Mr. Arturo Rodriguez
Russell & Rodriguez, LLP
1633 Williams Drive
Building 2, Suite 200
Georgetown, Texas 78628

Mr. Steven Rinner
President
Mount Zion Water Supply Corporation
P. O. Box 686
Rockwall, Texas 75087

Mr. Samuel Jones, P.E.
Sam Jones Consulting, Inc.
1900 Gregg Lane
Building A, Suite 6
Pflugerville, Texas 78660

Mr. Trent Petty
Interim Town Administrator
City of Fate
P.O. Box 31
105 Fate Main Place
Fate, Texas 75132

Ms. LaDonna Castañuela
Texas Commission on Environmental Quality
Office of the Chief Clerk, MC 105
P.O. Box 13087
Austin, Texas 78711-3087