



Control Number: 45719



Item Number: 1

Addendum StartPage: 0

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PUBLIC UTILITY COMMISSION
FILING CLERK

March 11, 2016

Via Hand Delivery

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue, Suite 8-100
Austin, TX 78701

Re: El Paso Water Utilities Public Service Board's Application for Sale, Transfer, or
Merger of a Retail Public Utility; Water CCN 11017

Dear Clerk:

The El Paso Water Utilities Public Service Board (EPWU) and Ponderosa & Western Village Water Supply Corporation (Ponderosa) have entered into an Asset Transfer Agreement, dated January 29, 2016, whereby Ponderosa intends to convey and EPWU intends to acquire all of the facilities, customers, and service area of Ponderosa and, after which, Ponderosa will dissolve. The Asset Transfer Agreement contemplates that the transfer of the system will occur no later than forty-five (45) days following a written determination by the Public Utility Commission (PUC) that the parties may proceed with the transaction. *See* Section V.A. and VI.A of the Asset Transfer Agreement. The original and copies of EPWU's and Ponderosa's Application for Sale, Transfer, or Merger of a Retail Public Utility (STM Application) and the Asset Transfer Agreement are attached hereto.

EPWU respectfully requests that the PUC expedite its review of this STM Application, waive the public notice for good cause shown, and approve the STM Application as allowed by TEX. WATER CODE § 13.301(a)(2) and 16 TEX. ADMIN. CODE § 24.109(a). There is good cause to waive public notice of this STM Application. EPWU has been operating and maintaining the Ponderosa water system on behalf of Ponderosa since 2004. EPWU also provides billing and collection services to Ponderosa. With the transfer of ownership, there will be no disruption of service or any difference in the type or quality of service that is provided to the customers. Moreover, while the customers of Ponderosa will see a change in their water rates, for most customers, the cost of water service will go down after the transfer of ownership.

Additionally, the neighboring cities and other retail public utilities are unaffected by this STM Application. With the exception of a small part of the area certificated to Ponderosa, EPWU is dually certificated to areas in which Ponderosa is certificated. Also, all of the area is within the City of El Paso's extraterritorial jurisdiction. No other retail public utility, other than EPWU, has the legal right or authority to provide service to Ponderosa's customers or its certificated area.

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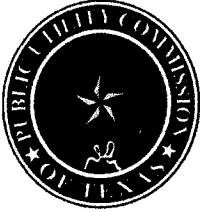
Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Emily W. Rogers". The signature is written in a cursive, flowing style.

Emily W. Rogers

EWR/dfb
Enclosure(s)



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

Pursuant to Chapter 13.251 of the Texas Water Code

Docket Number: 45719

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

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

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

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FILING CLERK

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

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

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Part A – General Information

*RN# 102685989/104403209 *CN# 600662183/600745392 * (PRIOR TCEQ ID numbers)

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

<input type="checkbox"/> Sale of	<input checked="" type="checkbox"/> All	<input type="checkbox"/> Portion	of the	<input checked="" type="checkbox"/> Water system(s) under CCN No.:	11017
<input checked="" type="checkbox"/> Acquisition				<input type="checkbox"/> Sewer system(s) under CCN No.:	
<input type="checkbox"/> Lease/Rental					

<input checked="" type="checkbox"/> Transfer of	<input checked="" type="checkbox"/> All	<input type="checkbox"/> Portion	of the	<input checked="" type="checkbox"/> Certificated water service area – CCN No.:	11017
				<input type="checkbox"/> Certificated sewer service area – CCN No.:	

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

N/A

and to:

<input type="checkbox"/> Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN	
<input checked="" type="checkbox"/> Amend the transferee's CCN No.:	10211 to include area covered by CCN No. 11017
<input type="checkbox"/> Merge or consolidate public utilities	
<input checked="" type="checkbox"/> Cancel CCN of the transferor (seller)	11017

2. Proposed effective date of this transaction: 5/31/2016
(Must be at least 120 days after proper notice is provided)

Part B – Current Service Provider or Seller Information

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

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

A. Name: Ponderosa and Western Village Water Supply Corporation
(Individual, Corporation or Other Legal Entity)

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

B. Utility Name (if different than above):
Address: 7313 Branding Iron Dr., Cantutillo, TX 79835-6408 Telephone: (AC) (915) 594-5533

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

Name: Ernesto Cisneros Title: Attorney
Address: 221 N. Kansas, Suite 1700, El Paso, TX 79904 Telephone: (AC) (915) 533-4424

Fax: (915) 546-5360

Email: ernesto.cisneros@kempsmith.com

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

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

11/1/2002

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

☒ No ☐ Yes- Application/Docket Number: Date

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

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit
See Attachment 12			

Part C – Purchaser or Transferee Information

Questions 6 through 16 refer to the transferee or purchaser.

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

Applicant: El Paso Water Utilities Public Service Board

(Individual, Corporation, or Other Legal Entity)

Utility Name:

(If different than above)

Utility Address: 1154 Hawkins, El Paso, TX 79925

Fax: Email: Telephone (AC): (915) 594-5594

CCN Numbers held prior to the filing of this application: 10211/21008

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

☐ Individual

☐ Home or Property Owners Association

☐ Partnership; attach copy of partnership agreement

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

Texas:

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

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

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

Name:	N/A	Email	
Address			
Telephone (AC):		Fax (AC):	

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

•Name:	See Attachment 2	Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

- Attach additional sheet(s) if necessary -

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

Texas Comptroller of Public Accounts

P. O. Box 13528, Capitol Station

Austin, Texas 78711

1-800-252-5555

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

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

Name:	Emily W. Rogers	Title:	Attorney
Address:	3711 S. MoPac Expwy., Bldg. 1, Suite 300, Austin, TX 78746	Telephone (AC):	(512) 472-8021
Fax #	(512) 320-5638	Email	erogers@bickerstaff.com
Relationship to the applicant:	Attorney for El Paso Water Utilities Public Service Board		

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

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

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

El Paso WU PSB is financially sound (see Attachments 3 and 4), employs over 100 licensed operators (see Attachment 5), has access to an adequate water supply (see Attachment 6), and has developed plans to bring additional water service to the area as growth occurs (see attachment 7).

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

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

N/A

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

Water rates, impact fees, developer contributions, cash-on-hand, grants, when available. See Attachments 3 and 4.

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

The quality of service should remain the same because El Paso WU PSB currently operates the WSC's system on its behalf and supplies treated water to the system. El Paso WU PSB also provides billing services to the WSC. See Attachments 3-7.

E. How will the transaction serve the public interest?

El Paso WU PSB currently operates the Ponderosa and Western Village WSC water system on the WSC's behalf. Transferring the system, customers, and facilities will ensure that the level of service to the customers remains superior and the customers will continue to benefit from being on a large regional system.

12. Please describe the nature of the proposed transaction:

El Paso WU PSB is acquiring all of the assets, customers, and CCN from the WSC. The WSC's CCN should be cancelled, and the area certificated to El Paso WU PSB. Upon the transfer of all of the assets, customers, and CCN, the WSC will dissolve.

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

A.

- Total Purchase Price: \$ 0.00
- Total Original Cost (as recorded on books of seller or merging entity):
- Accumulated Depreciation as of the proposed effective date of the transaction:
- Contributions in Aid of Construction:
 - Specific surcharges approved by TCEQ or PUC:
 - Revenues from explicit customer agreements:

- Developer Contributions (please explain):

- Other Contributions (please explain):

Total Contributions in Aid of Construction

• Net Book Value:

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

Application/Docket Number: Date:

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

Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application.

[attach additional sheet(s) if necessary]:

N/A

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

Utility Plant in Service:	<input type="text"/>
Plant Acquisition Adjustment:	<input type="text"/>
Extraordinary Loss on Purchase:	<input type="text"/>
Accumulated Depreciation of Plant:	<input type="text"/>
Cash:	<input type="text"/>
Notes Payable:	<input type="text"/>
Mortgage Payable:	<input type="text"/>
Others (please list):	<input type="text"/>

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

Purchaser's Initials: Date:

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

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

If rates are changing, please explain:

Once the customers are transferred to El Paso WU PSB, the customers will be charged El Paso WU PSB's outside-city water rates, rather than the WSC's water rates.

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

N/A

☐ Other. Please explain:

N/A

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

El Paso WU PSB, Mayfair 5 Water Company, Hillside Water Works, Green Acres Riverview Water Works, Valley Acres MHP Water System, El Paso East Lake, Inc., Vinton Hills Alegre, LLC

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

Part D – Historical Financial Information

HISTORICAL BALANCE SHEETS	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
TOTAL						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS						

HISTORICAL INCOME STATEMENT	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

HISTORICAL EXPENSE DETAIL	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

Part E – Projected Information

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO						
EQUITY TO TOTAL ASSETS						

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

PROJECTED EXPENSE DETAIL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income						
Depreciation (If Funded)						
Loan Proceeds						
Other						
Total Sources						
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
Total Uses						
NET CASH FLOW						
DEBT SERVICE COVERAGE						
Cash Available for Debt						
SERVICE (CADS)						
Net Income (Loss)						
Depreciation, or Reserve Interest						
Total						
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest						
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS						

Part F – TCEQ Public Water or Sewer System Information

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

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

0	7	1	0	0	1	0
---	---	---	---	---	---	---

Date of last inspection:

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q / -

-Name of Permittee:

-Date of application to transfer Discharge Permit submitted:

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

18. A. Are any improvements required to meet TCEQ or PUC standards? ☐ Yes

☒ No. If yes, please explain:

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

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

Description of the Required Improvement	Schedule to Complete	Estimated Cost
N/A		

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

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

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

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

• Source: El Paso Water Utilities Public Service Board % of total supply: 100.00%

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

Water			Sewer		
	-Non Metered		-2" meter	-Residential Connection	
319	-5/8" or 3/4" meter		-3" meter	-Commercial Connection	
	-1" meter		-4" meter	-Industrial Connection	
	-1 1/2" meter		-Other	-Other	
Total Water Connections:			Total Sewer Connections		

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

N/A

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

Name	Class	License#
See Attachment 5		

24. Attach the following maps with each copy of the application:

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

Part G – Oaths and Notices


OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF Texas

COUNTY OF El Paso

I, _____, being duly sworn, file this application for sale, lease, rental or merger or consolidation as President of Ponderosa and Western Village WSC (indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

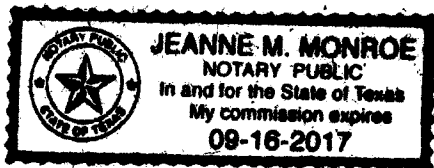
I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(l) and copies of any outstanding Orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas, or Attorney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

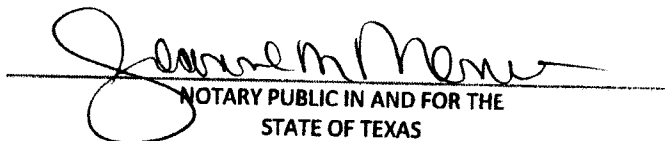

AFFIANT
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this day 29th of February, 20 16.

SEAL




NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

JEANNE M. MONROE
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

08-16-2017

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

OATH FOR PURCHASER OR ACQUIRING ENTITY

STATE OF Texas

COUNTY OF El Paso

I, John E. Balliew, being duly sworn, file this application for

sale, lease, rental or merger or consolidation as President of El Paso Water Utilities Public Service Board
(indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant; that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

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



AFFIANT

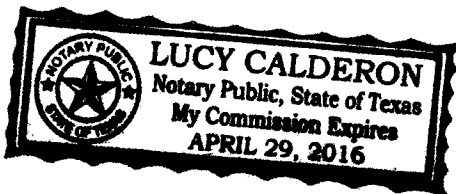
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this
day 25th of January 20 16.

SEAL





NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

LUCY CALDERON

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

4-29-16

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

Notice to Current Customers, Neighboring Systems and Cities

Ponderosa and Western Village Water Supply Corporation 'S
(Seller's or Transferor's Name)

NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) NO11017

TO

El Paso Water Utilities Public Service Board

(Purchaser's or Transferee's Name)

IN El Paso COUNTY, TEXAS

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

(Address)

City State Zip

Ponderosa and Western Village Water Supply Corporation 7313 Branding Iron Drive Cantutillo, TX 79835-6408
Sellers or Transferors' Name Address City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell facilities and transfer water or sewer (please select) CCN No. 11017 in El Paso [County Name]

County to:

El Paso Water Utilities Public Service Board 1154 Hawkins Drive El Paso, TX 79925
Purchasers or Transferee's Name Address City/State/Zip Code

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

The entire Ponderosa and Western Village WSC CCN No. 11017.

The area subject to this transaction is located approximately 11 miles North [direction] of downtown El Paso, [City or Town] Texas, and is generally bounded on the north by Bosque; on the east by Interstate 10; on the south by Artcraft; and on the west by the Rio Grande

The total area being requested includes approximately 110.18 acres and serves 319 current customers.

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

The service will remain the same because EPWU already operates the system. The customer's will be charged the City's outside-city rates.

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

To request a hearing, you must:

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

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

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

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

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

John E. Balliew, President

Utility Representative

El Paso Water Utilities Public Service Board

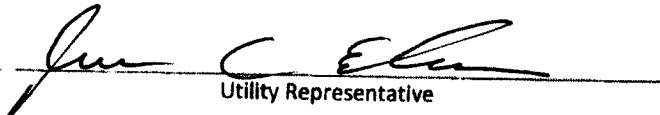
Utility Name

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

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

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

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


Utility Representative

Ponderosa & Western Village Water Supply Corp.
Utility Name

Notice to Current Customers, Neighboring Systems, Landowner and Cities**'S NOTICE OF INTENT TO SELL FACILITIES TO**_____
(Seller's or Transferor's Name)

AND FOR _____

(Purchaser's or Transferee's Name)

Purchaser's or Transferee's Name) _____

TO OBTAIN OR AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN

COUNTY, TEXASTo: _____
(Name of Customer, Neighboring System, Landowner or City)

Date Notice Mailed _____, 20 _____

(Address)_____
City_____
State_____
Zip_____
Sellers or Transferors' Name_____
Address_____
City/State/Zip Codehas submitted an application with the Public Utility Commission of Texas to sell water or sewer (please
select) Facilities in _____ [County Name] County to:_____
Purchasers or Transferee's Name_____
Address_____
City/State/Zip CodeThe transferee has also requested to obtain/amend a CCN in this application. The sale is scheduled to take place as approved by the
Commission (Texas Water Code §13.301). The transaction and the proposed service area include the following subdivision(s):

_____The area subject to this transaction is located approximately _____ miles _____ [direction] of
downtown _____, [City or Town] Texas, and is generally bounded on the north by
_____; on the east by _____
; on the south by _____; and on the west by _____The total area being requested includes approximately _____ acres and serves _____ current customers.
This transaction will have the following effect on the current customer's rates and services:

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

To request a hearing, you must:

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

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

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

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

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

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

Utility Representative

Utility Name

**List of Attachments to the Sale-Transfer-Merger Application
For the Ponderosa and Western Water Supply Corporation and the
El Paso Water Utilities Public Service Board**

Attachment No. 1 - Asset Transfer Agreement between Ponderosa and Western Village Water Supply Corporation and El Paso Water Utilities Public Service Board

Attachment No. 2 - List of Board Members of the El Paso Water Utilities Public Service Board

Attachment No. 3 - El Paso Water Utilities Public Service Board's Fiscal Year 2014-2015 Comprehensive Annual Financial Report

Attachment No. 4 - El Paso Water Utilities Public Service Board's 2015-2016 Annual Budget

Attachment No. 5 - List of El Paso Water Utilities Public Service Board's Licensed Operators

Attachment No. 6 - Overview of El Paso Water Utilities Public Service Board's Water Supply Sources

Attachment No. 7 - Maps of the Area to be Transferred to El Paso Water Utilities Public Service Board

Attachment No. 8 - Ponderosa and Western Village Water Supply Corporation Meeting Minutes

Attachment No. 9 - Rate Schedule for the El Paso Water Utilities Service Board and Rate Schedule of Ponderosa and Western Village Water Supply Corporation

Attachment No. 10 - El Paso Water Utilities Public Service Boards' Latest TCEQ Inspection Report and Ponderosa and Western Village Water Supply Corporation's Latest TCEQ Inspection Report

Attachment No. 11 - Certificate of Account Status for Ponderosa and Western Village Water Supply Corporation

Attachment No. 12 - List of Customers of Ponderosa and Western Village Water Supply Corporation

Attachment No. 1

**Asset Transfer Agreement between
Ponderosa and Western Village Water Supply Corporation
and
El Paso Water Utilities Public Service Board**

ASSET TRANSFER AGREEMENT

THIS ASSET TRANSFER AGREEMENT ("Agreement") is made and entered into by and between **PONDEROSA AND WESTERN VILLAGE WATER SUPPLY CORPORATION**, a non-profit water supply corporation ("PWV"), and **THE CITY OF EL PASO**, a home rule municipality in the State of Texas, **for the benefit of the EL PASO WATER UTILITIES PUBLIC SERVICE BOARD**, a municipal utility established by the City of El Paso, Texas' May 22, 1952 City Ordinance No. 752 to manage and operate the water and wastewater system for the City of El Paso ("El Paso").

RECITALS:

A. PWV is a retail public utility and currently provides water service under Certificate of Convenience and Necessity No. 11017 ("CCN No. 11017") to certain areas within El Paso County, Texas, and El Paso is also a retail public utility and currently provides water service under Certificate of Convenience and Necessity (CCN) No. 10211 to certain areas;

B. El Paso currently operates the PWV public water supply system, and provides billing services for the retail public utility;

C. PWV, in accordance with this Agreement desires to convey Assets, as hereafter defined, to El Paso, and El Paso desires to acquire the Assets and assume the Liabilities (as hereafter defined) of PWV;

C. El Paso's acquisition of the Assets and associated property and rights will ensure that a state-approved water retail utility system will be operated within the PWV service area as El Paso is capable of providing continuous and adequate service to consumers under applicable codes and regulations without unreasonable or unduly burdensome financial impact on El Paso or El Paso's current and future customers;

E. PWV and El Paso acknowledge that, upon Closing, the customers of PWV will become the customers of El Paso; and

F. PWV and El Paso acknowledge their intention to fully comply with the provisions of Chapter 13 of the Texas Water Code, as applicable, and the corresponding Texas Public Utility Commission ("PUC") regulations concerning the subject matter of this Agreement.

AGREEMENTS:

NOW, THEREFORE, the foregoing recitals are incorporated herein and constitute material terms of this Agreement, and for good and valuable consideration and the mutual promises and covenants herein expressed, the receipt and sufficiency of which is hereby acknowledged, PWV and El Paso contract, covenant and agree as follows:

I.
Assets to be Conveyed

Ponderosa and Western Village WSC, in accordance with this Agreement, shall convey and El Paso shall acquire the following assets, hereafter collectively referred to as the "Assets":

A. **Utility System.** The retail public utility and water system (the "Utility System") designated by Public Water Supply I.D. No. 0710010 and located areas certified to PWV by the PUC under CCN No. 11017;

B. **Land.** All right, title and interest to the real property listed in Exhibit A attached hereto, including PWV's interest in any and all well sites, security agreements or deeds of trust and leases, is hereafter collectively referred to as the "Land";

C. **Improvements.** All right, title and interest of PWV in and to the improvements affixed to and located on the Land which are owned by Ponderosa and Western Village WSC, including, any buildings and other improvements, located on the Land and the wells, storage tanks, pressure tanks, pumps and controls connected to the storage tanks, service lines and pipes located on the Land;

D. **Property Rights.** All right, title and interest of PWV in and to any land lying in the bed or right of way of any alley, street, road or access way, opened or proposed, in front of, at a side of or adjoining the Land to the centerline thereof ("Adjacent Property Rights");

E. **Easements and Appurtenances.** All rights, privileges, and easements, including public utility and pipeline easements and development rights, which are owned by or benefit PWV, and any interest and rights of PWV in other easements, rights-of-way or appurtenances arising or used in connection with the Utility System, whether appurtenant to the Land or in gross, including but not limited to, PVW's rights and/or access easements used to access the water lines and meters on land owned by customers of PWV, any other such access rights sanitary control easements in favor of PWV (the "Appurtenances");

F. **Surface Water Rights and Groundwater.** All right, title and interest of PWV to any surface water rights owned or leased by PWV and all right, title and interest of PWV in and to the Groundwater (as defined below), if any, now or in the future located in, on or under the Land, together with all associated rights related to the Groundwater, including but not limited to, the right to capture, explore for, drill for, develop, withdraw, produce, transport and/or otherwise beneficially use such Groundwater, and any right of PWV to use the surface of the Land for the exercise of such rights, including the right of ingress and egress, and all permits, licenses or other governmental authorizations relating to any of the foregoing of PWV (collectively, "Groundwater Rights"). As used herein, "Groundwater" shall mean all of the underground water, percolating water, artesian water, and any other water from any and all reservoirs, formations, depths and horizons beneath the surface of the earth, excluding underflow or flow in a defined subterranean channel;

G. Personal Property and Intangibles. All of PWV's right, title and interest in (i) items of furniture, fixtures, equipment, machinery, supplies and other items of tangible personal property owned by PWV and affixed, attached to, placed, or located on the Land (ii) facilities, water lines, distribution lines, wells, tanks, pumps, pipes, fittings, treatment equipment, meters, water produced in ground storage, copies of records (which shall include, but not be limited to, bills, employment and customer files, operational records, insurance records), permits, materials and supplies, and inventories, (iii) to the extent assignable, all of PWV's right, title and interest in and to all plans, drawings, specifications, surveys, engineering reports, and other materials related to the Land and/or the Utility System, which are conveyed without representation or warranty as to the information or conclusions set out therein; (iv) warranties and guaranties related to the Improvements and the Tangible Personal Property (as that term is hereafter defined); (v) licenses, permits, franchises, approvals and any other development rights and benefits relating to the Land, including all correspondence, permits, CCN, reports to or from the PUC related to the Utility System; and (vi) to the extent assignable, all software and intellectual property rights, as well as rights under any insurance policies, including but not limited to, automobile, property or liability insurance and (vii) all of PWV's rights and interests under any claims, causes of action and judgments (collectively, the "Intangibles"); and

H. Deposits. All of PWV's right, title and interest at the date of Closing in customer security deposits, if any, with accrued statutory interest, excluding the Membership Fee Deposits (herein so called) listed on Schedule "1" attached hereto, held by PWV in connection with PWV's operation of the Utility System, (collectively, the "Deposits"). PWV shall be responsible for returning the Membership Fee Deposits to the appropriate member and El Paso shall have no responsibility or liability with regard to the Membership Fee Deposits. This provision, as it relates to the Membership Fee Deposits, shall survive Closing, as that term is hereafter defined.

II. Consideration

As consideration for the acquisition of the Assets, El Paso will assume all of PWV's liabilities and pay all debts of PWV (collectively, the "Liabilities"), perform all obligations of Ponderosa and Western Village WSC, and will provide water service for the service area of PWV (collectively, the "Consideration"). PWV hereby acknowledges and agrees the sufficiency of the Consideration and that the payment and assumption of Liabilities and assumption of service obligations for PWV's customers is a fair and equitable benefit received. This Section II shall survive Closing, as that term is hereafter defined.

III.

Review Period and Right to Inspect.

A. Review Period. At any time from and after the Effective Date, El Paso, its agents, employees, consultants, or invitees shall have the right to order title work to obtain title policies insuring the title to the Land. El Paso, its agents, employees, consultants and invitees shall have such right of entry during normal business hours for purposes of conducting all such studies, inspections, tests and examinations deemed necessary by El Paso to complete the title work. All title work and any inspections and examinations (collectively, the "Reports") shall be

at El Paso's expense. As used herein, the "Review Period" shall mean the period commencing on the Effective Date and ending on the date the PUC issues its Determination Notice (as hereafter defined).

B. El Paso's Right to Review Books. El Paso shall have the right to inspect and copy, during regular business hours, the books and records of PWV with respect to the operation of the Assets.

C. El Paso's Title Review. During the Review Period, El Paso may obtain, at El Paso's sole expense, a Commitment For Title Insurance for the appropriate Assets issued by a title company of El Paso's choosing (the "Title Company"). PWV acknowledges and agrees that the Title Company may be preparing certain closing documents and acting as the closing agent at the Closing for the purposes of conveying funds, paying off liabilities, recoding documents and issuing title insurance over the portions of the assets that constitute real property interests. PWV agree to reasonably cooperate with El Paso and the Title Company with regard to title insurance matters and closing matters as applicable.

IV. Remedies

A. PWV's Remedies. In the event El Paso (i) fails or refuses to consummate the acquisition of the Assets pursuant to this Agreement at the Closing, (ii) fails to perform any of El Paso's other obligations hereunder either prior to or at the Closing for any reason other than the breach of any of PWV's representations, warranties or covenants, other failure by PWV to perform its obligations hereunder, or El Paso's timely termination of this Agreement in accordance with the provisions hereof, or (iii) otherwise breaches this Agreement, PWV shall be entitled as its sole and exclusive remedy to: (a) terminate this Agreement by giving El Paso timely written notice of such election prior to Closing or (b) waive the default and close the transfer of the Assets pursuant to the terms hereof.

B. El Paso's Remedies. In the event PWV (i) fails or refuses to consummate the conveyance of the Assets pursuant to this Agreement at Closing, (ii) fails to perform any of PWV's other obligations hereunder either prior to or at the Closing for any reason other than the breach of any of El Paso's representations, warranties or covenants or El Paso's failure to perform its obligations hereunder, or (iii) otherwise breaches the Agreement, El Paso shall be entitled as its sole remedy to either: (a) terminate this Agreement by giving PWV timely written notice of such election prior to Closing or (b) waive the default and close the transfer of the Assets pursuant to the terms hereof.

V. Closing

A. Closing Date. The Closing (herein so called) shall be held at a location that may be mutually agreed upon by PWV and El Paso on the date ("Closing Date") which shall be no later than forty-five (45) days following receipt of a Determination Notice (hereafter defined). PWV and El Paso acknowledge that the Closing cannot occur before 120 days from the date an

application is filed with the PUC pursuant to Texas Water Code § 13.301, unless approved by the PUC to close earlier.

B. Closing Matters.

(1) At Closing, PWV shall:

- (a) Deliver all keys in PWV's possession or control to the Assets to El Paso;
- (b) Deliver possession and control of the Assets to El Paso;
- (c) Deliver title to any titled equipment, vehicles, or other Tangible Personal Property in accordance with all applicable laws and in a form to effectively transfer the title of the vehicles to El Paso or such other documents as may be needed to enable El Paso to obtain title to titled equipment and vehicles; and
- (d) Grant to El Paso the authority to provide the necessary consents of PWV to PUC with respect to the proposed maps, certificates and the recommendation for approval and issuance or decertification of the CCN and authorize the PUC to effectuate the transfer of the Utility System upon receipt of El Paso's signed consent forms. ,.

(2) Simultaneously upon execution of the Agreement, PWV shall execute, deliver and acknowledge the closing documents listed in this Section B(2)(a)-(d). El Paso shall hold the closing documents in escrow until the Closing and the closing documents shall only become effective after Closing in accordance with this Agreement. El Paso covenants and agrees not to record the Deed until the Closing.

(a) A Deed without Warranty ("Deed") conveying all of the Land, Improvements, groundwater rights, and all easements, in substantially the form attached hereto as Exhibit B subject to all existing restrictions, liens, and encumbrances affecting the respective property;

(b) A bill of sale and an assignment of cash deposits and accounts receivable, without warranty, conveying all other portions of the Assets ("Bill of Sale") in substantially the form attached hereto as Exhibit C and made a part hereof;

(c) PWV shall execute and deliver to El Paso at the Closing an Affidavit of Closing, in substantially the form attached hereto as Exhibit D, and any and all documents which El Paso may reasonably request after the Closing to evidence the consent and agreement of PWV decertification of its service area and certification of the service area to El Paso. The agreement set forth in the preceding sentence shall survive the Closing.

(d) PWV shall execute a Contract Closing Certification, in substantially the form attached hereto as Exhibit E.

(3) At Closing, El Paso shall:

(a) Pay for all reasonable and actual expenses associated with the conveyance of the Assets, including but not limited to fees associated with filing the sale-transfer-merger application with the PUC, and completing the Closing and dissolving PWV as a legal entity;

(b) Pay off or assume all of the Liabilities; and

(c) Execute any and all documents reasonably necessary to consummate the transaction including an acknowledgment of acceptance of the Special Warranty Deed from PWV.

(4) At Closing:

(a) All special taxes or assessments assessed prior to the Closing Date shall be paid by El Paso.

(b) All revenues earned or received by PWV prior to the Closing Date, other than membership fees, existing in cash, cash equivalent or in a deposit account or as a receivable and all revenues for water utility services rendered by El Paso for the period from and after the Closing Date shall be the property of El Paso. Any such revenue received by PWV for the period from and after the Closing Date shall be immediately forwarded to El Paso.

(c) Customer deposits held to secure payment of fees for water service, if any, together with accrued statutory interest, held by PWV (the "Customer Deposits") shall be transferred to El Paso.

(d) Except for this Agreement and the Contract Closing Certification, all contracts, agreements, licenses or leases by and between El Paso and PWV, all water supply contracts or other agreements, if any, shall be automatically terminated without further action or liability of either party.

C. Winding Up and Termination of Ponderosa and Western Village WSC. Prior to Closing, PWV, with the assistance of El Paso, shall seek to obtain the members' approval of a voluntary winding up of the entity and approval of a dissolution plan. PWV shall comply with all applicable winding-up procedures as provided for by the Corporate Documents and the Texas Business Organizations Code ("Code"), including but not limited to Section 11.051 of the Code. El Paso shall assist PWV with the termination of PWV as an entity, including the preparation and filing of the Certificate of Termination and any other documents necessary to transfer the Assets and dissolve PWV as an entity and to pay reasonable and necessary professional fees and costs incurred therewith and in connection with the return of the Membership Deposits to those entitled to them, as well as the premiums for Directors and Officers Liability Insurance providing coverage to the directors and officers of PWV as may reasonably be requested by the individuals serving as officers and directors of PWV. PWV acknowledges that, in accordance with Section 11.356 of the Code, after the Certificate of Termination is filed, PWV will continue to exist for settling affairs of PWV not completed before Closing and that, in accordance with Section 11.357, the persons currently governing Ponderosa and Western Village WSC, will continue to have powers necessary to complete any winding up of PWV not finalized at Closing. PWV and El Paso covenant and agree to work with each other with regard to all matters related to the winding up of Ponderosa and Western Village WSC. PWV hereby appoints the President of

Ponderosa and Western Village WSC, or his designee, as a representative of Ponderosa and Western Village WSC, who can be contacted at the address and telephone number set forth in Section VII.D. below to be the contact person for all matters arising after Closing. PWV agrees to start the process to windup PWV within thirty (30) days after the Closing and to file the Certificate of Termination and any other documents necessary to transfer the Assets and dissolve PWV as an entity within six (6) months after the Closing. This deadline may be extended upon written consent by El Paso, which shall not be unreasonably withheld.

Notwithstanding any provision in this Agreement or any closing document to the contrary, these provisions of this Section V.C. shall survive Closing.

VI.

Conditions Precedent

A. PUC Determination.

(1) Notwithstanding anything in this Agreement to the contrary, the obligations of PWV and El Paso to consummate the transaction contemplated by this Agreement shall be subject to and specifically conditioned upon receipt of the written determination ("Determination Notice") by the PUC that authorizes the transaction contemplated herein to close in accordance with this Agreement. PWV and El Paso each acknowledge that this purchase and sale transaction must comply with the requirements of Texas Water Code §13.301 and, therefore, cannot be completed prior to the Determination Notice. El Paso agrees, at El Paso's expense, to file with the PUC an Application for Sale, Transfer or Merger of a Retail Public Utility ("Application") as soon as reasonably possible after the Effective Date of this Agreement, and PWV and El Paso agree to cooperate in connection with completing the Application and further agree to support the PUC approval of the Application. In this regard, PWV acknowledges that after receipt of the Determination Notice and within 30 days after the Closing Date, El Paso must file with PUC documents evidencing that the purchase and sale transaction contemplated by this Agreement is final and that support the disposition of Customer Deposits, if any. Following receipt by PUC of these documents evidencing completion of the transaction contemplated by this Agreement and disposition of Customer Deposits, PUC will prepare a proposed map, certificate, and recommendation for both PWV and El Paso to review and consent to before submitting the map, certificate, and recommendation to the PUC for approval and issuance of the CCN. The consent must be received by PUC in order for the PUC to approve the CCN transfer.

(2) If PUC denies the Application, then this Agreement shall automatically terminate.

(3) If the parties have not received the Determination Notice within eighteen (18) months of the Effective Date, due to the Application being contested, either PWV or El Paso may at any time terminate this Agreement upon ten (10) days' written notice of the other party and neither party shall thereafter have any further rights, liabilities, or obligations hereunder. If PUC requires a hearing and El Paso does not terminate this Agreement, this condition precedent provided for herein shall not be satisfied until after PUC enters final, appealable order(s) necessary for the transaction contemplated herein.

VII.
Miscellaneous

A. **Entire Agreement.** The Agreement together with the Contract Closing Certification constitute the entire agreement of the parties hereto as to the subject matter hereof and shall supersede any and all prior agreements and understandings of the parties hereto, whether oral or written. If there is any conflict between this Agreement and the Contract Closing Certification, this Agreement shall control. This Agreement can be amended or modified only by written agreement executed by PWV and El Paso.

B. **Binding.** This Agreement, and the terms, covenants, and conditions herein contained, shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of each of the parties hereto. Neither PWV nor El Paso may assign its respective rights under this Agreement without the other party's prior written consent.

C. **Effective Date.** The term "Effective Date" as used in this Agreement shall be the date on which this Agreement is executed by the last to sign of PWV and El Paso.

D. **Notice.** Any notice required or permitted hereunder shall be in writing and shall be deemed to be delivered on the date received if delivered by hand to the address shown hereinafter for PWV or El Paso, as appropriate, or such notice shall, if deposited in the mail, be deemed to be delivered, whether actually received or not, on the first business day after having been deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to PWV or El Paso, as appropriate, at the address shown hereinafter. The addresses for PWV and El Paso for all purposes under this Agreement shall be the following:

If to Ponderosa and Western Village WSC:

c/o Juan Eubanks
7335 Gillett Road
Canutillo, Texas 79835

With simultaneous copy to: Kemp Smith LLP
221 N. Kansas, Suite 1700
El Paso, Texas 79901
Attn: Ernesto L. Cisneros
Phone: (915) 533-4424
FAX: (915) 546-5360

If to El Paso:

El Paso Water Utilities Public Service Board
1154 Hawkins
El Paso, Texas 79925
Attn: John E. Balliew
Phone: (915) 597-5595

With a simultaneous copy to: Bickerstaff Heath Delgado Acosta LLP
3711 S. MoPac Expressway
Building One, Suite 300
Austin, Texas 78746
Attn: Emily Rogers
Phone: (512) 472-8021
FAX: (512) 320-5638

The parties hereto shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by at least five (5) days' written notice to the other party.

E. Time. Time is of the essence in all things pertaining to the performance of this Agreement.

F. Applicable Law; Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas. Any action in law or equity brought to enforce or interpret any provision of this Agreement shall be brought in a court of competent jurisdiction with venue in El Paso County, Texas.

G. Counterparts and Faxes. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. A telecopied facsimile of an executed counterpart of this Agreement shall be sufficient to evidence the binding agreement of each party to the terms hereof. However, each party agrees to promptly deliver to the other party an original, duly executed counterpart of this Agreement.

H. Section Headings. The section headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several sections hereof.

I. Business Days. In the event that any date or any period provided for in this Agreement shall end on a Saturday, Sunday or legal holiday, the applicable period shall be extended to the first business day following such Saturday, Sunday or legal holiday. As used herein, the term "legal holiday" means any state or federal holiday for which financial institutions or post offices are generally closed in the State of Texas.

J. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

K. Exhibits. All references to exhibits contained herein are references to exhibits attached hereto, all of which are made a part hereof. It is expressly understood that if any exhibit

attached hereto which is to be executed and delivered at Closing contains blanks, the same shall be completed correctly and in accordance with the terms and provisions contained herein and as contemplated hereby prior to or at the time of execution and delivery thereof.

IN WITNESS WHEREOF, this Agreement has been duly executed in multiple counterparts (each of which is to be deemed original for all purposes) by the parties hereto on the date appearing opposite each party's signature.

[Signatures on next pages]

PONDEROSA AND WESTERN VILLAGE
WATER SUPPLY CORPORATION

Date: January 13, 2015 6 pm

By: Juan C. Eche

Name: _____

Title: _____

STATE OF TEXAS

§

COUNTY OF EL PASO

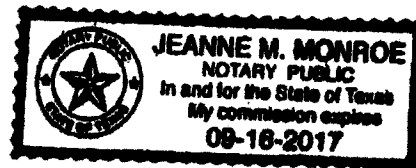
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BEFORE ME, the undersigned authority, on this day personally appeared JUAN C. Eche known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the PONDEROSA AND WESTERN WATER SUPPLY CORPORATION, and that he executed the same as the act of the PONDEROSA AND WESTERN WATER SUPPLY CORPORATION for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 13th day of January, 2015. 6 pm

Jeanne M. Monroe
Notary Public
The State of Texas



EL PASO WATER UTILITIES
PUBLIC SERVICE BOARD, TEXAS

Date: January 29, 2016

By: _____

Name: John Balliew
Title: President/CEO

APPROVED AS TO FORM:

Lupe Cuellar, General Counsel
El Paso Water Utilities

STATE OF TEXAS §
 §
COUNTY OF EL PASO §

BEFORE ME, the undersigned authority, on this day personally appeared JOHN BALLIEW known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the EL PASO WATER UTILITIES PUBLIC SERVICE BOARD, and that he executed the same as the act of the EL PASO WATER UTILITIES PUBLIC SERVICE BOARD for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 29th day of January, 2016.

Lucy Calderon
Notary Public
The State of Texas

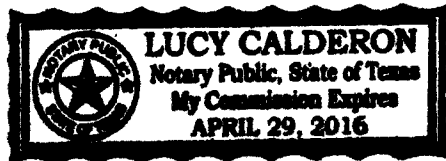


EXHIBIT A

LAND

PARCEL 1

Lots 1 and 2, Block 14, PONDEROSA MOBILE HOMES SUBDIVISION -REPLAT an Addition to El Paso County, Texas, according to the plat thereof, recorded in Volume 44, Page 23, Plat Records of El Paso County, Texas.

PARCEL 2

Tract 22-A, Block 17, UPPER VALLEY SURVEYS, in El Paso County, Texas, according to the resurvey of said UPPER VALLEY SURVEYS made by El Paso County, Texas for tax purposes and being more particularly described by metes and bounds as follows:

Being the description of 0.505 acres of land out of Tract 22-A, Block 17, Upper Valley Surveys, El Paso County, Texas known as Western Way Drive and being more fully described by metes and bounds as follows:

Beginning at a point on the Westerly line of Bosque Road (40 feet wide), said point bears South 8°20'00" East a distance of 127.09 feet from the Northeast corner of Tract 22-A, Block 17, Upper Valley Surveys, El Paso County, Texas;

THENCE South 8°20'00" East a distance of 50.54 feet along the Westerly line of Bosque Road to a point;

THENCE North 89°59'00" West a distance of 440.17 feet to a point on the Westerly line of said Tract 22-A;

THENCE North 7°02'00" West a distance of 50.38 feet along the Westerly line of said Tract 22-A to a point;

THENCE South 89°59'00" East a distance of 439.01 feet to the Point of Beginning.

PARCEL 3

A portion out Tracts 25A and 25B, NKA Tract 25-C and 25-B-1, Block 17, UPPER VALLEY SURVEYS, in El Paso County, Texas, according to the resurvey of said UPPER VALLEY SURVEYS made by El Paso County, Texas for tax purposes and being more particularly described by metes and bounds as follows:

Being the description of 0.147 acres (5,386.8 square feet) of land out of Tracts 25A and 25B, Block 17, Upper Valley Surveys, El Paso County, Texas and being more fully described by metes and bounds as follows:

Beginning at a point on the Westerly line of Bosque Road (35.00' wide), said point bears North 08°20'00" West a distance of 98.41 feet from the intersection of the Westerly line of Bosque Road with the Northerly line of Canutillo – La Union Road – F.M. 258 (70.00' wide);

THENCE South 85°10'00" West a distance of 98.80 feet to a point;

THENCE North 05°50'00" West a distance of 65.64 feet to a point;

THENCE North 86°10'00" East a distance of 95.93 feet to a point on the Westerly line of Bosque Road;

THENCE South 08°20'00" East a distance of 65.80 feet along the Westerly line of Bosque to the Point of Beginning.

EXHIBIT B

DEED WITHOUT WARRANTY

THE STATE OF TEXAS §
 §
COUNTY OF EL PASO §

KNOW ALL BY THESE PRESENTS:

That Ponderosa and Western Village Water Supply Corporation (hereinafter called "Grantor"), for and in consideration of the sum of TEN and NO/100 DOLLARS (\$10.00) and other good and valuable consideration paid to Grantor by City of El Paso for the benefit of El Paso Water Utilities Public Service Board (hereinafter called "Grantee"), the receipt and sufficiency of which are hereby acknowledged and for the payment of which no lien, express or implied, is retained, has GRANTED, SOLD AND CONVEYED, and by these presents does GRANT, SELL AND CONVEY to Grantee the real property situated in El Paso County, Texas described in Exhibit "A" attached hereto and made a part hercof (the "Land"), together with (i) any and all improvements located thereon; (ii) all right, title and interest of Grantor, if any, in and to any land lying in the bed of any alley, street, road or access way, open or proposed, in front of, at a side of, or adjoining the Land to the centerline thereof; (iii) to the extent assignable, all rights, privileges, and easements whether appurtenant to the Land or in gross, which are owned by Grantor, including without limitation, those easements more particularly described in Exhibit "B" hereto, and, to the extent such are used by Grantor in connection with Grantor's water supply and distribution system operated on the Land, the right to access the water lines and meters on lands owned by customers of the water supply and distribution system operated on the Land, all development rights relating to the Land and any other easements, rights-of-way, or appurtenances arising or used in connection with the beneficial use and enjoyment of the Land; and (iv) any and all reversionary interests of Ponderosa and Western Village WSC in and to the Land (the Land and all of the related improvements, appurtenances, rights and interests referenced in items (i) through (iv) above are collectively referred to herein as the "Property").

Exceptions to Conveyance:

Validly existing easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded and validly existing covenants, restrictions and encumbrances, other than conveyances of the surface fee estate, that affect the Property; and taxes for 2015 and all prior years, which Grantee assumes and agrees to pay, and subsequent assessments for that and prior years due to change in land usage, ownership, or both, the payment of which Grantee assumes; and

All matters reflected on Exhibit "C" attached hereto.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging, unto Grantee, and Grantee's successors and assigns forever without express or implied warranty. All warranties that might arise by common law as well as the warranties in section 5.023 of the Texas Property Code (or its successor) are excluded.

DISCLAIMER OF WARRANTIES. PWV DISCLAIMS ANY EXPRESS, AND IMPLIED WARRANTY CONCERNING OR RELATING TO: (A) THE NATURE AND CONDITION OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO THE MACHINERY, WELLS, THE EQUIPMENT AND THE WATER SUPPLY AT THE PROPERTY (COLLECTIVELY THE "PROPERTY"); (B) THE SUITABILITY OR FITNESS OF THE PROPERTY, THE INCOME TO BE DERIVED THEREFROM OR EXPENSES TO BE INCURRED WITH RESPECT THERETO, OR ANY OTHER MATTER OR THING RELATING TO OR AFFECTING THE SAME; (C) THE COMPLIANCE OF THE PROPERTY OR OPERATIONS THEREOF WITH ANY LAWS; AND (D) THE PRESENCE, DISPOSAL, EXTENT, OR TYPE OF ANY HAZARDOUS MATERIALS AT THE PROPERTY. GRANTEE ACKNOWLEDGES AND AGREES THAT GRANTEE SHALL NOT RELY ON ANY REPRESENTATION, STATEMENT, OR OTHER ASSERTION WITH RESPECT TO THE PROPERTY BY CONDITION BY GRANTOR AND WILL RELY SOLEY ON GRANTEE'S EXAMINATION OF THE PROPERTY AND THE MATTERS AFFECTING THE PROPERTY. PWV FURTHER DISCLAIMS ALL COMMON LAW WARRANTIES AND WARRANTIES IN SECTION 5.023 OF THE TEXAS PROPERTY CODE RELATED TO THE PROPERTY. GRANTOR SPECIFICALLY, WITHOUT LIMITATION, DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY. GRANTEE AGREES TO ACCEPT THE PROPERTY "AS IS" AND "WITH ALL FAULTS".

"Hazardous Materials" shall mean all materials and substances which are defined as such in or for purposes of the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "superfund" or "superlien" law, the Toxic Substance Control Act, or any federal, state, or local statute, ordinance, code, rule, regulation, law, order or degree regulating, relating to, or imposing liability or standards of conduct concerning any solid waste, liquid waste, trash, garbage, junk, hazardous toxic or dangerous waste, substance or materials, or asbestos, as now or at any time hereinafter in effect or any other hazardous, toxic, dangerous, or regulated waste, substance, or materials.

IN WITNESS WHEREOF, this Special Warranty Deed is executed by Grantor on the _____ day of _____, 20____

Ponderosa and Western Village
Water Supply Corporation

By: _____
Juan Eubanks, President

THE STATE OF TEXAS §
 §
COUNTY OF EL PASO §

This instrument was acknowledged before me on this _____ day of _____, 20__, by Juan Eubanks, President of Ponderosa and Western Village Water Supply Corporation, on behalf of said corporation.

Notary Public, State of Texas

Accepted:

El Paso Water Utilities Public Service Board

By: _____

Name: _____

Title: _____

EXHIBIT "A" TO DEED

LAND

PARCEL 1

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THENCE South 08°20'00" East a distance of 65.80 feet along the Westerly line of Bosque to the Point of Beginning.

EXHIBIT "B" TO DEED

EASEMENTS

All rights, privileges, and easements whether appurtenant to the Land or in gross, which are owned by Grantor or which Grantor has an interest in, including but not limited to the following:

1. Utility easements as shown on plat, including easements for the overhang of service wires for pole type utilities and buried service wires, conduits, and pipes for underground utilities as dedicated on the plat, recorded in Volume 44, Page 23, Plat Records of El Paso County, Texas.
2. Easement by and between John H. Livingston, dba Livingston and Associates and James Edward Urlaub, dba URLAUB, by instrument dated 02/10/1976, filed 02/20/1976, recorded in Volume 662, Page 751, Real Property Records, El Paso County, Texas.
3. Easement by and between John H. Livingston, dba Livingston and Associates and James Edward Urlaub, dba URLAUB, by instrument dated 02/10/1976, filed 02/20/1976, recorded in Volume 662, Page 753, Real Property Records, El Paso County, Texas.

EXHIBIT "C" TO DEED

ENCUMBRANCES

1. Utility easements as shown on plat, including easements for the overhang of service wires for pole type utilities and buried service wires, conduits, and pipes for underground utilities as dedicated on the plat, recorded in Volume 44, Page 23, Plat Records of El Paso County, Texas.
2. Visible and apparent roadways and/or easements.
3. Contracts, taxes, construction charges, and rights-of-way for irrigation and drainage ditches applicable to property in El Paso County Water Improvement District No. 1.
4. All easements, contracts, levees, laterals, roads, ditches, drains and other claims or interest resulting directly or indirectly from the inclusion of the subject property or a part thereof in an irrigation, reclamation or water improvement district or project.
5. Easement by and between John H. Livingston, dba Livingston and Associates and James Edward Urlaub, dba URLAUB, by instrument dated 02/10/1976, filed 02/20/1976, recorded in Volume 662, Page 751, Real Property Records, El Paso County, Texas.
6. Easement by and between John H. Livingston, dba Livingston and Associates and James Edward Urlaub, dba URLAUB, by instrument dated 02/10/1976, filed 02/20/1976, recorded in Volume 662, Page 753, Real Property Records, El Paso County, Texas.
7. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether recorded or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.