



Control Number: 47107



Item Number: 1

Addendum StartPage: 0



PURSUANT TO PUC CHAPTER 24, SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER  
SERVICE PROVIDERS, SUBCHAPTER G: CERTIFICATES OF CONVENIENCE AND NECESSITY

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

Docket Number: **47107**

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

7 copies of the application, including the original, shall be filed with

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

RECEIVED  
2017 APR 28 PM 2:00  
PUBLIC UTILITY COMMISSION  
FILING CLERK

If submitting digital map data, two copies of the portable electronic storage medium (such as CD or DVD) are required.

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

### Purpose of Application

<input type="checkbox"/> Obtain	<input type="checkbox"/> New Water CCN	<input type="checkbox"/> New Sewer CCN
<input checked="" type="checkbox"/> Amend	<input checked="" type="checkbox"/> Water CCN# (s) <u>10089</u>	
<input type="checkbox"/> Amend	<input type="checkbox"/> Sewer CCN#(s) _____	

### 1. Applicant Information

#### Applicant

Utility name: Bethesda Water Supply Corporation

Certificate number: 600662928

Street address (City/ST/ZIP/Code): 509 S Burleson Blvd, Burleson, TX 76028

Mailing address(City/ST/ZIP/Code): PO Box 130, Burleson, TX 76097

Utility Phone Number and Fax: (817) 447-9370

#### Contact information

Please provide information about the person(s) to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant manager, or other title related to the applicant.

Name: Dana Wells

Title: Office Admin

Mailing address: PO Box 130, Burleson, TX 76097

Email: bethesda@flash.net

Phone and Fax: (817) 295-2131

List all counties in which service is proposed:

Johnson and Tarrant

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

- ☐ Investor Owned Utility      ☐ Individual      ☐ Partnership
- ☐ Home or Property Owners Association      ☐ For-profit Corporation
- ☒ Non-profit, member-owned, member-controlled cooperative corporation  
(Water Code Chapter 67, Water Supply or Sewer Service Corporation)
- ☐ Municipality      ☐ District      ☐ Other - Please explain:

B. If the applicant is a For-Profit business or corporation, please include the following information:

- i. A copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts.
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State: \_\_\_\_\_
- iii. A listing of all stockholders and their respective percentages of ownership.
- iv. A copy of the company's organizational chart, if available.
- v. A list of all directors and disclose the title of each individual.
- vi. A list of all affiliated organizations (if any) and explain the affiliate's business relationship with the applicant.

C. If the applicant is a Texas Water Code (TWC) Chapter 67 water supply or sewer service corporation please provide:

- ✓ i. A copy of the Articles of Incorporation and By-Laws.
- ✓ ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State.
- ✓ iii. Identification of all board members including name, address, title, and telephone number.
- ✓ iv. A copy of the corporation's *Certificate of Account Status* from the Texas Comptroller of Public Accounts.

## 2. Location Information

- A. Are there people already living in the proposed area?      ☒ Yes      ☐ No
- If YES, are any currently receiving utility service?      ☐ Yes      ☐ No
- If YES, from WHOM? Bethesda Water Supply Corporation

B. Demonstrate the Need for Service by providing the following:

Have you received any requests for service in the requested service area?

☒ Yes ☐ No

If YES, provide the following:

- i. Describe the service area and circumstances driving the need for service in the requested area. Indicate the name(s) and address(es) of landowner(s), prospective landowner(s), tenant(s), or resident(s) that have requested service; and/or
- ii. Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or
- iii. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, fueling wells, etc.); and/or
- iv. Provide copies of any written application(s) or request(s) for service in the requested area; and/or
- v. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area.
- vi. If none of these items exist or are available, please justify the need for service in the proposed area in writing.

Note: Failure to demonstrate a need for additional service in the proposed service area may result in the delay and /or possible denial of the application.

C. Is any portion of the proposed service area inside an incorporated city or district?

☐ Yes ☒ No

If YES, within the corporate limits of: \_\_\_\_\_

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

D. Is any portion of the proposed service area inside another utility's CCN area?

☒ Yes ☐ No

If YES, has the current CCN holder agreed to decertify the proposed area? *No, Unable to contact.*

If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest:

The CCN holder can not be found. The desire is to decertify the Elmcreek Water since they have signed easement for Bethesda WSC to serve <sup>and</sup> ~~as~~ is deemed inactive with TCEQ and PUC. Bethesda WSC has been serving the area since 1985. A 500,000 gallon elevated tower, ground storage tank and well is currently at the location. Also, all infrastructure is in place with no need to add or upgrade any.

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### 3. Map Requirements

Attach the following hard copy maps with each copy of the application:

- A. A location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
- B. A map showing only the proposed area by:
  - i. metes and bounds survey certified by a licensed state or register professional land surveyor; or
  - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled). Also, a data disk labeled with the applicant's name must be provided; or
  - iii. following verifiable natural and man-made landmarks; or
  - iv. a copy of recorded plat map with metes and bounds.
- C. A written description of the proposed service area.
- D. Provide separate and additional maps of the proposed area(s) to show the following:
  - i. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and
  - ii. any facilities, customers or area currently being served outside the applicant's certificated area(s).

**Note:** Failure to provide adequate mapping information may result in the delay or possible denial of your application.

Digital data submitted in a format other than ArcView shape file or Arc/Info E00 file may result in the delay or inability to review applicant's mapping information.

For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC website for assistance.

### 4. New System Information or Utilities Requesting a CCN for the First Time

- A. Please provide the following information:
  - i. a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed system;
  - ii. copies of written requests seeking to obtain service from each of the public drinking water systems or sewer systems listed in a. 1 above or documentation that it is not economically feasible to obtain service from each entity;
  - iii. copies of written responses from each system or evidence that they did not reply; and
  - iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit.
- B. Were your requests for service denied? ☐ Yes ☐ No

- i. If yes, please provide documentation of the denial of service and go to c.
  - ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each utility that granted your request for service.
- C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any:

*HA*

D. Date of plat approval, if required: \_\_\_\_\_  
 Approved by: \_\_\_\_\_

E. Date Plans & Specifications submitted to the TCEQ for approval: \_\_\_\_\_  
 Attach copy of approval letter, if available. If the letter is not available by the time your CCN application is submitted, please supplement your application with a copy of the letter once you receive it from the TCEQ.

F. Date construction is scheduled to commence: \_\_\_\_\_

G. Date service is scheduled to commence: \_\_\_\_\_

## 5. Existing System Information

A. Please provide the following information for each water and/or sewer system, attach additional sheets if necessary.

i. Water system(s): TCEQ Public Water System identification number(s):

1 2 6 0 0 1 7 ;

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ii. Sewer system(s): TCEQ Discharge Permit number(s)

6

W	Q							-			
---	---	--	--	--	--	--	--	---	--	--	--

W	Q						-			
---	---	--	--	--	--	--	---	--	--	--

W	Q							-			
---	---	--	--	--	--	--	--	---	--	--	--

W	Q						-			
---	---	--	--	--	--	--	---	--	--	--

W	Q						-			
---	---	--	--	--	--	--	---	--	--	--

W	Q							-			
---	---	--	--	--	--	--	--	---	--	--	--

- iii. Date of last TCEQ water and/or sewer system inspection(s): 4/12/2017
- iv. Attach a copy of the most recent TCEQ water and/or sewer inspection report letter(s).
- v. For each system deficiency listed in the TCEQ inspection report letter; attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates.

**B. Provide the following information about the utility's certified water and/or sewer operators**

Name	Classes	License Number
See exhibit A		

- Attach additional sheet(s) if necessary -

- C. Using the current number of customers, is any facility component in systems named in #5A above operating at 85% or greater of minimum standard capacity?

☐ Yes

☒ No

Attach a copy of the 85% rule compliance document filed with the TCEQ if the system is operating at 85% or greater of the TCEQ's minimum standard capacity requirements.

- D. In the table below, the number of existing and/or proposed metered and non-metered connections (by size). The proposed number should reflect the information presented in the business plan or financial **documentation** and reflect the number of service requests identified in Question 2.b in the application.

TCEQ Water System			TCEQ Sewer System		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter	44	0	Residential		
1" meter or larger	0	0	Commercial		
Non-Metered	0	0	Industrial		

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TCEQ Water System			TCEQ Sewer System		
Other:	0	0	Other:		
Total Water	44	0	Total Sewer		

E. If this application is for a water CCN only, please explain how sewer service is or will be provided:

Property owners all have septic systems.

F. If this application is for a sewer CCN only, please explain how water service is or will be provided:

G. Effect of Granting a Certificate Amendment.

Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:

- i. the applicant,
- ii. any retail public utility of the same kind already serving the proximate area; and
- iii. any landowner(s) in the requested area.

H. Do you currently purchase or plan to purchase water or sewer treatment capacity from another source?

i. ☐ No, (skip the rest of this question and go to #6)

ii. ☒ Yes, Water

Purchased on a ☒ Regular ☐ Seasonal ☐ Emergency basis?

Water Source	% of Total Treatment
City of Fort Worth	75%

Water Source	% of Total Treatment
City of Arlington <i>-under construction</i>	0.00%
	0.00%

iii. ☐ Yes, Sewer treatment capacity

Purchased on a

☐ Regular

☐ Seasonal

☐ Emergency basis?

Sewer Source	% of Total Treatment
<i>N/A</i>	0.00%
<i>N/A</i>	0.00%
<i>N/A</i>	0.00%

iv. Provide a signed and dated copy of the most current water or sewer treatment capacity purchase agreement or contract.

I. Ability to Provide Adequate Service.

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:

- the current and projected density; and
- the land use of the requested area.

J. Effect on the Land. Explain the effect on the land to be included in the certificated area.

*Residential homes.*

## 6. Financial Information

A. For new water and/or sewer systems and for applicants with existing CCNs who are constructing a new stand-alone water and/or sewer system:

- the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing retail water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
- Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates

should correlate to the projected growth in connections, shown on the projected profit and loss statement.

- iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate the date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.

B. For existing water and/or sewer systems:

- i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).
- ii. Attach a proposed rate schedule or tariff.

❖ **Note:** An existing water and/or sewer system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application

C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.

D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.

❖ **Note:** Failure to provide adequate financial information may result in the delay or possible denial of your application.

## 7. Notice Requirements

- A. All proposed notice forms must be completed and submitted with the application. Do not mail or publish the notices until you receive written approval from the commission to do so.
- B. The commission cannot grant a CCN until proper notice of the application has been given. Commission rules do not allow a waiver of notice requirements for CCN applicants.
- C. It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.
- D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application for use in preparing proposed notices. (Notice forms are available in Spanish upon request.)
- E. After reviewing and, if necessary, modifying the proposed notice, the commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully before providing the notice.
- F. **Notice For Publication:**  
The applicant shall publish the notice in a newspaper with general circulation in the county(ies) where a CCN is being requested. The notice must be published once each week for two consecutive weeks beginning with the week after the notice is received from the commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.
- G. **Notice To Neighboring Utilities:**
  - i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
  - ii. For applications for the issuance of a NEW CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within five (5) miles of the requested service area.

- iii. For applications for the AMENDMENT of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within two (2) miles of the requested service area.
- H. Notice to Customers:  
Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application.
- I. The commission may require the applicant to deliver notice to other affected persons or agencies.

**Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the commission. Wait until you receive written authorization to do so. Authorization occurs after the commission has reviewed the notices for completeness, and your application has been accepted for filing. Once the application is accepted for filing, you will receive written authorization to provide notice. Please check the notices for accuracy before providing them to the public. It is the applicant's burden to ensure that correct and accurate notice is provided.**

## OATH

STATE OF Texas  
COUNTY OF Johnson

I, Steve Sievers, being duly sworn,  
file this application as General Manager of Bethesda 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 maps and financial information  
filed with this application, and have complied with all the requirements contained in this  
application; and, that all such statements made and matters set forth therein are true and  
correct. I further state that the application is made in good faith and that this application  
does not duplicate any filing presently before the Public Utility Commission of Texas.

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

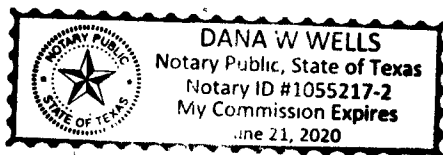
**I further represent that the Applicant will provide continuous and adequate  
service to all customers and qualified applicants for service within its certificated  
service area.**

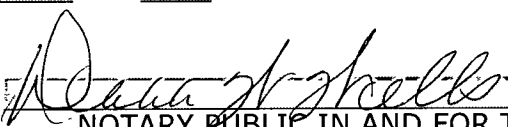
  
AFFIANT  
(Utility's Authorized Representative)

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 27th of April 20 17

SEAL



  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS

Dana W Wells  
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 6-21-20

L 7

## Notice for Publication

### NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN

Tarrant COUNTY(IES), TEXAS

Name of Applicant Bethesda Water Supply Corporation has filed an application for a CCN to obtain or amend CCN No. (s) 10089 and to decertify a portion(s) of Elm Creek Water CCN #11002 with the  
(Name of Decertified Utility)

Public Utility commission of Texas to provide

Water

(Specify 1) water or 2) sewer or 3) water & sewer)

utility service in

Tarrant

County  
(ies).

The proposed utility service area is located approximately 6 miles west  
[direction] of downtown Mansfield, [City or Town] Texas, and is  
generally bounded on the north by Fort Worth; on the east by  
Mansfield; on the south by Lillian; and on the west by Burleson

The total area being requested includes approximately 27 acres and 44 +/-  
current customers.

A copy of the proposed service area map is available at (Utility Address and Phone  
Number): 509 S Burleson Blvd, Burleson TX 79028 817-295-2131

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

**Persons who wish to intervene or comment should file with the PUC at the following address:**

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

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

**Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:**

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

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

***Si desea información en Espanol, puede llamar al 1-888-782-8477***



## Notice to Neighboring Systems, Landowners and Cities

### NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN

Tarrant COUNTY(IES), TEXAS

To: \_\_\_\_\_, Date Notice Mailed \_\_\_\_\_ 20 \_\_\_\_  
(Neighboring System, Landowner or City)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
City State Zip

Name of Applicant \_\_\_\_\_ has filed an application for a  
CCN to obtain or amend CCN No. (s) \_\_\_\_\_ and to  
decertify a portion(s) of \_\_\_\_\_ with the  
(Name of Decertified Utility)

Public Utility Commission of Texas to provide \_\_\_\_\_  
(specify 1) water or 2) sewer or 3) water & sewer  
utility service in \_\_\_\_\_ County(ies).

The proposed utility service area 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 \_\_\_\_\_

**See enclosed map of the proposed service area.**

The total area being requested includes approximately \_\_\_\_\_ acres and \_\_\_\_\_  
current customers.

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

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**Persons who wish to intervene or comment should write the:**

Filing Clerk  
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within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

**Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:**

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

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

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

See Ex B  
**HISTORICAL BALANCE SHEETS**

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

## 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 EXPENSES STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
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%
<b>OPERATIONAL EXPENSES</b>						
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%
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

## PROJECTED BALANCE SHEETS

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

## PROJECTED INCOME STATEMENT

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

## PROJECTED EXPENSES STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year						
<b>OPERATIONAL EXPENSES</b>						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
<b>ASSUMPTIONS</b>						
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
<b>SOURCES OF CASH</b>						
Net Income						
Depreciation (if Funded)						
Loan Proceeds						
Other						
Total Sources						
<b>USES OF CASH</b>						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
TOTAL USES						
<b>NET CASH FLOW</b>						
<b>DEBT SERVICE COVERAGE</b>						
Cash Available for Debt						
Service (CADS)						
Net Income (Loss)						
Depreciation , or Reserve Interest						
TOTAL						
<b>REQUIRED DEBT SERVICE (RDS)</b>						
Principle Plus Interest						
<b>DEBT SERVICE COVERAGE RATIO</b>						
CADS Divided by RDS						

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## OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF INCORPORATION  
OF

BETHESDA WATER SUPPLY CORPORATION  
CHARTER NO. 208329

The undersigned, as Secretary of State of the State of Texas, hereby certifies that duplicate originals of Articles of Incorporation for the above corporation duly signed and verified pursuant to the provisions of the Texas Non-Profit Corporation and Article 1434a R. C. S. of Texas, Act/have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Incorporation and attaches hereto a duplicate original of the Articles of Incorporation.

Dated December 8th, 1964

*Crawford E. Martin*  
Secretary of State



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Filed in the Office of the Secretary of State of Texas	
This 8 day of Dec 1944	
Director,	Charter Division

ARTICLES OF INCORPORATION

OF

BETHESDA WATER SUPPLY CORPORATION

THE STATE OF TEXAS

X

COUNTY OF JOHNSON

X

KNOW ALL MEN BY THESE PRESENTS:

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

ARTICLE I.

The name of the corporation is Bethesda Water Supply Corporation.

ARTICLE II.

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

ARTICLE III.

The period of its duration is perpetual.

#### ARTICLE IV.

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

#### ARTICLE V.

The street address of the initial registered office of the corporation is 100 West Ellison Street, Burleson, Texas, and the name of its initial registered agent at such address is Loy Bransom.

#### ARTICLE VI.

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

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
A. B. Calvary	Route 4	Cleburne, Texas
Richard Smith	Route 2, Box 173-A3	Burleson, Texas
Loy Bransom	P.O. Box 698	Burleson, Texas
W. R. Loe	Route 1, Box 546	Burleson, Texas
Clarence E. Moore	Route 2, Box 263G	Burleson, Texas
K. E. Camp	Route 7, Box 244	Ft. Worth, Texas
H. J. Loe	1003 Continental Life Bldg.	Ft. Worth, Texas
Ben L. Ash	Route 1, Box 549	Burleson, Texas
Robert F. Davis, Jr.	Route 7, Box 289	Ft. Worth, Texas

#### ARTICLE VII.

The name and street address of each incorporation is:

NAME	ADDRESS	CITY
A. B. Calvary	Route 4	Cleburne, Texas
Richard Smith	Route 2, Box 173-A3	Burleson, Texas
Loy Bransom	P.O. Box 698	Burleson, Texas
W. R. Lacy	Route 1, Box 546	Burleson, Texas
Clarence E. Moore	Route 2, Box 263G	Burleson, Texas
K. E. Camp	Route 7, Box 244	Ft. Worth, Texas
H. J. Loe	1003 Continental Life Bldg.	Ft. Worth, Texas
Ben L. Ash	Route 1, Box 549	Burleson, Texas
Robert F. Davis, Jr.	Route 7, Box 289	Ft. Worth, Texas

#### ARTICLE VIII.

Each incorporator shall be a member of the Board of Directors who are to serve as directors until the first annual meeting of the members, or until their successors are elected and qualified. Upon the issuance of the Charter and annually thereafter on the First Tuesday in January the Board of Directors shall elect a President, a Vice-President, and a Secretary-Treasurer. The position of the Secretary-Treasurer shall be placed under a fidelity bond in an amount which shall be set by the Board of Directors. The amount of said bond shall be set from time to time by the Board of Directors, but shall not be less than \$1,000.00.

#### ARTICLE IX.

The corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the memberships of such corporation and all profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with such corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the corporation remains unpaid, and provided also that the directors of such corporation may allocate to a

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reserve fund such amounts of the annual income as they deem necessary for maintenance, upkeep, operation and replacements, emergency repairs, and for deficiencies in income necessary to meet debt service costs.

#### ARTICLE X.

The corporation may make and collect charges for water delivered in such amounts and in such manner as may be provided for in the By-Laws and make additional charges, prospective and retroactive, on the basis of the number of connections or otherwise as may be provided for, in the By-Laws. It may adjust rates from time to time to cover deficiencies in income in the event the amount collected from water and other charges is insufficient in any year to operate and maintain the water system and pay annual obligations and to enforce the collection thereof by the termination of water service or otherwise as provided in the By-Laws and by a personal action at law. In addition, at the end of any fiscal year the corporation may make and levy an assessment against each member of the corporation in the manner and for the purposes as may be provided for in the By-Laws and may enforce the collection of same by termination of water service or otherwise as provided for in the By-Laws and by a personal action at law.

#### ARTICLE XI.

The Board of Directors shall select as depository for the funds of said corporation a bank within the State of Texas which is insured with the Federal Deposit Insurance Corporation and shall require of said depository such bond as the Board deems necessary for the protection of said corporation.

ARTICLE XII.

The directors of the corporation shall establish and maintain, so long as the corporation is indebted to the government, in a bank within the State of Texas, insured with the Federal Deposit Insurance Corporation, a reserve fund account separate and apart from other fund accounts of the corporation. There shall be deposited in such fund the sum of \$400.00 per month from the revenues of the corporation. Such deposits will continue until the total amount deposited equals \$80,000.00; provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to \$80,000.00.

Withdrawals from this fund shall be made only for emergency repairs, obsolescence of equipment, and for making up any deficiencies in revenue for loan payments. One of the objects of this reserve fund is to assure, during the periods of non-water deliveries or water shortages, the availability of funds equal to the difference between collection from the sale of water and collections that would have been made had the members been able to purchase the quantity of water used normally.

The directors shall invest all sums in this fund not required to be expended within the year in which the same are deposited, in bonds or other evidence of indebtedness of the United States of America, or they shall deposit said sums at interest in a savings account, in a bank insured with the Federal Deposit Insurance Corporation. Securities so purchased shall be deemed at all times to be a part of the reserve fund account.

ARTICLE XIII.

The corporation is and shall continue to be a corporation without capital stock. Membership in the corporation shall be sold for \$50.00 per member.

ARTICLE XIV.

Membership in the corporation shall be deemed personal estate and shall be transferable only on the books of the corporation in such manner as the By-Laws may prescribe.

IN WITNESS WHEREOF, we have hereunto set our hands, this 5th day of December, 1964.

*A. E. Calvary*  
A. E. Calvary

*Richard Smith*  
Richard Smith

*Loy Branson*  
Loy Branson

*W. R. Loe*  
W. R. Loe

*Clarence E. Moore*  
Clarence E. Moore

*K. E. Camp*  
K. E. Camp

*H. J. Loe*  
H. J. Loe

*Ben L. Ash*  
Ben L. Ash

*Robert F. Davis, Jr.*  
Robert F. Davis, Jr.



THE STATE OF TEXAS

COUNTY OF JOHNSON

I, the undersigned, a Notary Public, do hereby certify that on the 7<sup>th</sup> day of December, 1964, personally appeared before me, A. B. Calvary, Richard Smith, Loy Bransom, W. R. Lace, Clarence E. Moore, K. E. Camp, H. J. Loe, Ben L. Ash, and Robert F. Davis, Jr., who, each being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators, and that the statements therein contained are true.

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

Loy Bransom

Notary Public, Johnson County, Texas.

My commission expires

June 1, 1965.

March 8, 1972

MEMORANDUM TO MR. BRANSOM

The Bethesda Water Supply Corporation was incorporated under the provisions of the Texas Non-Profit Corporation Act, and Article 1434a, Revised Civil Statutes of Texas. With respect to annual meetings, it is provided by Section 5, Article 1434a that:

"Sec. 5. After the issuance of a charter and annually thereafter following the annual membership or stockholders meeting, the board of directors shall elect a president, a vice president, and a secretary-treasurer and may require of such officers bonds for the faithful performance of their duties. The annual meeting of the members or stockholders of the corporation shall be held at any time between January 1 and May 1 of each year, at such time as shall be specified by the by-laws or the board of directors of the corporation. The salaries of all the officers of said corporation except that of the secretary-treasurer and of the manager whose salary is hereinafter referred to, shall not exceed Five Thousand Dollars (\$5,000) per year. The salary of the secretary-treasurer shall be fixed by the board of directors at a sum commensurate with the duties required of him."

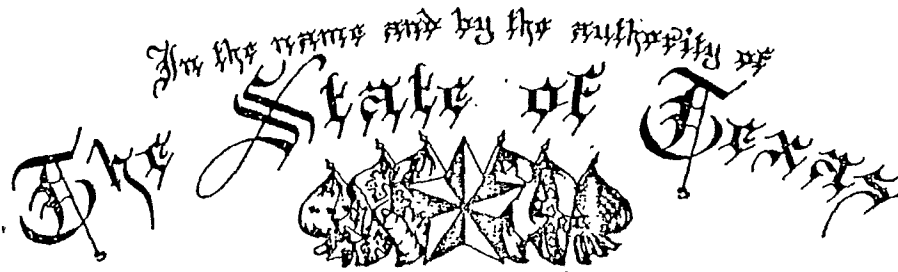
As amended by the Acts of 1967, effective June 8, 1967.

Article 1396--2.23 of the Non-Profit Corporation Act provides:

"Art. 1396--2.23. Books and Records

"A. Each corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, board of directors, and committees having any authority of the board of directors and shall keep at its registered office or principal office in this State a record of the names and addresses of its members entitled to vote.

"B. All books and records of a corporation may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time. Acts 1959, 56th Leg., p. 286, ch. 162, art. 2.23."



OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF AMENDMENT  
OF

BETHESDA WATER SUPPLY CORPORATION  
Charter No. 208329

The undersigned, as Secretary of State of the State of Texas, hereby certifies that duplicate originals of Articles of Amendment to the Articles of Incorporation of the above corporation duly signed and verified pursuant to the provisions of the Texas Non-Profit Corporation Act, have been received in this office and are found to conform to law.

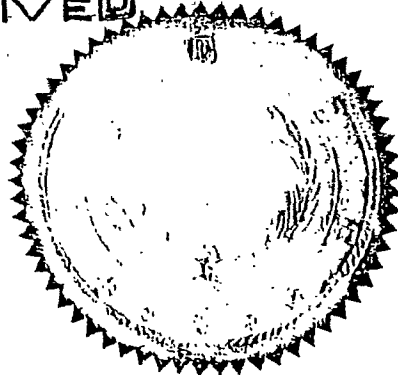
ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Amendment to the Articles of Incorporation and attaches hereto a duplicate original of the Articles of Amendment.

Dated April 18, 19 77.

A handwritten signature in cursive script, appearing to read "Mark White".

Secretary of State

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APR 26 1977  
RECEIVED



ARTICLES OF AMENDMENT BY THE MEMBERS  
TO THE ARTICLES OF INCORPORATION OF  
BETHESDA WATER SUPPLY CORPORATION

APR 18 1977

*Mark L. Jones*  
Deputy Director, Corporation Division

Pursuant to Article 1396-4.03 of the Texas Non-Profit Corporation Act, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation, which increases the monthly deposit to its reserve fund and increases the maximum amount of such reserve fund.

ARTICLE I

The name of the corporation is BETHESDA WATER SUPPLY CORPORATION.

ARTICLE II

The following amendment to the Articles of Incorporation for said corporation was adopted at a meeting of the members of the corporation on March 15, 1977.

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

"The Directors of the Corporation shall establish and maintain, so long as the Corporation is indebted to the Government in a bank within the State of Texas, insured with the Federal Deposit Insurance Corporation, a reserve fund account separate and apart from other fund accounts of that Corporation. There shall be deposited in such fund the sum of \$800.00 per month from the revenues of the Corporation. Such deposits will continue until the total amount deposited equals \$160,000.00; provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to \$160,000.00.

"Withdrawals from this fund shall be made only for emergency repairs, obsolescence of equipment, and for making up any

APR 26 1977

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deficiencies in revenue for loan payments. One of the objects of this reserve fund is to assure, during the periods of non-water deliveries or water shortages, the availability of funds equal to the difference between the collection from the sale of water and collections that would have been made had the members been able to purchase the quantity of water used normally.

"The Directors shall invest all sums in this fund not required to be expended within the year in which the same are deposited, in bonds or other evidence of indebtedness of the United States of America, or they shall deposit said sums at interest in a savings account, in a bank insured with the Federal Deposit Insurance Corporation. Securities so purchased shall be deemed at all times to be a part of the reserve fund account."

### ARTICLE III

A quorum was present at such meeting at which the amendment was adopted, there having been 879 members present or represented by proxy of the total number of members of 2,618.

### ARTICLE IV

Such amendment received at least two-thirds of the votes cast by the members who were present or who voted by proxy at such meeting. The number of shares of the corporation entitled to vote at the time of such adoption was 879. The number of shares voted for such amendment was 872. The number of shares voted against such amendment was 6.

Dated: April 15, 1977.

BETHESDA WATER SUPPLY CORPORATION

By: Lay B. Branson President

By: W. F. Anderson Secretary

SWORN TO April 15, 1977.

W. F. Anderson  
Notary Public in and for  
Johnson County, Texas

CEIVE  
APR 26 1977

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1. C.

**SECOND AMENDED BY -LAWS**

**Bethesda Water Supply Corporation**

By-Laws of Bethesda Water Supply Corporation, having been presented to the Board of Directors of said Corporation and duly adopted as follows:

**ARTICLE I**

The President shall preside at all Members' and Directors' meetings. The President may, and upon demand of one-third (1/3) of the Members, shall call a special meeting of the Members or Directors. Such special meetings shall be held upon giving the notice required in Article XII of the By-Laws. The President shall perform all other duties that usually pertain to the office or are delegated to him by the Board of Directors.

**ARTICLE II**

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

**ARTICLE III**

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

pertaining to the office of Secretary.

The position of the Secretary-Treasurer and other positions entrusted with receipt and disbursement of funds shall be placed under a fidelity bond in an amount, which shall be set from time to time, but not less than once each year, by the Board of Directors.

The fidelity bond coverage amount shall approximate the total annual debt service requirements for all FmHA loans and be evidenced by a position fidelity schedule bond as acceptable to the Farmers Home Administration.

#### ARTICLE IV

**Section 1.** The Board of Directors shall consist of seven (7) Directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter on the third Tuesday of April, the Board of Directors shall elect a President, a Vice-President and a Secretary- Treasurer. The Directors shall be elected by the Members at the Members' regular meeting provided for in Article XI of the By-Laws. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. The terms of the Directors of the first class shall expire at the first annual meeting of the shareholders after their election, the terms of the Directors of the second class shall expire at the second annual meeting after their election and terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. The Directors shall serve without pay, but may be compensated for actual expenses by a majority vote of Directors.

Upon the death or resignation of a Director, a successor shall be elected by a majority of the existing Directors to serve for the remaining balance of the previously vacated term.

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

**Section 3.** The President of the Board or his designee shall preside at any meeting of the Members convened to consider removal of an Officer or Director as provided under Section 2, unless the President is the subject of charges, in which event the Vice-President shall preside. In the event both the President and the Vice-President are the subject of charges, those Directors who are

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not the subject of any charges shall appoint one of their number to preside over the meeting. Any meeting convened to consider the removal of an Officer or Director shall be conducted in accord with the procedures prescribed by the Credentials Committee established under the provisions of Article XI. The fact that President, Vice-President, or any other officer or Director has been made the subject of charges does not otherwise prevent such Officer from continuing to act in his capacity as an Officer or Director of the Corporation. Any Director that has been removed under the provisions of this Article shall not be precluded from subsequent election to a position on the Board of Directors.

**Section 4.** The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership.

## **ARTICLE V**

**Section 1.** Regular meetings of the Board of Directors shall be held at such time and place as the Board may determine at the next previous regular meeting, and shall include posting of the meeting as required by the Texas Open Meetings Act, Article 6252-17, Tex. Rev. Civ. Stat., by furnishing the notice to the County Clerks of Johnson County and Tarrant County, and by posting such notice in a place readily convenient to the public in its administrative office at all times for at least seventy-two (72) hours preceding the scheduled time of the meeting. Such notice shall specify the date, hour, place and subject of each meeting held by the Board of Directors.

**Section 2.** Any Director failing to attend three (3) consecutive regular monthly meetings shall be given written notice by the balance of the Board of Directors that failure by said Director to attend a fourth consecutive monthly meeting, without justifiable cause acceptable to the balance of the Board of Directors, shall give rise to removal of said Director from the Board. A successor shall

be elected by a majority vote of the Directors remaining to serve the balance of the term. If the removal of a Director pursuant to this Section 2 occurs at an annual Membership meeting, then the successor shall be elected by majority vote of the Membership in attendance at the meeting.

**Section 3.** The Board of Directors shall provide access for the public, new service applicants or Members to the regular monthly meetings of the Board of Directors by setting aside a time for hearing of suggestions, proposals, or grievances. The Board of Directors shall establish reasonable rules for access to such meetings.

**Section 4.** The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act, Article 6252-17, Tex. Rev. Civ. Stat., including any subsequent amendment thereto. In the event of any conflict between the provisions of these By-Laws and the requirements of the Open Meetings Act, the provisions of the Open Meetings Act shall prevail.

**Section 5.** In conducting their duties as members of the Board, each Director (1) shall be entitled to rely, in good faith and with ordinary care, on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or the Corporation's affairs, that have been prepared or presented by one or more Officers or employees of the Corporation, or by legal counsel, public accountants, or other persons retained by the Corporation for the development of professional advice and information falling within such person's professional or expert competence; (2) may believe, in good faith and with ordinary care, that the assets of the Corporation are at least that of their book value; and (3) in determining whether the Corporation has made adequate provision for the discharge of its liabilities and obligations; and may rely in good faith and with ordinary care on the financial statements of, or other information

concerning any person or entity obligated to pay, satisfy or discharge some or all of the Corporation's liabilities or obligations; and may rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more Officers or employees of the Corporation; legal counsel, public accountants, or other persons provided the Director reasonably believes such matters to fall within such person's professional or expert competence. Nevertheless, a Director must disclose any knowledge he or she may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

#### ARTICLE VI

The Corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid.

#### ARTICLE VII

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

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

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

The Directors shall invest all sums in this fund not required to be expended within the year in which the same are deposited in bonds or other evidence of indebtedness of the United States of America, or in readily marketable securities backed by the full faith and credit of the United States of America. Securities so purchased shall be deemed at all times to be part of the reserve fund account.

## **ARTICLE VIII**

**Section 1.** Every person (which includes any legal entity) owning or having a legal right to the control, possession or occupancy of property served or which may reasonably be served by the Corporation, shall have the right to become a Member of the Corporation upon payment of the Membership fee hereinafter provided and upon compliance with the Corporation's conditions of water service as provided for in its published charges, rates and conditions of service. Membership shall not be denied because of the applicant's race, color, creed, citizenship, or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis to all persons desiring service to the extent that the capabilities of the system will reasonably permit.

**Section 2.** The Membership fee shall be \$100.00. Payment of Membership fee or transfer of Membership shall entitle an applicant to further qualify for one (1) connection to the system or shall

entitle a transferee of Membership to continue to qualify for service to an existing connection to the system by meeting the conditions for water service as provided in the Corporation's published rates, charges, and conditions of service. A person may own more than one Membership but each Member shall be entitled to only one vote regardless of the number of Memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors.

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

## **ARTICLE IX**

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

Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

## ARTICLE X

**Section 1.** In order to ensure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the Members of the Corporation, Membership in the Corporation shall be transferred in accordance with the following:

- (a) Except as herein provided, Membership in the corporation shall be deemed personal estate and a person or entity that owns any stock of, is a Member of, or has some other right of participation in the Corporation may not sell or transfer that stock, Membership, or other right of participation to another person or entity except: (1) by will to a transferee who is a person related to the testator within the second degree by consanguinity; (2) by transfer without compensation to a transferee who is a person related to the owner of the stock or other interest within the second degree by consanguinity; or (3) by transfer with compensation or by sale to the Corporation.
- (b) Subsection (a) of this section does not apply to a person or entity that transfers the Membership or other right of participation to another person or entity as part of the conveyance of real estate from which the Membership or other right of participation arose.
- (c) The transfer of stock, a Membership, or another right of participation under this section does not entitle the transferee to water service unless each condition for water service is met as provided in the Corporation's published rates, charges, and

conditions of service. Water service provided by the Corporation as a result of stock, Membership or other right of participation may be conditioned on ownership of the real estate designated to receive service and from which the Membership or other right of participation arose.

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

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

## ARTICLE XI

**Section 1.** There shall be a regular meeting of the Members annually, in March, to transact all business that may be properly brought before it. The Secretary-Treasurer shall give at least fifteen (15) days written notice of such annual meeting to the Membership indicating the time, place, and purpose of such meeting, and shall address and mail the notice to each Member at the address last known to the Corporation. Failure to hold or call an annual or special meeting in accordance with these By-Laws shall give each Member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership. Voting by proxy shall be permitted. Members holding five percent (5%) of the votes entitled to be cast, represented 1 person or by proxy, shall constitute a quorum for the transaction of business.

**Section 2.** After fixing a date for the notice for a meeting, the Board of Directors shall prepare an alphabetical list of the names of all voting members who are entitled to vote as of the record date of the meeting. The list must show the address of each voting member. Not later than two (2) business days after the date notice is given of the meeting, and continuing through the meeting, the list of voting members must be available for inspection by any member entitled to vote at the meeting for the purpose of communication with other members concerning the meeting at the Corporation's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. Any voting member, or voting member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and at his expense, copy the list. Further, the Board shall make the list of voting members available at the meeting, and shall allow inspection of such list by any voting member or voting member's agent or attorney at any time during the meeting, including any adjournments thereof.



**Section 3.** The Board of Directors shall establish a standing Credentials Committee of three

(3) Members, of which the Secretary-Treasurer shall be the chairperson. This committee shall adopt proper procedures for conducting an annual or special Membership meeting; adopt a specific proxy form to be used in conducting an annual or special Membership meeting; adopt procedures for proper notification of the Membership of such meetings and delivery of the Corporation's proxy forms to the Membership; determine, qualify, and register the eligible voters for such meeting; validate proxies, determine presence of quorum for conducting the meeting, design ballots, canvass all votes, and institute proper recording of the results of such elections.

## **ARTICLE XII**

Special meetings of the Directors may be held upon the posting of notice of such special meeting, in the manner provided under Article V of these By-Laws, at least two hours before the meeting is convened. It shall be the responsibility of the President or his designee to ensure that proper notice is posted. In no event shall any special meeting of the Directors be convened where the business of such meeting could be considered at a regular meeting of the Directors receiving at least seventy-two (72) hours notice as provided under Article V of these By-Laws.

Prior to convening any special meeting of the Members, the President shall request in writing that the Secretary-Treasurer give at least ten (10) days prior notice to the Members, and that such special meeting is otherwise noticed as provided under Article V of these By-Laws. Such notice shall specify the time, place, and purpose of the meeting, and shall be addressed and mailed to each of the Members at their address last known to the Corporation.

## **ARTICLE XIII**

The business of the Corporation shall be handled under the direction of the Board of

Directors by a manager to be elected by majority vote of the Board. The manager shall serve with or without compensation. The manager may employ, with or without compensation, such supervisory, clerical or other employees as may be required to effectively operate the business of the Corporation.

#### **ARTICLE XIV**

Notwithstanding the ownership of a Membership certificate, all Members shall be billed, disconnected, or reconnected, and otherwise shall receive service in accordance with the written policies of the Corporation, including the tariff of the Corporation. In the event a Member should surrender his Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water service shall be discontinued and the obligation to pay for water service shall terminate except as for the minimum charge for the current month and the charge for water used during the current month, and except as for any prior unpaid amounts due the Corporation.

#### **ARTICLE XV**

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation remaining after payment of the indebtedness of the Corporation shall be distributed amount the Members in direct proportion to the amount of their patronage with the Corporation insofar as practicable. Any indebtedness due the Corporation by a Member for water service or otherwise shall be deducted from such Member's share prior to final distribution. By application for and acceptance of Membership in the Corporation, each Member agrees that, upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation transferred to that Member shall be in turn immediately transferred by the individual Member to an

entity that provides a water supply service, or both, that is exempt from ad valorem taxation.

#### **ARTICLE XVI**

The fiscal year of the Corporation shall be January 1 to December 31.

#### **ARTICLE XVII**

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

#### **ARTICLE XVIII**

**Section 1.** If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by Farmers Home Administration, so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than Farmers Home Administration without a favorable vote of the majority of the Members. Any assessments levied to make up operational deficits in any year shall be levied against Members in proportion to their patronage with the Corporation.

**Section 2.** In the event a Member should surrender his Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of surrender of the Membership

certificate, provided, however, that this paragraph and the second sentence of Article XIV shall not apply to relieve a Member of his obligation under special agreements covering Multiple-Membership certificates held by one Member which may have been required or approved by the Farmers Home Administration.

## ARTICLE XIX

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Members, Board of Directors, and committees, and shall keep a record of the name and addresses of its Members entitled to vote at its registered office or principle office in Texas. Annually, the Board of Directors shall prepare or cause to be prepared a report of the financial activity of the Corporation for the preceding year including a statement of support, revenue, and expenses and changes in fund balances, a statement of functional expenses, and balance sheets for all funds or such financial reports as required by Farmers Home Administration. Such report shall be approved by the Board of Directors.

With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Open Records Act, Article 6252-17a, Tex. Rev. Civ. Stat., including any amendments thereto, shall be available for public inspection and copying by the public or their duly authorized representatives during normal business hours subject to a reasonable charge for the preparation of copies.

In the event of any conflict between the provisions of the Open Records Act and the provisions of these By-Laws, the provisions of the Open Records Act shall prevail.

## ARTICLE XX

These By-Laws may be altered, amended, or repealed by 2/3 majority vote of the Board present at any regular meeting of the Corporation, or at any special meeting of the Corporation called for that purpose, except that the Board Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any Member of rights and privileges then existing, or so to amend the By-Laws as to effect a fundamental change in the policies of the Corporation. For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the Farmers Home Administration, these By-Laws shall not be altered, amended, or repealed without the prior written consent of the State Director of the Farmers Home Administration for the State of Texas.

#### **ARTICLE XXI**

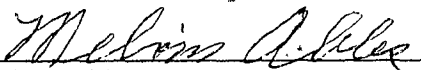
The Seal of the Corporation shall consist of a circle within which shall be inscribed "BETHESDA WATER SUPPLY CORPORATION".

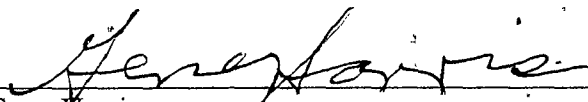
#### **ARTICLE XXII**

The Corporation pledges its assets for use in performing the organization's charitable functions.

### ARTICLE XXIII

The above By-Laws and regulations were unanimously adopted by the Board of Directors of the BETHESDA WATER SUPPLY CORPORATION, at a meeting of the Board of Directors on the \_\_\_\_\_ day of August, 2010,

  
\_\_\_\_\_  
Melvin Ables  
President, Bethesda Water Supply Corporation

  
\_\_\_\_\_  
Gene Harris  
Secretary, Bethesda Water Supply Corporation

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1. C3

**Bethesda Water Supply Corp Board of Directors**

Melvin Ables, **President** 817-295-9848  
344 Markedstone Rd  
Burleson, TX 76028-1201

Harold Moore, **Vice President** 817-295-3290  
270 Lace Lane  
Burleson, TX 76028-6736

Gary Wilson 817-790-8156  
4140 E Renfro St.  
Burleson, TX 76028-1270

Grady Lewis 817-295-4000  
113 S Briaroaks Rd  
Burleson, TX 76028-1637

Charles Clark, **Secretary/Treasurer** 817-447-2742  
201 Suzanne Place  
Burleson, TX 76028-2339

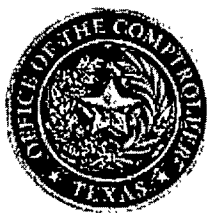
Bob Wolfe 817-447-0078  
2601 Sylvanglen St  
Burleson, TX 76028-2221

Marianna Wilson 817-295-6772  
900 W. Bethesda Rd.  
Cleburne, TX 76031-0913

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1. C. H.

**Franchise Tax Account Status**

As of : 04/14/2017 14:06:38

**This Page is Not Sufficient for Filings with the Secretary of State**

**BETHESDA WATER SUPPLY CORPORATION****Texas Taxpayer Number** 17512146808**Mailing Address** PO BOX 130 BURLESON, TX 76097-0130**Right to Transact Business in Texas** ACTIVE**State of Formation** TX**Effective SOS Registration Date** 12/08/1964**Texas SOS File Number** 0020832901**Registered Agent Name** MELVIN ABLES**Registered Office Street Address** 509 S. BURLESON BLVD. BURLESON, TX 76028

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## Section 2 B

In February 2017, Bethesda was contacted by a developer concerning Oaks Edge Addition. The development will consist of approximately 4 tracts encompassing an estimated 26 acres. The plat was submitted to the City of Fort Worth for final approval when it was discovered that the area was in Elm Creek Water's CCN. Bethesda WSC has served the entire area for 30+ years, no other water facilities/systems in the area.

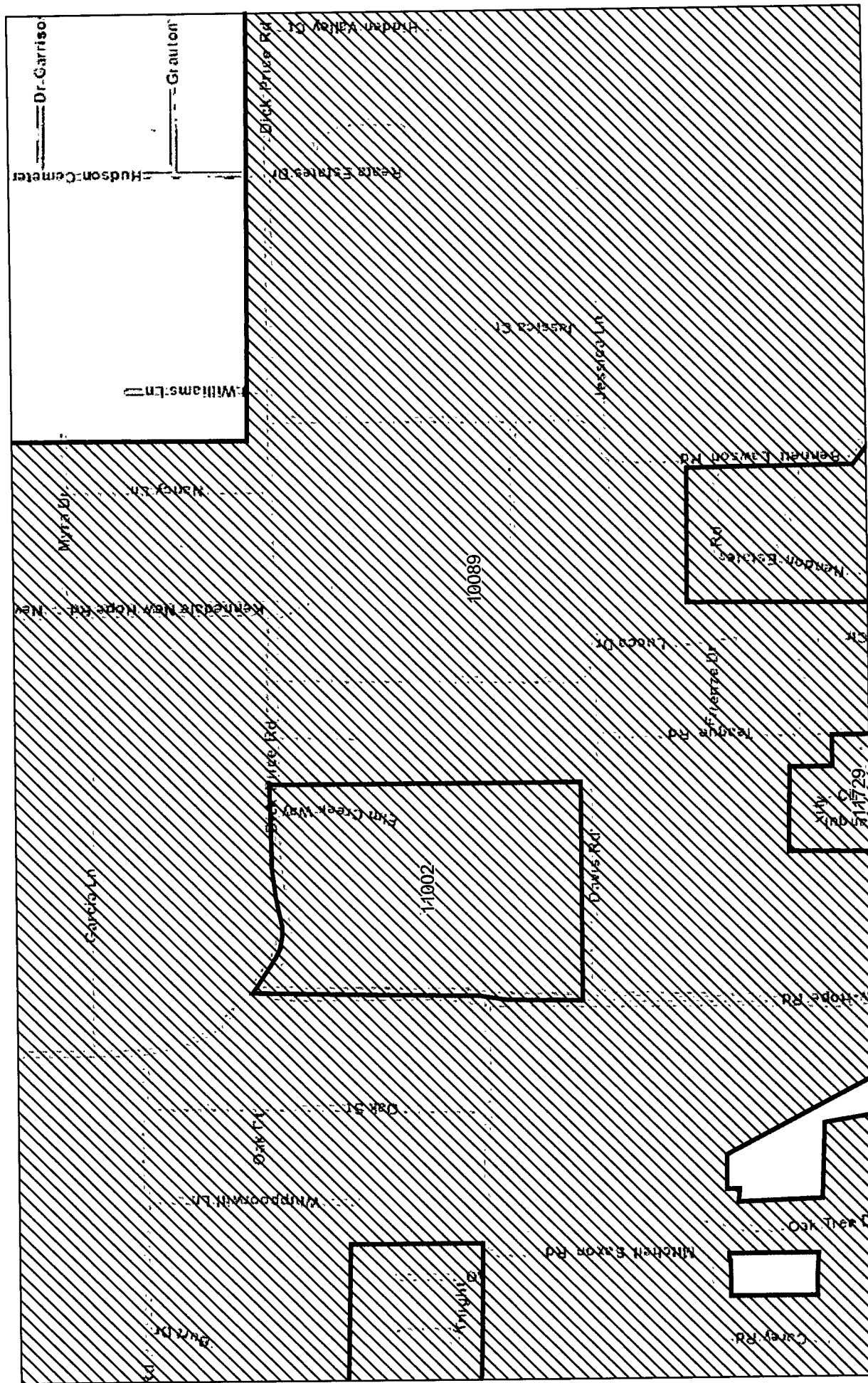
The CCN holder gave easement to Bethesda WSC in 1985 to run a water main that could serve a housing development, Elm Creek Estates.

Bethesda WSC has a 500,000 gallon elevated tower plus 500,000 gallon ground storage tank on a connecting property line of the CCN area therefore there will be no system enhancements or upgrades required to serve the Elm Creek Water CCN and Oaks Edge Addition.

Bethesda WSC's CCN surrounds the Elm Creek Water CCN.

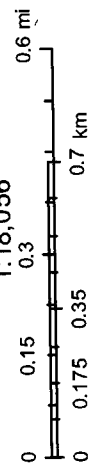
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121



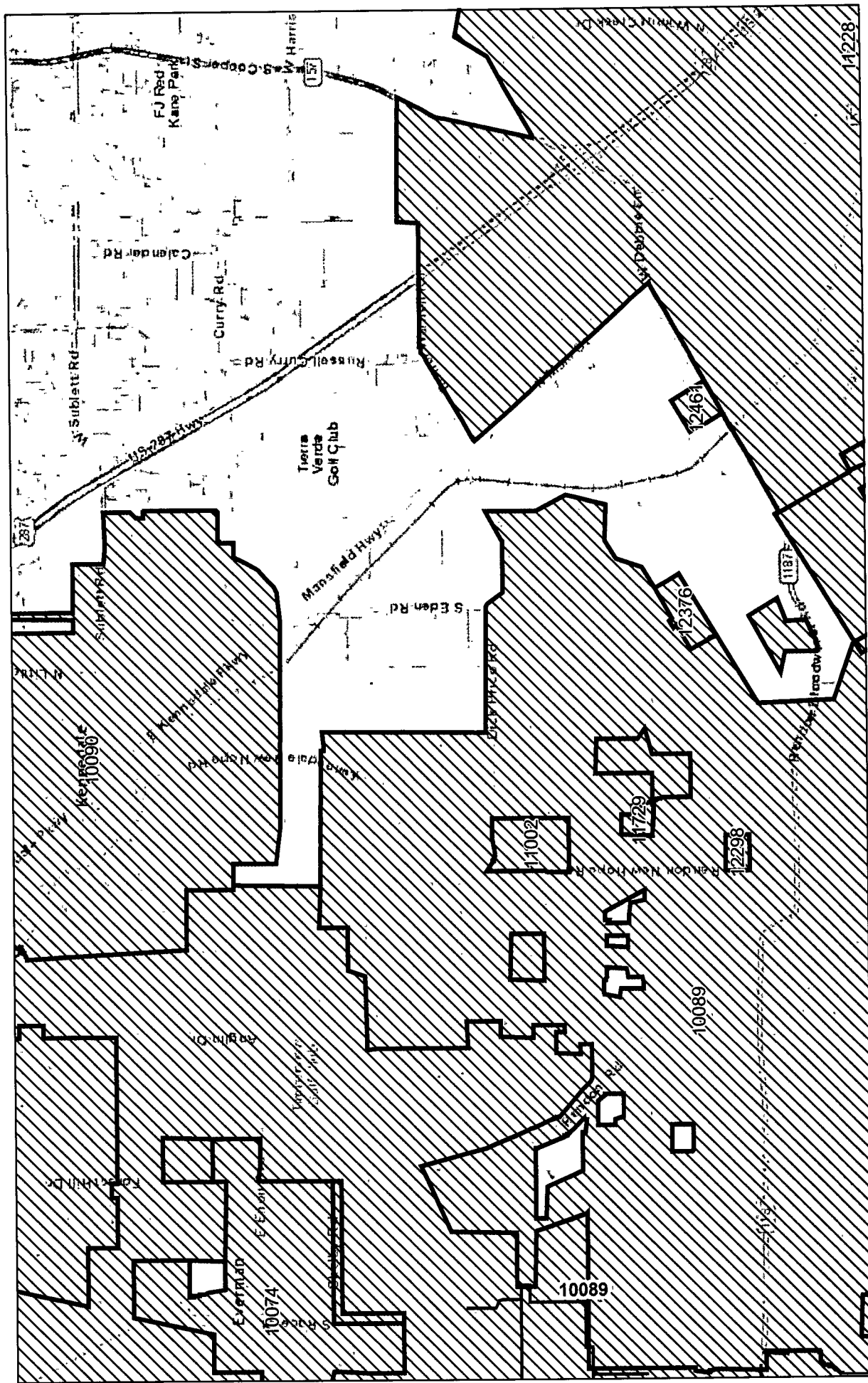
April 21, 2017

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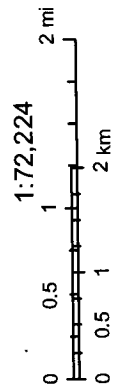


Sources Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand),

CCN 11002



April 21, 2017



Sources: Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand),

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1:144,448

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0 1.25 2.5 5 km

Sources Esn, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand),

# Exhibit A

**Bethesda Water Supply Corporation**  
**PO Box 130, Burleson, TX 76028**

**Certified Operators for Bethesda Water Supply Corporation**

<b><u>Name</u></b>	<b><u>Class</u></b>	<b><u>License Number</u></b>	<b><u>Expires</u></b>
Steven M Sievers	BPAT	BP0001071	03/04/2020
	CSI	CI0000615	02/19/2020
	W A	WD0002049	06/11/2019
	WWB	WW0016548	12/15/2019
David Kersh	BPAT	BP0006791	3/04/2020
	CSI	CI0003461	2/19/2020
	C	WG0005979	6/05/2017
Carl Nowak	C	WG0006365	6/12/2017
Lloyd Cavin	B WG	WG0011052	11/16/2019
	CSI	CI0007112	06/22/2019
Patrick Crowe	C WG	WG0012592	02/18/2019
	C WW	WW0002656	03/15/2020
John Reddy	CSI	CI0006944	06/22/19
	C SW	WS0002410	09/16/17
	C WG	WG0002495	06/26/18
	C WW	WW0023510	01/17/19
Manuel Mendez	C WG	WG0012594	12/08/19
Jeff Emmons	C WD	WD0013486	12/12/2019

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AGREEMENT FOR WATER SERVICE BETWEEN  
THE CITY OF FORT WORTH, TEXAS, AND  
BETHESDA WATER SUPPLY CORPORATION

STATE OF TEXAS           §  
COUNTY OF TARRANT   §

This Contract and Agreement ("Agreement") is made and entered into this 16<sup>th</sup> day of November 2010 by and between the City of Fort Worth, a municipal corporation located in Tarrant County, Texas, acting by and through FERNANDO COSTA, its duly authorized Assistant City Manager, hereinafter called "Fort Worth," and Bethesda Water Supply Corporation, located in JULIAN County, Texas, acting by and through Melvin Ables, its duly authorized Chairman of the Board, hereinafter called "Customer," and hereinafter collectively referred to as the "Parties".

WHEREAS, Fort Worth has provided at its own expense, and now owns, operates and maintains facilities for processing and distributing a large supply of surface water, and at the present time, is qualified to furnish and deliver treated water, both within and without the corporate boundaries of Fort Worth;

WHEREAS, Customer has provided at its own expense and now owns, operates, and maintains a distribution system, and furnishes water service to the customers within its boundaries;

WHEREAS, Customer does not have and cannot provide economically and within a reasonable period of time, any other source of water supply, fully adequate to meet its present and/or future needs or potential emergency needs;

WHEREAS, it is deemed to be in the best interest of both Fort Worth and Customer that the Parties enter into a mutually satisfactory agreement by means of which Customer may obtain from Fort Worth a supply of treated water at a reasonable rate;

WHEREAS, by the execution of this Agreement, neither Fort Worth nor Customer will surrender any of its rights to the ownership and operation of its present water production and distribution facilities;

WHEREAS, Customer desires to continue to contract for the purchase of treated water and Fort Worth desires to continue to sell treated water to Customer;

WHEREAS Customer and Fort Worth desire to provide for reasonable wholesale contract rates for the purchase of treated water sufficient to assure confidence in the financial soundness of the Fort Worth utility, adequate to maintain and support the utility's credit and sufficient to enable Fort Worth to raise the money necessary for the proper discharge of its public duties in the provision of water service and

WHEREAS, Chapters 552 of the Texas Local Government Code and 791 of the Texas Government Code authorize Fort Worth and Customer to enter into this Agreement.



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## ARTICLE 1. Definitions

The following definitions, when capitalized, apply throughout this Agreement:

- 1.1 Annual Consumption. The total quantity of water purchased under the terms of this Agreement by Customer during the Fiscal Year as determined by the difference in the annual October meter readings.
- 1.2 Average Daily Use. The Annual Consumption divided by the number of calendar days in the Fiscal Year year.
- 1.3 Calendar Day. The period from midnight of one day to 11:59 PM of the next day.
- 1.4 Capital Improvements. Any of the following facilities which provide utility services and benefits common to all customers (both retail and wholesale) and that have a life expectancy of three (3) or more years, whether such improvements are located within the jurisdictional limits (including the extra-territorial jurisdiction) of Fort Worth or Customer, and consisting of: water treatment facilities; metering facilities; control systems and appurtenances; storage facilities; pumping facilities; and all mains that are sixteen inches (16") and greater in diameter. Capital Improvements include the initial construction or the expansion of such facilities, as necessary to serve new development.
- 1.5 Chapter 395. Chapter 395 of the Texas Local Government Code, as it may be amended or re-codified from time to time.
- 1.6 Customer's Service Area. The area inside the Customer's boundaries and inside the Customer's Certificate of Convenience and Necessity, as shown on **Exhibit A**, except that the Customer may, with written notice to the Director, exclude a contiguous area that receives its entire water service from provider(s) other than Fort Worth.
- 1.7 Customer System. All necessary Customer mains and distribution facilities on the Customer's side of the meter from and beyond the point of delivery of treated water by Fort Worth.
- 1.8 Delivery Facility. Any facility necessary for the transmission of water from the Fort Worth System that is on the Customer's side of the point of delivery that is constructed specifically to allow Fort Worth to serve Customer.
- 1.9 Director. The Director of Fort Worth Water Department or his designee.
- 1.10 Emergency. A situation, event or condition created by unforeseeable mechanical failure, unprecedented high rate of treated water usage (such as might result from a major fire or a major water main break) or circumstances beyond the Party's reasonable control.
- 1.11 Equivalent Meters or EM. A means of relating a large-use customer with a base (residential) use customer. Fort Worth Water Department uses 5/8 x 3/4 inch meter capacity as an EM. The ratio of larger meter's capacity to the 5/8 x 3/4 inch meter capacity is the number of EMs for each meter size.

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(PILOT). The Street Rental can not be decreased without the consent of Fort Worth in its sole discretion and, in the event of an increase, can only be increased in one percent (1%) increments once every five (5) years starting on the anniversary date of this Agreement in 2016, and shall never exceed the rate being collected from the natural gas franchised utility serving the City of Fort Worth or the rate collected from the retail water customers of Fort Worth, whichever is less.

1.26 Stand-by Charge. The fee set forth in § 7.1.3 and **Exhibit B**. The Stand-by charge is intended to allow a wholesale customer to rely on the Fort Worth System for stand-by delivery of water for the Customer's Emergency use only, as provided in § 7.6.

1.27 System Cost. System Cost, as provided in § 6.1.2.

1.28 TCEQ. The Texas Commission on Environmental Quality or its successor agency.

1.29 Treatment, Pumping and Transmission Charge. The rate, per 1,000 gallons used, regardless of rate of use, as determined by the annual cost-of-service rate study, and which shall include the maintenance and operation costs, and the capital facilities cost on the part of the production and transmission system related to annual use.

1.30 Volume Charge. The combined total of the Treatment, Pumping and Transmission Charge plus the Raw Water Charge in effect for the current Fiscal Year.

## ARTICLE 2. Delivery of Water

2.1 Delivery. Fort Worth agrees, subject to the amount of raw and treated water available to Fort Worth, to furnish and sell to Customer treated water of potable quality meeting all applicable governmental standards, delivered under the normal operating pressure prevailing in the Fort Worth System at the Customer point or points of delivery mutually agreed upon, without guarantee of a specific minimum pressure. Mutually agreed point(s) of delivery on the Effective Date are shown on **Exhibit A**.

2.2 Acceptance and Payment. Customer agrees to accept delivery of and to pay for the water in accordance with the terms and conditions of this Agreement. Customer understands and acknowledges that Customer is responsible for maintaining water pressure in the Customer's System, and that maintaining a certain water delivery pressure requires use of storage or pumps on Customer's System.

2.3 Operations. Fort Worth is entitled at any and all times to install, repair, maintain, and replace any equipment or devices in the Fort Worth System. In an Emergency, Fort Worth may take necessary action (including reduction or cessation of water service to Customer) as necessary or appropriate to allow Fort Worth at all times to maintain a minimum pressure as required by law at all retail service locations directly served by Fort Worth, and Fort Worth is excused from the requirements of § 2.1 to the extent caused by an Emergency or by Force Majeure or Fort Worth's reasonable efforts to respond to such conditions. In the event of such service interruptions, Fort Worth shall make every reasonable effort to expedite the restoration of service in a timely manner, and shall not unreasonably interrupt, withhold or delay service to Customer.

2.7 Consultation with WCAC. Except when the Director determines that emergency conditions require short-term restriction, conservation or rationing to meet all necessary water demands, Fort Worth agrees to consult with the Wholesale Customer Advisory Committee. in the development of any restriction, conservation, rationing, or drought contingency plans that the Director determines may be necessary to address operational constraints, whether or not required by any state or federal regulatory agency, or deemed advisable by the Wholesale Customer Advisory Committee to manage long term System Costs, except where emergency conditions may dictate short-term restriction, conservation or rationing requirements as may be determined by the Director to meet all necessary water demands.

### ARTICLE 3. Location and Maintenance of Measuring Devices

3.1 Metered Water. All water furnished under this Agreement by Fort Worth shall be measured by one or more suitable meters equipped with continuous flow, chart recording devices, and telemetering equipment connected with the Fort Worth control center. All meters, recording devices, telemetering equipment and appurtenances (including any flow control equipment required by § 7.2) shall be approved and installed by Fort Worth. Customer shall pay for the meter vault and all metering equipment, including telemetering equipment to the Fort Worth control center, and appurtenances, plus the installation cost thereof. Fort Worth shall pay all costs associated with the operation and maintenance of said equipment and shall pay for the replacement of said equipment as necessary. Such costs, as well as charges for the telelink line and microwave transmitter and the power to operate same, shall be a System Cost.

3.2 Point(s) of Delivery. The point or points of delivery of treated water by Fort Worth shall be the meter vault connection to Customer's side of the meter, and all necessary mains and distribution facilities from and beyond that point shall be the responsibility of Customer. The location of each meter shall be mutually agreed upon in writing by and between the Parties and the meter or meters shall not be moved or relocated except by mutual consent in writing by the Parties.

3.3 Cost of New or Additional Connections. Customer shall pay the cost of each new, enlarged or additional Customer connection to the Fort Worth System, including the cost of the wholesale meter and the Customer's proportionate share of any improvements required for that connection or related service to be provided at the delivery point. The Customer's cost shall be calculated in the same manner as the "developer's cost" for special facilities, including pipelines under Fort Worth's then-existing Water and Wastewater Installation Policy, as determined by the Director. The Customer will pay that amount to Fort Worth before making the new or additional connection to the Fort Worth System, and the amount shall not be a System Cost.

3.4 Check Meter. Either Party, at its own expense, may install a check meter to check or measure the volume of water passing the master meter, provided that, if such check meter is installed, the same rules and regulations relative to its operation, maintenance and reading shall apply as to the master meter being tested.

conditions. If the Parties cannot agree on the extrapolated estimate of water volume delivered, then agreement on the flow volume will be determined by § 22.6 dispute resolution.

#### ARTICLE 5. Meter Reading and Billing

5.1 Reading Meters. Fort Worth will read all meters provided for herein at monthly intervals, and the Parties shall have free access to read these respective meters daily, if either Party so desires. Each Party has the duty to give immediate notice to the other of any meter that it finds is not functioning properly. Upon such notice, repairs to such meter shall be made promptly.

5.2 Records. All readings of meters will be entered into the records maintained by Fort Worth. Customer shall have access to such records during reasonable business hours and shall be furnished with monthly readings for each point of delivery metering facility.

5.3 Multiple Meters. If Customer has more than one point of connection to the Fort Worth System, the sum of all meter readings and rates of flow shall be used for the purpose of calculating the water Volume Charge and the Rate of Use Charge.

5.4 October Billing. A review of water usage amounts by Customer for the past twelve (12) months shall be made during the presentation of the October bill each year. The October statements shall be prepared so as to reflect any and all Rate of Use Charges for the Fiscal Year just ended which have not been previously billed and paid. A copy of the rate of flow charts or other records showing the Maximum Day Demand and the Maximum Hour Demand for the Fiscal Year just ended shall be furnished to Customer with the October billing.

5.5 Billing and Payment. Bills for water service shall be rendered to Customer monthly by Fort Worth, and shall be due and payable by Customer not more than thirty (30) days from the billing date. The bills will show current charges, as well as past-due charges, if any. Past-due charges shall be the total amount unpaid from all prior billings as of the current billing date. Payments received by Fort Worth shall first be applied to the past-due charges, if any, and thereafter to the current charges.

5.6 Billing Disputes. If Customer disputes a bill and is unable to resolve the difference informally, Customer shall notify the Director in writing. If the Director and Customer are unable to resolve the disputed bill, agreement on the bill will be determined by § 22.6 dispute resolution procedures. Dispute of a bill shall not be grounds for non-payment. If a bill or other payment is not paid as specified in this Agreement, a finance charge of ten percent (10%) per annum will be calculated from the date which the payment was required to be made. If a billing adjustment is agreed upon or otherwise established by dispute resolution, then the amount found to be incorrect will be credited to Customer's account together with an interest charge of ten percent (10%) per annum calculated from the date payment of the disputed bill was received.

#### ARTICLE 6. Rates

##### 6.1 Method of Rate Determination.

6.1.1 Wholesale water rates will be based upon an annual cost-of-service rate study with a rate study conducted every three years by an independent utility rate

- 6.1.5 Changes in the wholesale water rate methodology will be allowed if recommended by a majority vote of the Wholesale Customer Advisory Committee and approved by the Fort Worth City Council. For purposes of this § 6.1.5, a majority is defined as any combination of Fort Worth wholesale customers that took more than fifty percent (50%) of the wholesale water delivered by Fort Worth during the immediate past Fiscal Year.

6.2 Rates to be Used.

- 6.2.1 The rates and charges to be effective upon approval of this Agreement shall be those calculated by the most recent cost of service study and adopted by the Fort Worth City Council to take effect during the current Fiscal Year.
- 6.2.2 The Raw Water Charge shall be increased or decreased when the raw water cost paid by Fort Worth for water available for treatment and sale to Customer is increased or decreased as determined by the Tarrant Regional Water District in accordance with Fort Worth City Secretary Contract No. 12720.
- 6.2.3 The Parties agree that services obtained pursuant to this Agreement are essential and necessary to the operation of Customer's waterworks facilities and that all payments made by Customer hereunder shall constitute reasonable and necessary operating expenses of Customer's waterworks and wastewater systems within the meaning of § 1502.056 of the Texas Government Code, and the provisions of any and all ordinances of Customer authorizing the issuance of any revenue bonds of Customer which are payable from its waterworks and wastewater systems.
- 6.2.4 Customer agrees, throughout the term of this Agreement, to fix and collect such rates and charges for water service to be supplied as will produce revenues in an amount equal to at least (i) all of operation and maintenance expenses of such system, including specifically its payments under this Agreement; and (ii) all other amounts as required by law and the provisions of the ordinances or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations.
- 6.2.5 Customer understands that Fort Worth City Council has the right to annually revise the rates charged to cover all reasonable, actual, and expected costs. Revision of rates shall be pursuant to the provisions set forth in this Agreement. Fort Worth shall give Customer a minimum of six (6) months notice of intent to revise rates. Fort Worth will furnish members of the Wholesale Customer Advisory Committee a draft copy of the cost-of-service study of the proposed rates sixty (60) days prior to Fort Worth submitting a rate increase request to its City Council. Within thirty (30) days of receiving the draft study, the Wholesale Customer Advisory Committee will submit its written comments on the draft study to Fort Worth, and Fort Worth will respond to these comments as soon thereafter as possible. If the Wholesale Customer Advisory Committee has not provided its written comments within said period, the Wholesale Customer

7.2 Withdrawal Rate. The rate at which water is withdrawn from the Fort Worth System by Customer shall be regulated by rate-of-flow controllers, pumps, or other approved methods. The rate of withdrawal shall be controlled so that the maximum rate shall not exceed 1.35 times the Maximum Day Demand experienced during the previous year unless Customer has notified the Director at least (6) months before the date of the anticipated increase in the Maximum Day Demand; provided, however that in an Emergency such as a line break, Customer shall advise the Director within 24 hours of the increase in the maximum rate of withdrawal. Customer shall furnish the Director with all pertinent information regarding the proposed increase in maximum rate of withdrawal. The Director may waive the notice requirement if, in his sole opinion, that notice is not necessary to protect the interests of Fort Worth.

7.3 Monthly Payments. The monthly payment will be the sum of (a) plus (b) plus (c):

(a) the greater of:

- (i) one-twelfth (1/12) of the amount calculated in § 7.1, or
- (ii) the Volume Charge times the actual volume of water taken that month;

(b) one-twelfth (1/12) of the sum of the annual Rate of Use Charges, determined as provided in § 7.5 and **Exhibit C**; and

(c) one-twelfth (1/12) of the sum of the Fiscal Year Service Charge.

7.4 Total Annual Payments. The total annual payment for water delivered to Customer shall be based on the annual and peak volumes delivered to Customer during the Fiscal Year, as determined by meters, flow recording devices or other approved methods, and calculated as provided in the annual payment provisions set forth above and in **Exhibits B and C**. The October monthly payment for September's usage shall contain any adjustments necessary to update the Rate of Use Charge calculations as necessary to recover the Annual Payment for the Customer's actual withdrawals from the Fort Worth System (including Rate of Use Charges for Maximum Hour and Maximum Day Demands) for the Fiscal Year just ended, during which the water usage occurred. **Exhibit C** provides examples of the Annual Bill Calculation.

7.5 Rate of Use Charge. As provided in §§ 7.1, 7.3 and 7.4 and shown in **Exhibit C**, Monthly Payments and the Annual Payment shall include Rate of Use Charges, unless the Stand-by Charge applies. The Rate of Use Charges consist of:

(a) Maximum Day Rate of Use Charge, calculated by multiplying the "Excess Max Day Charge" per MGD from the annual cost-of-service rate study, times the Maximum Day Demand (in MGD) in excess of Average Daily Use (in MGD); and

(b) Maximum Hour Rate of Use Charge, calculated by multiplying the "Excess Max Hour Charge" per MGD from the annual cost-of-service rate study, times the Maximum Hour Demand (expressed as MGD) in excess of Maximum Day Demand (in MGD).

**Exhibit C** presents example Rate of Use Charge calculations. Rate of Use Charges are estimated by applying the current Fiscal Year Excess Max Day and Excess Max Hour Charges to the prior Fiscal Year's Maximum Day Demand, Maximum Hour Demand and Average Daily Use in the October through September bills, with adjustments in the October bill as necessary to recover the

performance of essential governmental duties by Fort Worth. All work done by or on behalf of Fort Worth under this paragraph will be performed in accordance with specifications equal to those applying to work of a similar nature performed within Fort Worth, and the applicable Party will use its best efforts to restore the others property to as near original condition as feasible unless otherwise mutually agreed in writing. Fort Worth and Customer agree to coordinate the location of the mains and/or facilities in the other's easements and rights-of-way in order to prevent further conflicts insofar as is reasonably practicable.

#### ARTICLE 11. TCEQ Public Water Supply Approval

The Customer System shall be approved by the TCEQ during the life of this Agreement. If, at any time, the Customer System is not approved by the TCEQ, or if Customer does not have an active cross-connection control program, there shall not be any direct physical connection between the Fort Worth System and the Customer System unless an approved backflow prevention device has been provided and installed and this installation has been approved by the TCEQ. All expenses to provide and install backflow prevention device(s) will be borne by Customer.

#### ARTICLE 12. Resale of Water

12.1 Outside Service Area. Customer agrees that it will not share facilities for water system use with any other governmental or corporate entity outside of Customer's Service Area without the express written consent of Fort Worth, which consent shall not be unreasonably withheld. Fort Worth neither recognizes nor approves any existing agreements entered into by Customer with other governmental or corporate entities outside of Customer's Service Area, unless expressly approved in writing by the Director before the Effective Date.

12.2 Exceptions. Only those existing connections outside of the Customer's Service Area shown in **Exhibit E** may continue. Customer agrees that it will not enter into any resale or transportation agreement other than as a part of its normal offering and supply of water to existing and future subscribers to its Customer System without the recommendation of the Wholesale Customer Advisory Committee and express written consent of Fort Worth.

#### ARTICLE 13. Sanitary Sewer Facilities

The Customer agrees that it will require all of its customers, who are provided water from the Fort Worth System, to have adequate sanitary sewage facilities meeting TCEQ requirements.

#### ARTICLE 14. Additional Wholesale Customers

Fort Worth will use its best efforts to provide an adequate water supply for all of its customers. Prior to the approval of additional wholesale customers, Fort Worth will obtain in writing reasonable assurances from the Tarrant Regional Water District that the projected ten (10) year water demands of the then-existing wholesale customers being served and any proposed additional customers can be fulfilled, and will charge the new customer an appropriate connection fee pursuant to § 3.3. Fort Worth will consult with the Wholesale Customer



16.4 Impact Fee Report. Customer shall provide to Fort Worth information that relates to the making of new and/or enlarged connections within its jurisdiction as may be requested by the Director, including building permits, with each quarterly payment required in this **Article 16**.

16.5 No Waiver. Neither Fort Worth nor Customer shall waive any Impact Fee due from new or enlarged connections to its respective system within its jurisdiction. However, either Fort Worth or Customer may pay such Impact Fee into the interest bearing Impact Fee account required by § 16.3.

16.6 CIFC. The Wholesale Customer Advisory Committee created pursuant to **Article 15** shall select five (5) of its members to a subcommittee to be known as the Customer Impact Fee Committee ("CIFC"). As required by Texas Local Government Code § 395.052, at least every five (5) years, beginning June, 2014, or sooner, Fort Worth will update the land use assumptions and capital improvements plan upon which the Fort Worth Impact Fees are based, or make the determination under Chapter 395 that no update is required. Fort Worth shall submit a copy of the annual report of Fort Worth Impact Fee projects and expenditures to the Wholesale Customer Advisory Committee Rate Subcommittee. In June 2014 and at least every five years thereafter, the CIFC shall submit a list of five qualified engineers or planning consultants to the Director. The Director shall select a consultant from such list to assist Fort Worth in developing land use assumptions, identifying capital improvements, and formulating capital improvement plans and Impact Fees. The consultant shall be responsible to Fort Worth and its citizen's advisory committee, but shall also report to the CIFC. The cost of the consultant shall be deemed a System Cost, except to the extent that such cost is recovered through Impact Fees. If the CIFC fails to submit a list of five consultants to Fort Worth, Fort Worth shall select the consultant.

16.7 Capital Improvements Plan. Fort Worth agrees that only the Capital Improvements as defined in § 1.4 shall be included in the capital improvements plan for the purpose of determining Impact Fees; provided however, Fort Worth may include other capital improvements for the purpose of determining Impact Fees to its own retail customers. Fort Worth shall not be required to include all of its capital improvements in its Chapter 395 capital improvements plan. The CIFC shall be responsible for working with Fort Worth and its consultants to determine the Capital Improvements to be included in the calculation of any Impact Fees. The CIFC shall recommend to the Wholesale Customer Advisory Committee which Capital Improvements should be included in the calculation of any Impact Fees. The CIFC shall also meet with Fort Worth's citizen advisory committee as such citizen's advisory committee reviews and considers land use assumptions, the capital improvements plan and Impact Fees.

16.8 Dissemination of Documents. Prior to the adoption of any land use assumptions, capital improvements plan, or Impact Fees assessed by Fort Worth, the CIFC shall be furnished a copy of the proposed land use assumptions, capital improvement plans or Impact Fees at least thirty (30) days prior to any scheduled hearing thereon. Any revised Impact Fee adopted pursuant to such updated capital improvements plan shall not take effect for a period of at least ninety (90) days after adoption by Fort Worth.

- a. Failure to comply with §§ 2.5 or 2.6 requirements regarding rationing, conservation measures or restrictions;
- b. Failure to pay any bill, charge, or fee as required by this Agreement, including fees required under **Article 16**;
- c. Making any connection to the Fort Worth System at any point except as provided in § 3.2;
- d. Failure to correct any potentially hazardous connection in accordance with the terms of **Article 11**, after notice delivered by certified mail;
- e. Failure to provide Fort Worth ingress and egress for purposes of operation and maintenance of any metering facility;
- f. Failure to provide Fort Worth rights-of-way as required herein; or
- g. Failure to provide Fort Worth an Impact Fee report as required in **Article 16**.

All other breaches are deemed to be non-material.

**17.5 Notice and Cure.** In the event of a material or non-material breach, default or failure to perform a duty under this Agreement, the non-breaching Party may send a notice of such default to the breaching Party. The notice must include a reasonable description of the breach. If the breaching Party fails to cure the breach, default or failure within 60 days of that notice, then the non-breaching Party may give the breaching Party a second notice of its failure to cure the breach. Failure to cure the breach within 30 days after the second notice shall constitute a repeated breach, and may result in termination of this Agreement as provided in § 17.3 for repeated breach. Fort Worth may, upon breach by a Customer, surcharge the Customer an amount developed and calculated by Fort Worth intended to reimburse Fort Worth for any damages each month, including 10% interest, until Customer cures that breach. Because failure to perform obligations under this Agreement cannot be adequately compensated in money damages alone, the Parties shall have available to them the equitable remedy of specific performance in addition to any other legal or equitable remedy as may be provided by law.

**17.6 Notice and Cure for Nonpayment of Impact Fees.** If the breach is based on the non-payment or underpayment of Impact Fees, then the Customer shall pay Fort Worth the amount of the non-payment or under-payment within 60 days of the notice required by §§ 17.2 or 17.5, plus interest at a rate of 10% of the amount owed, accruing from the time at which the payment was due. An additional charge of \$500.00 will be added if no Impact Fee report was filed.

**17.7 Notice and Cure for Breach of Water Use Restrictions and Conservation.** If Customer breaches §§ 2.5 or 2.6, then the § 17.2 notice provisions do not apply and the Director, in his sole discretion, may, in writing, set such time in which the Customer shall cure the breach. If Customer fails or refuses to cure the breach within the stated time, then Fort Worth shall have the right to declare this Agreement terminated after six (6) months additional notice to Customer.

**17.8 Failure to Provide Notice of Withdrawal Rate under § 7.2.** Failure to provide § 7.2 notice, provided the Director did not waive notice requirements, will be considered a non-material breach of the Agreement and, in addition to other remedies available under this Agreement, shall result in an automatic surcharge in the amount specified in § 17.5 for such non-material breaches of the Agreement, without further notice requirements.

18.3 Contractors. Agreements made and entered into by either Customer or Fort Worth for the construction, reconstruction or repair of any Delivery Facility shall include the requirement that the independent contractor(s) must provide adequate insurance protecting both the Customer and Fort Worth as co-insured. Such Agreement must also provide that the independent contractor(s) covenant to indemnify, hold harmless and defend both the Customer and Fort Worth against any and all suits or claims for damages of any nature arising out of the performance of such Agreement.

#### ARTICLE 19. Force Majeure

19.1 Notice and Suspension. If by any reason of force majeure either Party shall be rendered unable, wholly or in part, to carry out its obligations under this Agreement, other than the obligation of the Customer to make payments required under the terms hereof, then if such Parties shall give notice and full particulars of such force majeure in writing to the other Party within a reasonable time after the occurrence of the event or cause relied on, the obligation of the Party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and such Party shall endeavor to remove or overcome such inability with all reasonable dispatch.

19.2 Definition. The term "force majeure," as employed herein, shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, and inability on the part of Fort Worth to deliver water hereunder or the Customer to receive water hereunder on account of any other cause not reasonably in the control of the Party claiming such inability.

#### ARTICLE 20. Notices

20.1 Required Notice. Except in the case of an Emergency, any notice or other communication that is required, given or provided for under this Agreement shall be in writing, and addressed as follows:

To Fort Worth:      Water Director  
                             City of Fort Worth  
                             1000 Throckmorton Street  
                             Fort Worth, TX 76102

To Customer:      Mayor OFFICE ADMINISTRATOR  
                             City of BETHESDA WATER SUPPLY CO2P.  
                             Address P O BOX 130  
                             \_\_\_\_\_, Texas 76097

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Customer to Fort Worth shall be deducted from the total quantity of water withdrawn from the Fort Worth System by Customer before the charge for water service to Customer is computed in accordance with the payment computations set forth and based on the Volume Charge, the quantity of water so withdrawn from the Fort Worth System and, if the meter serving those customers has been equipped to measure it, Maximum Day Demand and Maximum Hour Demand.

22.4 Subject to Laws and Permits. This Agreement is subject to all applicable federal and state laws and any applicable permits, amendments, orders, or regulations of any state or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, order, rule or regulation in any forum having jurisdiction. Customer agrees to abide by any changes in this Agreement made necessary by any new, amended, or revised state or federal regulation; however the Parties may not enact rules or laws that conflict with this Agreement.

22.5 Entry on Customer's Premises. Upon prior notice by the Director, Customer shall allow any duly authorized employee of Fort Worth who presents proper credentials to access any premises located within Customer's Service Area or served by Customer as may be necessary for the purpose of inspections and observation, measurements, sampling and testing and/or auditing, in accordance with the provisions of this Agreement. Customer may elect to accompany the Fort Worth representative. To the extent permitted by law, Fort Worth agrees to be responsible to Customer for any damage or injury to person or property caused by the negligence of such duly authorized employee while such employee is in the course and scope of their employment.

22.6 Alternative Dispute Resolution.

22.6.1 The parties shall endeavor, but only to the extent permitted by applicable law and at no additional cost to Customer, to settle all disputes arising out of or relating to this Agreement by amicable negotiations.

22.6.2 Any and all disputes arising out of or relating to this Agreement that cannot be resolved informally will be submitted to mediation. The place of mediation shall be in Tarrant County, Texas. A mediator shall be jointly agreed to by both Parties, and the mediator selected shall have expertise in the sale and supply of treated water. Either Party may apply for injunctive relief until the mediation decision is rendered or the controversy is otherwise resolved. Either party may, without waiving any remedy under this Agreement, seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that Party, pending the mediator's determination of the merits of the controversy. Each Party shall initially bear its own costs and expenses; however, unless otherwise agreed in mediation, Fort Worth's costs in mediation, including expenses, reasonable attorneys' fees and other costs, shall be a System Cost. Nothing occurring during mediation shall be considered evidence in court.

22.6.3 If mediation is not successful, either Party may commence litigation to resolve the dispute, Fort Worth's litigation costs shall be a System Cost.

deemed severed from this Agreement without invalidating the remainder of this Agreement, and a new provision shall be deemed substituted in lieu of the provision severed, which new provision shall, to the extent possible, accomplish the intent of the parties as evidenced by the provision severed, and without affecting any other term or provision in this Agreement.

22.13 Use of Return Water. Customer agrees that Fort Worth has the right to own and to use or sell any Return Water. Customer will not seek or receive any compensation, credit, or offset from Fort Worth for making the Return Water available to Fort Worth through discharges into Fort Worth's wastewater collection and treatment system(s), and agrees that it will not provide water service under any ordinance or agreement that conflicts with Fort Worth's rights under this § 22.13.

22.14 System Regulatory Actions. Customer agrees, upon the request of Fort Worth, to give reasonable consideration to supporting Fort Worth, and shall not oppose Fort Worth, on any permit applications or governmental approvals related to the Fort Worth System.

22.15 Additional Contract Terms. Additional contract terms that apply to the Customer, but not Fort Worth's other wholesale customers, are contained in **Exhibit F** "Additional Terms."

22.16 Exhibits. All exhibits attached to this Agreement are incorporated into this Agreement by reference, for all intents and purposes of this Agreement, as follows:

Exhibit A	Customer Service Area and mutually agreed point(s) of delivery on the Effective Date.
Exhibit B	Stand-by Charge (Example Calculation)
Exhibit C	Example of the Annual Bill Calculation
Exhibit D	Calculation of PILOT and Cost of Service Revenue Requirement to Recover the Cost of Pilot
Exhibit E	Map of Existing Connections Outside Customer's Service Area [if any].
Exhibit F	Additional Terms [if any]

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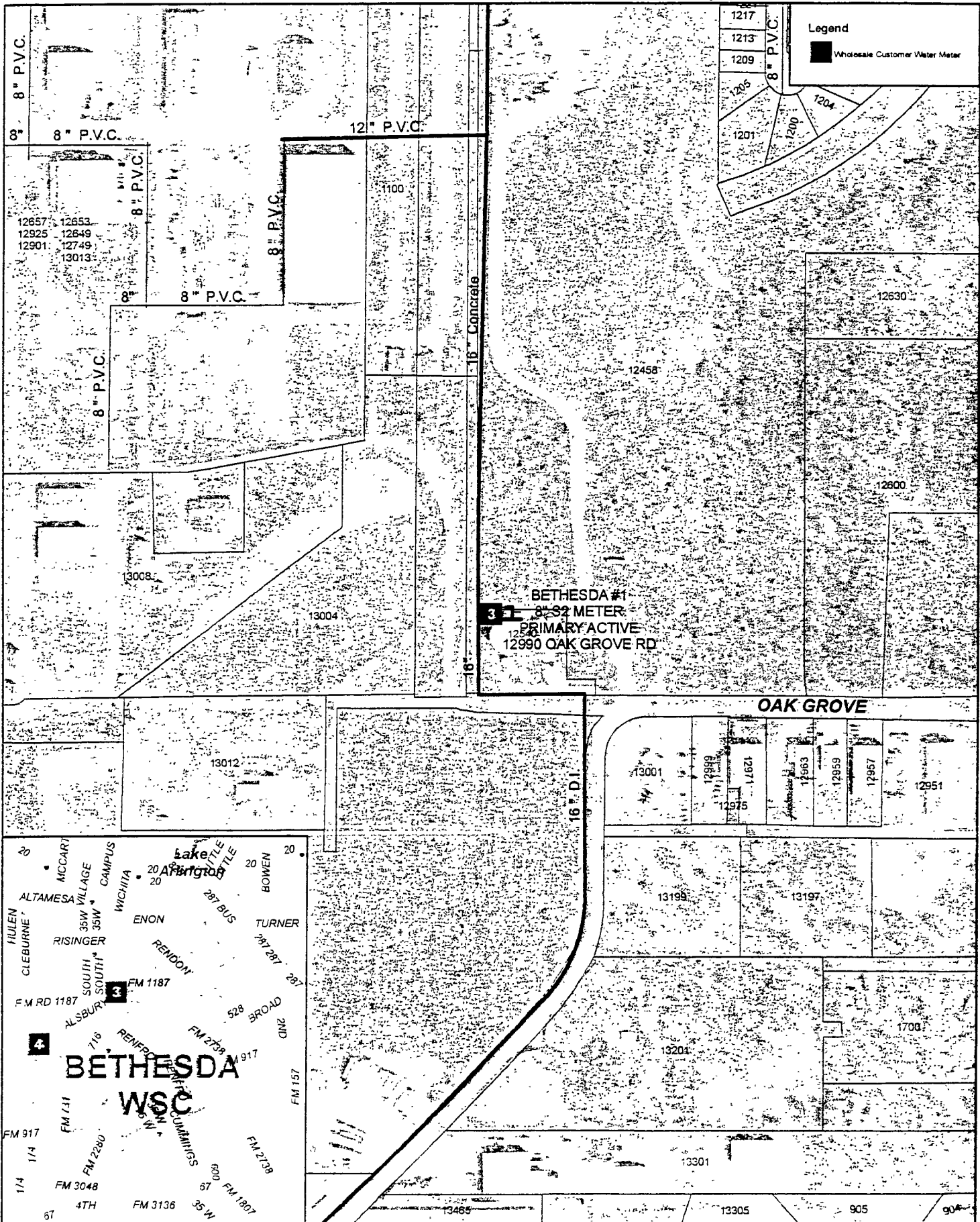
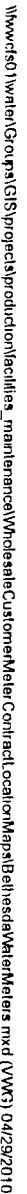
**EXHIBIT A**

**SERVICE AREA AND POINTS OF CONNECTION**

EXHIBIT A  
CUSTOMER METERS

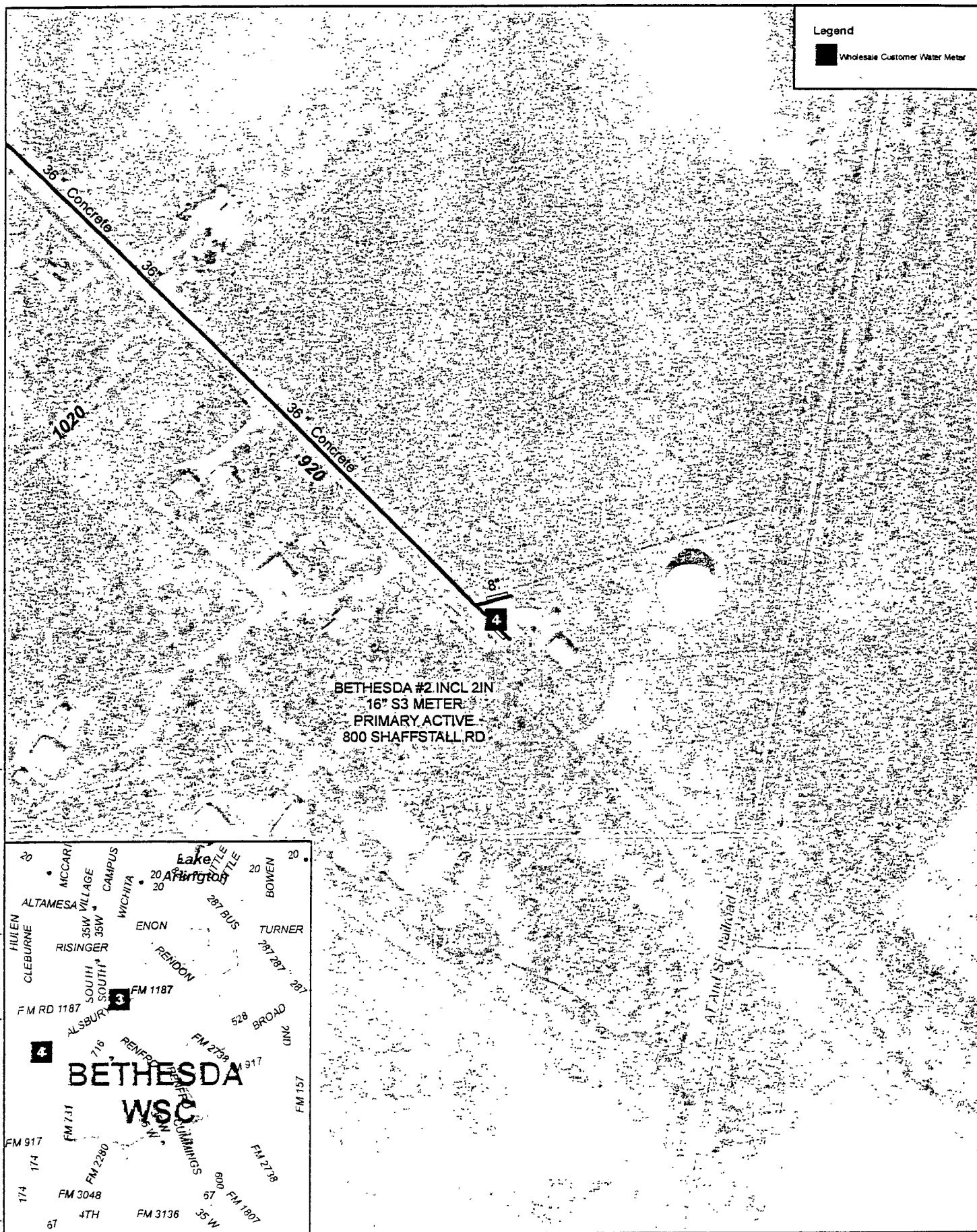
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Bethesda	Bethesda #1	12990 Oak Grove South	8	SS2	n/a	1	
	Bethesda #2	800 Shaftstall	16, 2	SS3	Compound	1	
Bethesda Total						2	

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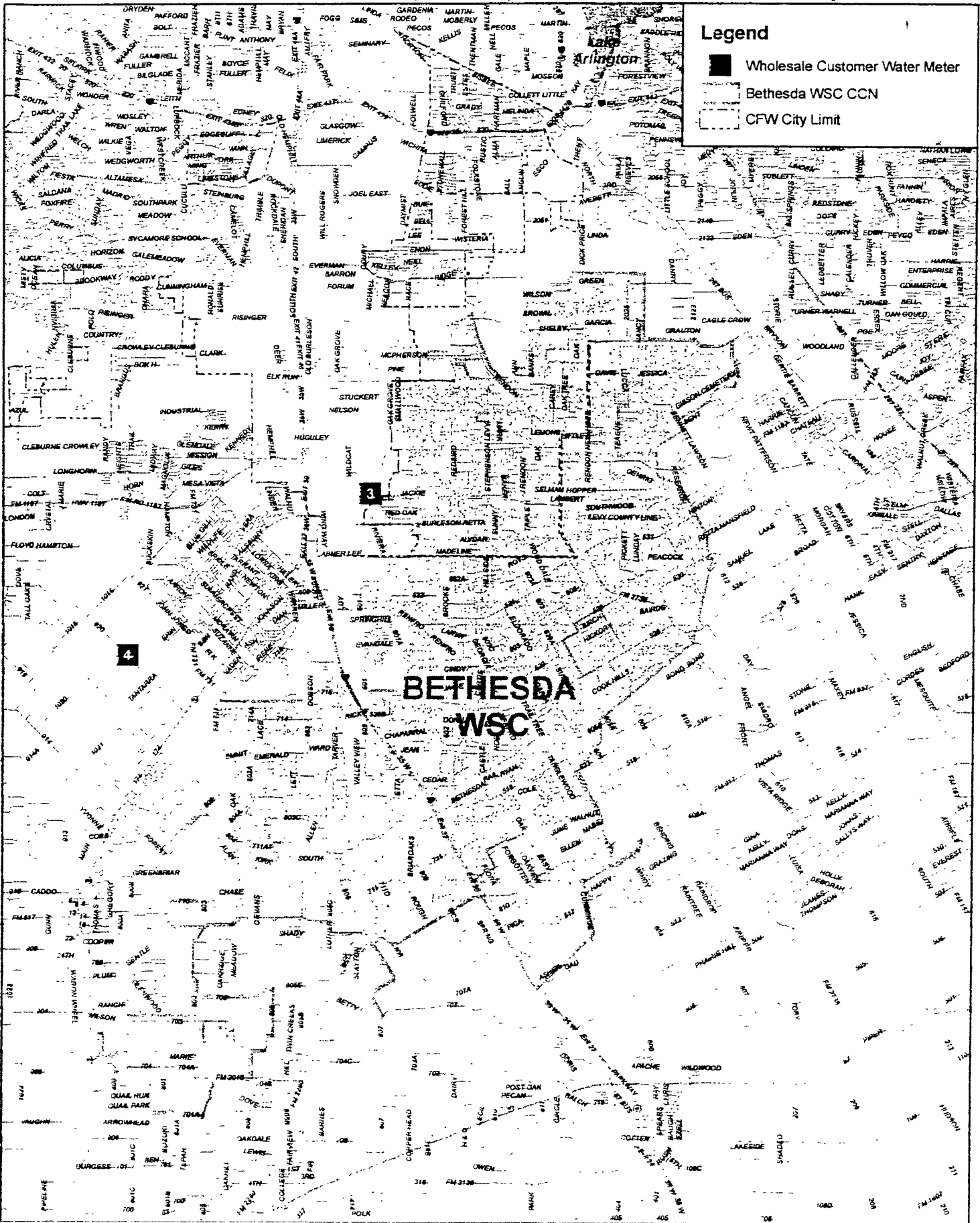
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# Wholesale Customer Meters For Bethesda



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Maps with aerial and contour information are prohibited from reproduction and distribution without prior consent from the North Central Texas Council of Governments.

## EXHIBIT B

### SECTION 7.1.3 Stand-by Charge Example Calculation

#### 1) Stand-by Charge Calculation Inputs:

- 10 inch meter = 210 EMs
- 1 EM = 20 Gal per Minute X 60 Minutes per Hour X 24 Hours per Day or 28,800 Gallons per Day
- Does not include Cost of Raw Water

3-Year Average Treatment, Pumping and Transmission Charge (\$/1,000 Gals) Calculation:

FY05	FY06	FY07
\$0.5398	\$0.6829	\$0.6291

Three Year Average \$0.6173

#### 2) Stand-by Charge Calculation:

Monthly Standby Charge = 28,800 Gallons per Day X 210 EM X \$0.6173 per 1,000 Gallons or \$3,733 per Month.

Annual Standby Charge = 12 Months X \$3,733 per Month or \$44,801.

## EXHIBIT C

### SECTION 7.4 Total Annual, Monthly and Rate of Use Example Calculations

The calculations shown below assume a customer drawing water from one metering station. **The volumes, peaks, rates and charges in this Exhibit C are for demonstration purposes only and are not based on adopted rates or on actual usage for the Customer.**

The annual Volume Rate is charged as a rate per 1,000 gallons. The Annual Payment also includes the monthly service charge.

Month	Gallons	Volume Rate \$/1,000 Gallons	Volume Charges	Service Charges	Rate of Use Charges*	Total
Oct	1,000,000	\$1.43	\$1,430	\$25	\$2,209	\$3,664
Nov	1,000,000	\$1.43	\$1,430	\$25	\$2,209	\$3,664
Dec	1,000,000	\$1.43	\$1,430	\$25	\$2,209	\$3,664
Jan	1,000,000	\$1.43	\$1,430	\$25	\$2,209	\$3,664
Feb	1,000,000	\$1.43	\$1,430	\$25	\$2,209	\$3,664
Mar	2,000,000	\$1.43	\$2,860	\$25	\$2,209	\$5,094
Apr	3,000,000	\$1.43	\$4,290	\$25	\$2,209	\$6,524
May	3,000,000	\$1.43	\$4,290	\$25	\$2,209	\$6,524
Jun	3,000,000	\$1.43	\$4,290	\$25	\$2,209	\$6,524
Jul	3,000,000	\$1.43	\$4,290	\$25	\$2,209	\$6,524
Aug	4,000,000	\$1.43	\$5,720	\$25	\$2,209	\$7,954
	<u>23,000,000</u>		<u>\$32,890</u>	<u>\$275</u>	<u>\$24,299</u>	<u>\$57,464</u>
Sep	<u>3,000,000</u>	\$1.43	<u>\$4,290</u>	<u>\$25</u>	<u>\$7,021</u>	<u>\$11,336</u>
	<u>26,000,000</u>		<u>\$37,180</u>	<u>\$300</u>	<u>\$31,320</u>	<u>\$68,800</u>

\* Example calculation for Rate of Use Charges is on Page 2 of 4.

## EXHIBIT C

### SECTION 7.4 Total Annual Payment Example Calculation (con't)

#### Example 1 – Current year exceeds the average of the most recent three Fiscal Years

	<u>Gallons</u>
Average Daily Use for the year	71,233
Maximum Day Demand for the current year	215,000
Maximum Hour Demand for the current year (converted to gallons per day)	545,000
Maximum Day Demand above Average Daily Use	143,767
Maximum Hour Demand above Maximum Day Demand	330,000

#### Fiscal Year Average of Most Recent Three Years

	Average	Current FY	FY 2008	FY 2007
Max Day Above Avg Day (MG)	129,178	143,767	115,000	128,766
Max Hour Above Max Day (MG)	318,333	330,000	305,000	320,000

#### Annual Payment Calculation

<u>Gallons</u>		<u>Volume Rate \$/1,000 Gallons</u>		<u>Total</u>
26,000,000	x	\$1.43	=	\$37,180
<u>Service Charge</u>		<u>Months</u>		
\$25	x	12	=	\$300
<u>Max Day Above Avg Day (MGD)</u>		<u>Excess Max Charges/MGD</u>		
0.144	x	\$135,000	=	\$19,440
<u>Max Hour Above Max Day (MGD)</u>		<u>Excess Max Charges/MGD</u>		
0.330	x	\$36,000	=	\$11,880
Total Annual Payment Due				\$68,800
Previous Billings for October through August Usage				\$57,464
October Billing for September Usage				\$11,336

## **EXHIBIT D**

### **Calculation of PILOT and Cost of Service Revenue Requirement to Recover the Utility's Cost of PILOT**

#### **DESCRIPTION**

A payment in lieu of taxes ("PILOT") assessed against the Water Operating Fund is an annual assessment to offset the ad valorem taxes lost, due to the non-profit status of the Water System. The Water Operating Fund pays the amount of the assessment into the General Fund.

PILOT assessed against the Water Operating Fund is calculated by applying the most recently adopted property tax rate per \$100 assessed value to the net book value of the applicable assets. These assets are limited to the assets classified as Plant and Property (in the specific NARUC accounts listed on the next page), and do not include Transmission Mains, Connections, Collection Structures and Meters.

The PILOT is a component of the Water Operating Fund Cost of Service. The Cost of Service Revenue Requirement that is necessary to recover PILOT is allocated between Retail and Wholesale customer classes according to the volume usage in the most recently completed fiscal year, prorated between the two customer classes.

The Wholesale Cost of Service component of PILOT is then allocated amongst the wholesale customers according to each wholesale customer's percentage of the wholesale customer class's volume usage in the most in the most recently completed fiscal year.

#### **EXAMPLE**

The following example further explains the calculation of the City's PILOT, the related revenue requirement, and its recovery through rates. The methodology applied in this example will remain in effect for the life of the Agreement; however, the specific dollar figures, volumes and other numerical values used in the following example will be updated from the sources identified below for each fiscal year that the contract is in effect.

## NET BOOK VALUE ALLOCATION BETWEEN RETAIL AND WHOLESALE

The Cost of Service Revenue Requirement necessary to recover PILOT is allocated between Retail and Wholesale customer classes according to the volume usage in the most recently completed fiscal year, prorated between the two customer classes.

Example Retail/Wholesale allocation calculation:

	<u>Volume (MG)</u>
<b>Total Annual Volume (MG)</b>	66.917
<b>Wholesale Volume (MG)</b>	21,639
<b>Wholesale Allocation</b>	32.34%
<b>Retail Allocation</b>	67.66%

(Dollar figures and percentages from most recent Cost of Service Study.)

<b>Total Net Book Value Base</b>	\$248,320,519
<b>Wholesale Net Book Value Base</b>	\$80,299,602

## CALCULATION OF WHOLESALE REVENUE REQUIREMENT (PILOT COST OF SERVICE COMPONENT)

<b>FY 2010 Tax Rate per \$100 Value</b>	\$0.8550
<b>Total PILOT Cost of Service</b>	\$2,123,140
<b>Wholesale Allocation</b>	32.34%
<b>Wholesale PILOT Cost of Service</b>	\$686,562

**EXHIBIT E**

**BETHESDA WATER SUPPLY CORPORATION  
EMERGENCY CONNECTION METER LOCATIONS**

**Locations and maps attached**



# **Bethesda Water Supply Corporation**

## **Emergency Connection Meter Locations**

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Aqua Texas I – located on CR 528 at Shady Hills Estates  
on the Northwest corner

Aqua Texas II – located on FM 917 West at Oakview Cir  
on the Northeast corner

Aqua Texas III – located off CR 801 in the Garden Acres Addition  
on the south side of the road at the property line between lots 34 & 33

Bethany Water – located on the south side of FM 917 East & the west side of  
CR 808 at Bethany's well site

Southwest Water I – located on CR 805 at FM 3048 just north of the  
Northwest corner of the intersection

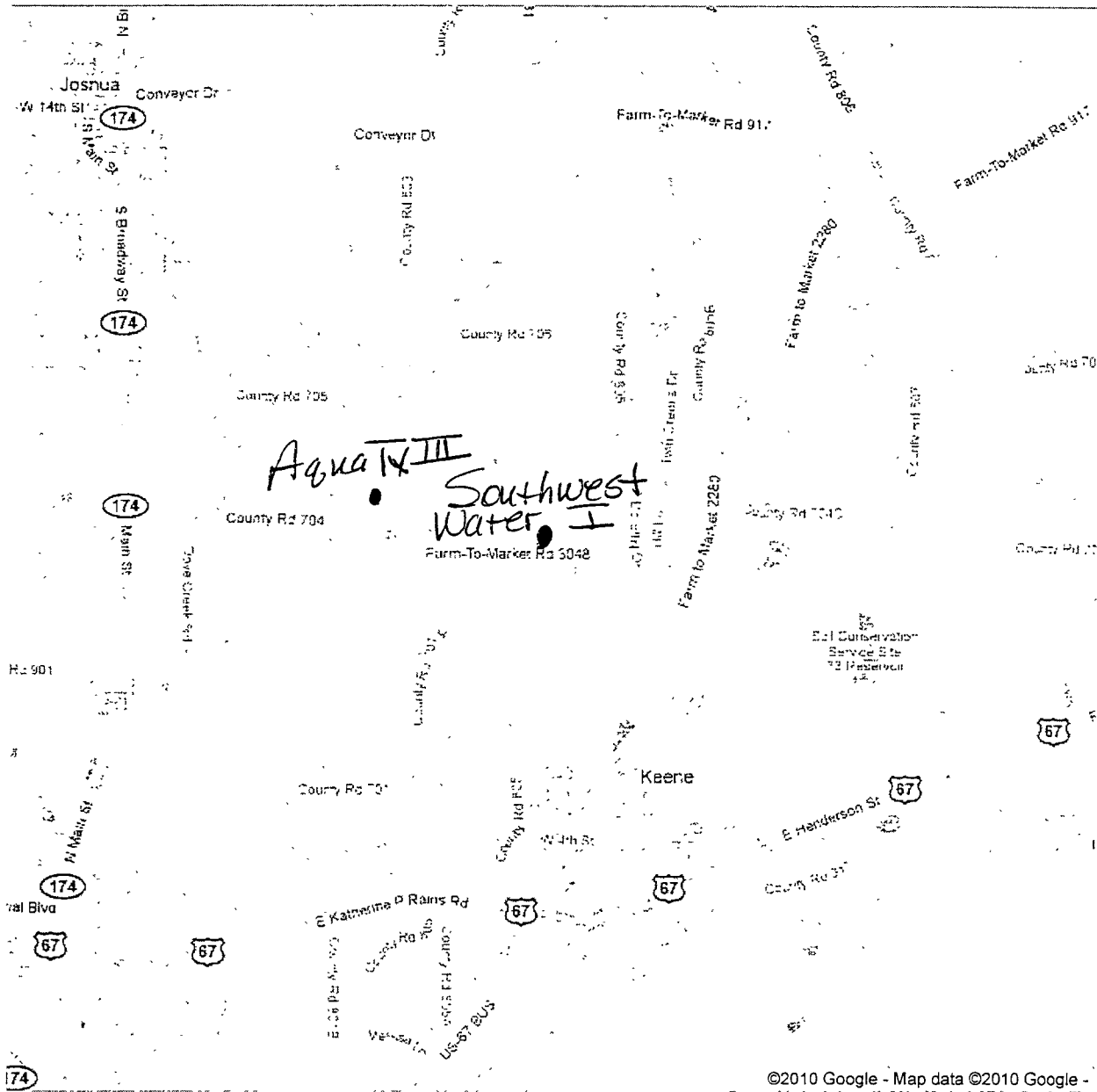
Southwest Water II – located on CR 803 at Royalwood Cir  
on the Southeast corner of the intersection

Southwest Water III – located on the South side of CR 1062 a/k/a  
Retta Mansfield Rd at the end of BWS service main

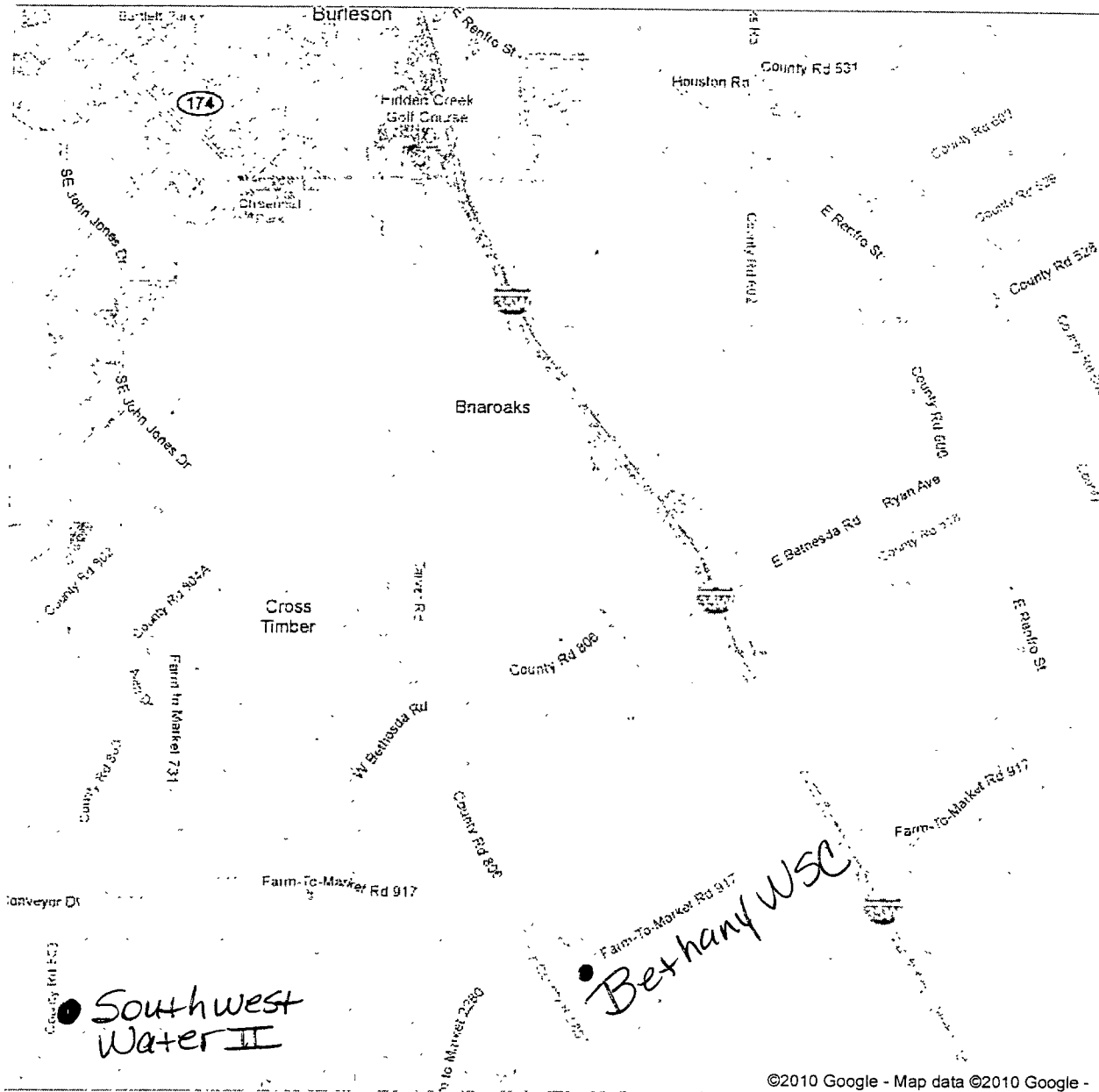
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## EXHIBIT F ADDITIONAL TERMS

As provided in § 22.15 of the "AGREEMENT FOR WATER SERVICE BETWEEN THE CITY OF FORT WORTH, TEXAS, AND THE BETHESDA WATER SUPPLY CORPORATION," the Parties agree to the following additional contract terms and conditions as Additional Terms:

1. Expansion of Customer's CCN. Customer currently holds Certificate of Convenience and Necessity (CCN) No. 10089, issued by TCEQ, authorizing Customer to provide treated water service within the CCN boundaries. Customer shall not amend its CCN to add any service area that is within Fort Worth's extraterritorial jurisdiction without the prior written consent of the Director. Further, Customer shall not amend its CCN to add any service area that is outside Fort Worth's extraterritorial jurisdiction without the prior written consent of the Director, except that consent is not required if the Customer's service to the proposed additional service area will not place any additional water service demands or burden on the Fort Worth System.
2. Annexation and Amendment of the Parties' CCNs. Fort Worth may annex into its city limits areas that are also within Customer's water Certificate of Convenience and Necessity ("CCN"), as that CCN may be amended from time to time. After such annexation, and upon written notice to Customer from the Director, the Parties agree as follows:
  - a. Fort Worth shall apply to the Texas Commission on Environmental Quality ("TCEQ") to (i) release the newly annexed area from Customer's water CCN and (ii) amend Fort Worth's water CCN to include the newly annexed area; and
  - b. Customer shall not protest the application, shall provide any information about the Customer's System necessary to support the application and, if requested, shall send a letter to TCEQ stating its agreement to the application.
3. Transfer of Infrastructure. After the date that the last CCN is amended, as provided in paragraph 2 above, Fort Worth agrees to pay Customer the value of the improvements owned by Customer in the newly annexed area, and Customer agrees to transfer those assets to Fort Worth, as follows:
  - a. Customer shall give Fort Worth written documentation of the depreciated book value based on original cost, or other information needed to estimate the Customer's original cost (excluding contributions), of the Customer's water system improvements or assets within the newly annexed area, excluding meters; and
  - b. Fort Worth shall pay Customer the depreciated book value of the system, determined as provided in subsection 3.a. above; and
  - c. Customer shall transfer the Customer-owned water system improvements or assets within the newly annexed area to Fort Worth, by executing a bill of sale or other necessary documents, in forms satisfactory to Fort Worth; and

- d. Customer's meters within the newly annexed area shall continue to be Customer's property, and the Parties agree to cooperate to exchange those meters for Fort Worth meters.

4. Customer's Remaining System. Fort Worth agrees to reasonably restore any portion of Customer's water distribution system that is adversely affected by the transfer of infrastructure to Fort Worth due to annexation, to equal and/or better condition, so that Customer's system is capable of providing the same level of service within its remaining service area that Customer was capable of providing before the infrastructure transfer to Fort Worth. It is not Fort Worth's intent nor desire to erode Customer's ability to provide adequate/continuous potable water service to any remaining customers.

**Agreement for the Sale and**  
**Delivery of Treated Water - Wholesale Customer –**  
**Bethesda Water Supply Corporation**

STATE OF TEXAS           §

COUNTY OF TARRANT           §  
   §

THIS AGREEMENT (the “Agreement”) entered into this 1<sup>st</sup> day of December, 2015 (the “Effective Date”) by and between the City of Arlington, a home rule municipality operating under and governed by the laws and Constitution of the State of Texas (“Arlington”), and Bethesda Water Supply Corporation (“BWSC”), a nonprofit water supply corporation operating pursuant to Chapters 49 and 67 of the Texas Water Code, hereinafter collectively referred to as the (“Parties”), evidences a binding agreement between the Parties regarding the construction of a water transmission line and the purchase of treated water service. For good and valuable consideration and in consideration of the agreements contained in this Agreement, the adequacy, receipt, and sufficiency of which are acknowledged, the Parties hereby agree as follows:

**Recitals**

**WHEREAS**, Arlington is a home rule municipality operating under and governed by the laws and Constitution of the State of Texas, with its corporate limits and extraterritorial jurisdiction (“ETJ”) extending in portions of Ellis, Johnson, and Tarrant Counties, Texas; and

**WHEREAS**, BWSC is a nonprofit water supply corporation operating under and governed by the laws and Constitution of the State of Texas, with its right to operate within portions of Tarrant County and Johnson County, Texas; and

**WHEREAS**, Arlington is authorized to sell water outside its corporate boundaries; and

**WHEREAS**, the governing bodies of each entity believe that this Agreement is necessary for the benefit of the public and that each party has the legal authority to perform its obligations under this Agreement; and

**WHEREAS**, the governing bodies of each party find that the undertaking is necessary for the benefit of the public and that each party has the legal authority to provide such service, and is in the common interest of both parties hereto; and

**WHEREAS**, the covenants and promises constitutes adequate consideration to each party; and

**WHEREAS**, at the present time, Arlington has available a supply of Raw Water from which it can provide Treated Water, and it owns, operates, and maintains facilities for storing, treating and transmitting Treated Water; and

**WHEREAS**, it is deemed to be in the best interest of both Arlington and BWSC that said Parties do enter into a mutually satisfactory agreement by means of which BWSC may obtain Treated Water from Arlington; and

**WHEREAS**, BWSC owns, operates and maintains a distribution system to furnish water service to the customers within its service area; and

**WHEREAS**, the Parties desire to cooperate in the construction of the Treated Water Transmission Line to be constructed partially within the corporate limits of Arlington to provide Treated Water to BWSC's water distribution system; and

**NOW, THEREFORE**, pursuant to and permitted by the laws of the State of Texas for and in consideration of the covenants, conditions and undertakings hereinafter described, and subject to each and every term and condition of this Agreement, the Parties contract, covenant and agree as follows:

## **ARTICLE I**

### **Findings and Purpose**

- 1.1 Recitals.** The recitals hereinabove set forth are incorporated herein for all purposes and are found to be true and correct.
- 1.2 No Grant of Equity or Ownership.** Unless otherwise stated, no provision of this Agreement shall be construed to create any type of joint or equity ownership of any property or any partnership or joint venture. Unless otherwise stated, neither this Agreement, nor any acts of the Parties hereunder, nor BWSC's payments, shall be construed as granting to or otherwise vesting in BWSC any right, title, interest, or equity in the Arlington Raw Water System nor in the Arlington Treated Water System or any element thereof.
- 1.3 Purpose.** This Agreement provides the terms and conditions whereby Treated Water may be purchased by BWSC from Arlington. Further, this Agreement provides for the shared cost of the Treated Water Transmission Line to provide Treated Water to BWSC's water distribution system.

## **ARTICLE 2**

### **Definitions and Interpretation**

- 2.1 Definitions.** The following terms and expressions used in this Agreement, unless the context indicates otherwise, shall mean:

*Agreement* means this "Agreement for the Sale and Delivery of Treated Water – Wholesale Customer – Bethesda Water Supply Corporation" and any subsequent amendments agreed to in writing by the Parties.

*Arlington Raw Water System* means all facilities, structures, improvements, property, rights, certificates of adjudication, permits, licenses, certificates, contracts and other property of any nature whatsoever, now or hereafter owned by Arlington, in connection with the storage, diversion, transportation, and delivery of Raw Water.



*Arlington Treated Water System* means all facilities, structures, improvements, property, rights, permits, licenses, certificates, and other property of any nature whatsoever, now or hereafter owned by Arlington, in connection with the diversion, storage, transportation, treatment, and delivery of Treated Water to BWSC at the Delivery Point.

*AWWA* means the American Water Works Association.

*Business Day* means any Day other than Saturdays, Sundays and Arlington published holidays.

*CCN* means certificate of convenience and necessity issued by the Public Utility Commission or any predecessor or successor agency of the State of Texas.

*Day* means a 24-hour period from 12:00 a.m. to 11:59 p.m.

*Delivery Point* means the point at which Arlington agrees to deliver, Treated Water under this Agreement. The Delivery Point is located as shown on Exhibit A. The parties may mutually agree upon additional delivery points.

*Effective Date* means the date of this Agreement and is the date that BWSC begins receiving water at the Delivery Point.

*Emergency* means a bona-fide emergency condition created by unforeseeable mechanical failure, by unprecedented high rate of Treated Water usage, such as might result from a major fire or a major water main break, or by circumstances beyond the Parties' control.

*Expiration Date* means the last effective date of this Agreement as specified in Article 8.1, absent the renewal of this Agreement.

*Fiscal Year* is the fiscal year of Arlington from October 1 through September 30.

*Maximum Allowed Daily Demand* means a Maximum Day Usage of 5.0 MGD unless a mutually agreed upon change is made by the Parties in writing.

*Maximum Allowed Rate of Flow* means the maximum allowed usage on a per minute basis which shall not exceed 3,740 gpm for this Agreement unless mutually agreed upon by the Parties in writing.

*Maximum Day Usage* means the measured daily maximum usage as determined through Meter readings.

*Meter(s)* means the metering facility or devices installed or to be installed at the Metering Point to measure the amount of Treated Water delivered to BWSC by Arlington as provided in this Agreement. If necessary, installation shall include a back flow device in order to prevent back flow of water into the Arlington Treated Water System.

*Metering Point* means the location at which the Meter(s) is installed.

*MGD* means million gallons per day.

*Operation and Carrying Cost* means the cost by Arlington to provide Treated Water to BWSC. Such costs shall include management, maintenance, treatment, debt service, and other costs related to the provision of Treated Water to BWSC.

*Party* means either Arlington or BWSC, and “Parties” means Arlington and BWSC, collectively.

*Rate of Flow* means usage on a per minute basis (i.e., gallons per minute (gpm)).

*Rate Year* means each twelve-month period beginning January 1 and ending December 31 of the same calendar year.

*Raw Water* means water that is purchased by Arlington from Tarrant Regional Water District (“TRWD”) and is in its natural state prior to treatment.

*Raw Water Charge* means the charge calculated by applying the Raw Water Rate to the number of gallons of Treated Water provided to BWSC by Arlington as measured by the Meter(s) and billed on a monthly basis.

*Raw Water Rate* means the raw water rate charged to Arlington for Raw Water by Tarrant Regional Water District, adjusted for water loss on the Arlington Treated Water System.

*Regulatory Costs* means all costs, fees, charges, tariffs, or penalties imposed by the State of Texas, the U.S. Government, any local regulatory entity, or any agency thereof.

*Regulatory Requirements* means all applicable requirements and provisions of federal, state, and county constitutions, laws, statutes, rules, regulations and ordinances enacted or issued from time to time, including, without limitation, all applicable sections of the Texas Water Code and the rules and regulations of the Texas Commission on Environmental Quality, Public Utility Commission, and the Texas Administrative Code, and all judicial and administrative orders, judgments, and decrees of any governmental authority having jurisdiction concerning the matters contained herein issued from time to time.

*Treated Water* means water treated by Arlington so that it is potable water meeting the minimum water quality requirements for human consumption as prescribed by the Texas Commission on Environmental Quality or other appropriate regulatory agency with jurisdiction.

*Treated Water Transmission Line* means the water transmission line that is funded partially by BWSC up to the Delivery Point, and is to be installed in the general location identified as being wholly or partially constructed as shown in Exhibit A. Said line will be maintained by Arlington, including replacement and repair costs. Should Arlington install said line at BWSC’s expense, it shall be done at Arlington’s cost.

*TRWD* means the Tarrant Regional Water District.

*Volume Rate* means the dollar amount per 1,000 gallons applied to BWSC's metered usage of Treated Water in order to calculate the Volume Charge. The Volume Rate includes the following costs associated with providing Treated Water to BWSC:

- i. Arlington's raw water costs from Tarrant Regional Water District, which are captured within the Raw Water Rate;
- ii. Electrical costs;
- iii. Chemical costs;
- iv. Regulatory Costs; and
- v. Operation and Carrying Cost.

*Water* means either Raw Water or Treated Water, or both Raw and Treated Water, as indicated by the context in which the word appears.

*Water Conservation* means those practices, techniques, and technologies that will reduce the consumption of water, reduce the loss or waste of water, improve efficiency in the use of water, and/or increase the recycling and reuse of water.

*Wholesale Customer* means the class of customers, including, but not limited to, BWSC, to whom, under the terms of a specific agreement, Arlington sells and provides Treated Water for re-sale.

**2.2 Interpretations.** The following principles shall control the interpretation of this Agreement:

- (a) Unless otherwise stated, reference to any document, other than a license, certificate of adjudication or permit, means the document as amended or supplemented from time to time.
- (b) Reference to any party or governmental regulatory agency means that entity and its successors and assigns.
- (c) Misspelling of one or more words in this Agreement shall not void the Agreement. Such misspelled words shall be read so as to have the meaning apparently intended by the Parties.
- (d) Words of any gender used in this Agreement shall be held and construed to include any other gender.
- (e) Words in the singular number shall be held to include the plural, unless the context otherwise requires.
- (f) Article and headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this contract.

**ARTICLE 3**  
**Water Provided Under Agreement**

**3.1 Treated Water.**

- (a) **Delivery and Acceptance.** Subject to the successful connection of one way interconnection at delivery point(s) and the abandonment of groundwater use except for emergencies and except as limited in this Agreement, Arlington agrees to furnish and sell to BWSC Treated Water delivered at the Delivery Point that is mutually agreed upon up to the limits, and at the times, set forth in this Agreement hereto or such lesser amount as Arlington may be able to supply in the event of an Emergency. BWSC agrees to accept delivery under the conditions of this Agreement and to pay for the water in accordance with the terms herein.
- (b) **Source of Supply and Capacity.** Arlington's agreement to make Treated Water available is limited to the extent that Raw Water, as that term is defined in this Agreement, is available and the extent to which capacity is available in the Arlington Treated Water System as determined in the sole discretion of Arlington.
- (c) **Additional Water.** To the extent Treated Water is available in amounts greater than the Maximum Allowed Daily Demand, Arlington may, at its sole discretion, provide BWSC with additional Treated Water subject to the charges described in Article 5. Should Arlington elect to provide BWSC with Treated Water in excess of the Maximum Allowed Daily Demand, Arlington may terminate or reduce providing Treated Water at the excess amount by providing BWSC with twenty-four (24) hours written notice of such termination or reduction. BWSC agrees that Arlington will never be obligated during the term of this Agreement to make Treated Water available to BWSC in excess of the Maximum Allowed Daily Demand or the available supply as determined in Section 3.1(b). **The purchase of any additional supplies of Treated Water over the Maximum Allowed Daily Demand does not guarantee that Arlington will make Treated Water available on that basis at any time other than the timeframe Arlington reasonably elects to provide additional supplies of Treated Water to BWSC.**
- (d) **Water Pressure.** Arlington agrees to furnish and sell to BWSC Treated Water delivered under the operating pressure prevailing in the Arlington Treated Water System at the Delivery Point. **Notwithstanding anything in this Agreement or in the requirements of any regulatory agency to the contrary, Arlington does not represent or guarantee to BWSC that Treated Water provided to BWSC under this Agreement will be provided at any specific minimum pressure at the Delivery Point, and Arlington is under no obligation with respect thereto. BWSC understands and acknowledges that maintaining a certain water pressure in BWSC's delivery system will require the use of storage or pumps on BWSC's system.**