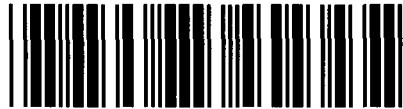


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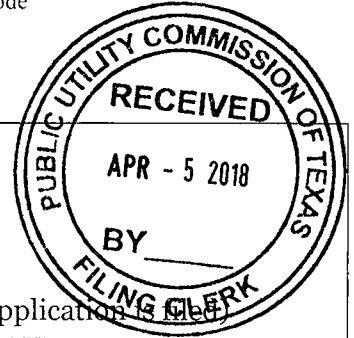
Item Number: 1

Addendum StartPage: 0



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

Pursuant to Chapter 13.251 of the Texas Water Code



Docket Number: **48232**

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

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

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

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

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

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Part A – General Information

*RN# 101264075 *CN# 12899 * (PRIOR TCEQ ID numbers)

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

☒ Sale of ☒ All ☐ Portion of the ☒ Water system(s) under CCN No.: 12899
☐ Acquisition ☐ Sewer system(s) under CCN No.:
☐ Lease/Rental

☐ Transfer of ☐ All ☐ Portion of the ☐ Certificated water service area – CCN No.:
☐ Certificated sewer service area – CCN No.:

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

and to:

☐ Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN
☐ Amend the transferee's CCN No.:
☐ Merge or consolidate public utilities
☐ Cancel CCN of the transferor (seller)

2. Proposed effective date of this transaction: 8/1/2018

SUBJECT TO PUC APPROVAL

(Must be at least 120 days after proper notice is provided)

WITHIN 60 DAYS OF SUBMITTED
APPLICATION

Part B – Current Service Provider or Seller Information

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

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

A. Name: BFE Development Corporation
(Individual, Corporation or Other Legal Entity)

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

B. Utility Name (if different than above): BFE Water
Address: Bourland Field Estates, Cresson, TX 76035 Telephone: (AC) (817) 657-5754

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

Name: Richard L. Bourland Title: Owner
Address: 2501 Museum Way, Apt 711, Ft Worth, TX 76107 Telephone: (AC) (817) 657-5754

Fax: Email:

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

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

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

☒ No ☐ Yes- Application/Docket Number: Date

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

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit
See Exhibit A			

Part C – Purchaser or Transferee Information

 Questions 6 through 16 refer to the transferee or purchaser.

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

Applicant:
(Individual, Corporation, or Other Legal Entity)

Utility Name:
(If different than above)

Utility Address:

Fax: Email: Telephone (AC):

CCN Numbers held prior to the filing of this application:

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

- ☐ Individual
☐ Home or Property Owners Association
☐ Partnership; attach copy of partnership agreement
☐ Corporation; provide charter number as recorded with the Office of the Secretary of State for

Texas:

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

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

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

Name:		Email	
Address			
Telephone (AC):		Fax (AC):	

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

•Name:	Lisa D. Clement	Telephone (AC):	(303) 807-2315
Address:	118 Citation Drive, Cresson, TX 76035		
Position:	President	Ownership % (if applicable):	0.00%

•Name:	Ron Pyles	Telephone (AC):	(817) 308-5519
Address:	117 Constellation Drive, Cresson, TX 76035		
Position:	Vice-President	Ownership % (if applicable):	0.00%

•Name:	Mary Jane Butt	Telephone (AC):	(951) 283-4076
Address:	117 Citation Drive, Cresson, TX 76035		
Position:	Secretary/Treasurer	Ownership % (if applicable):	0.00%

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

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

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

- Attach additional sheet(s) if necessary -

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

Texas Comptroller of Public Accounts

P. O. Box 13528, Capitol Station


Austin, Texas 78711

1-800-252-5555

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

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

Name:	Mary Jane Butt	Title:	Secretary/Treasurer
Address:	117 Citation Drive, Cresson, TX 76035	Telephone (AC):	(951) 283-4076
Fax #	(817) 396-4582	Email	bourlandstateswsc@gmail.com
Relationship to the applicant:	member		

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

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

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

Bourland Estates Water Supply Corporation was created for the homeowners of Bourland Field Estates where the homeowners have been successful in managing the HOA for the last 10 years. The Homeowner's Association has accomplished road repairs, establishing a substantial infrastructure fund for future repairs, including an airport runway. Fiscally we have obtained a line of credit for an emergency fund if necessary for any repairs to the water supply system.

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

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

--

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

N/A

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

We expect the quality of service to remain consistent with the present quality of service. We do not anticipate any changes.

E. How will the transaction serve the public interest?

By meeting Local, State and Federal requirements and consistent with the open meeting act we shall continue to serve the community.

12. Please describe the nature of the proposed transaction:

Original owner selling to the WSC as outlined in the cover letter.

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

A.

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

- Developer Contributions (please explain):


N/A

- Other Contributions (please explain):


N/A

Total Contributions in Aid of Construction

• Net Book Value:

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

Application/Docket Number: Date:

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

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

[attach additional sheet(s) if necessary]:

N/A

Please see cover letter

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

Utility Plant in Service:	
Plant Acquisition Adjustment:	N/A
Extraordinary Loss on Purchase:	
Accumulated Depreciation of Plant:	
Cash:	
Notes Payable:	
Mortgage Payable:	
Others (please list):	

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

Purchaser's Initials: Date:

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

<input checked="" type="checkbox"/>	All the customers will be charged the same rates as they were charged before the transaction.
<input type="checkbox"/>	Some <input type="checkbox"/> All customers will be charged different rates than they were charged before the transaction.

If rates are changing, please explain:

N/A, Please see Exhibit H

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

N/A

☐ Other. Please explain:

N/A

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

**Bluebonnet Hills WSC - CN 12290
In the process of transfer to the City of Cresson, TX.**

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

Financially we are solvent with the initial start up funds through fees and a line of credit if needed. Managerially we have established a BOD for the WSC and have had open meetings. The personnel on the board hold various degrees and experience including mechanical expertise and business. Technically we have contracted with Stephens Utilities to oversee the plant and file required TCEQ documentation.

See Cover Letter

Part D – Historical Financial Information

HISTORICAL BALANCE SHEETS	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash	207,034.00	185,246.00	133,000.00	87,810.00	67,921.00	41,181.00
Accounts Receivable	19,786.00	4,875.00	2,925.00	975.00	0.00	0.00
Inventories	0.00	0.00	0.00	0.00	0.00	0.00
Income Tax Receivable	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Total	226,820.00	190,121.00	135,925.00	88,785.00	67,921.00	41,181.00
FIXED ASSETS						
Land	66,770.00	66,770.00	66,770.00	66,060.00	66,060.00	20,870.00
Collection/Distribution System	0.00	0.00	0.00	0.00	0.00	0.00
Buildings	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00
Equipment	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Other	53,350.00	53,350.00	53,350.00	53,350.00	53,350.00	53,350.00
Less: Accum. Depreciation or Reserves	2,500.00	2,000.00	1,000.00	0.00	0.00	0.00
Total	144,320.00	145,120.00	146,120.00	146,410.00	146,410.00	101,220.00
TOTAL ASSETS	371,440.00	335,241.00	282,045.00	325,195.00	214,331.00	142,104.00
CURRENT LIABILITIES						
Accounts Payable	7,405.00	0.00	0.00	0.00	0.00	0.00
Notes Payable, Current	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	7,405.00	0.00	0.00	0.00	0.00	0.00
LONGTERM LIABILITIES						
Notes Payable, Long-term	13,521.00	14,078.00	20,559.00	15,222.00	15,178.00	15,000.00
Other						
TOTAL LIABILITIES	20,926.00	14,078.00	20,559.00	15,222.00	15,178.00	15,000.00
OWNER'S EQUITY						
Paid in Capital	0.00	0.00	0.00	0.00	0.00	0.00
Retained Equity	205,894.00	176,043.00	115,366.00	73,563.00	52,743.00	26,181.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Current Period Profit or Loss	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OWNER'S EQUITY	205,894.00	176,043.00	115,366.00	73,563.00	52,743.00	26,181.00
TOTAL LIABILITIES AND EQUITY	226,820.00	190,121.00	135,925.00	88,785.00	67,921.00	41,181.00
WORKING CAPITAL	205,894.00	176,043.00	115,366.00	73,563.00	52,743.00	26,181.00
CURRENT RATIO	3.26	0.00	0.00	0.00	0.00	0.00
DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS	10.16	7.99	17.82	20.69	46.63	57.29

Not applicable to BFE HOA

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						

BFE HOA DATA

HISTORICAL EXPENSE DETAIL	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	0.00	0.00	0.00	0.00	0.00	0.00
Office Expense	0.00	27.00	104.00	167.00	44.00	13.00
Computer Expense	0.00	0.00	0.00	0.00	65.00	0.00
Auto Expense	0.00	0.00	0.00	0.00	0.00	0.00
Insurance Expense	0.00	1,451.00	895.00	1,374.00	1,374.00	1,367.00
Telephone Expense	25.00	242.00	403.00	733.00	726.00	721.00
Utilities Expense	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation Expense	0.00	0.00	0.00	0.00	0.00	0.00
Property Taxes	0.00	460.00	477.00	1,407.00	432.00	0.00
Professional Fees	0.00	125.00	2,585.00	9,380.00	20,623.00	1,102.00
Other	0.00	3,875.00	0.00	0.00	90.00	0.00
Total	25.00	8,880.00	4,464.00	13,061.00	23,354.00	3,203.00
% Increase Per Year	0.00	50.00	- 66.00	- 44.00	76.00	0.00
OPERATIONAL EXPENSES						
Salaries	0.00	0.00	0.00	0.00	0.00	0.00
Auto Expense	0.00	0.00	0.00	0.00	0.00	0.00
Utilities Expense	272.00	3,413.00	3,379.00	4,699.00	6,370.00	4,997.00
Depreciation Expense	0.00	0.00	0.00	0.00	0.00	0.00
Repair & Maintenance	67.00	14,689.00	12,941.00	18,447.00	10,472.00	16,201.00
Supplies	0.00	0.00	0.00	0.00	0.00	58.00
Other	2,702.00	0.00	0.00	39.00	911.00	2,136.00
Total	272.00	18,100.00	16,320.00	23,185.00	17,753.00	23,392.00
% Increase Per Year	0.00	10.00	- 30.00	23.00	- 24.00	0.00
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

Part E – Projected Information**PROJECTED BALANCE SHEETS**

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash On hand and start up fees	15,000.00	15,250.00	15,500.00	15,570.00	16,000.00	16,250.00
Accounts Receivable	11,600.00	35,382.00	35,964.00	36,546.00	37,128.00	37,710.00
Inventories	600.00	600.00	600.00	600.00	600.00	600.00
Income Tax Receivable	0.00	0.00	0.00	0.00	0.00	0.00
Other Tap fees	0.00	500.00	500.00	500.00	500.00	500.00
Total	27,200.00	52,732.00	52,564.00	53,396.00	54,228.00	55,060.00
FIXED ASSETS						
Land	2,000.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Collection/Distribution System	120,000.00	120,000.00	120,000.00	120,000.00	120,000.00	120,000.00
Buildings	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Equipment	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Other	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00
Less: Accum. Depreciation or Reserves	0.00	0.00	0.00	0.00	0.00	0.00
Total	247,500.00	248,000.00	248,000.00	248,000.00	248,000.00	248,000.00
TOTAL ASSETS	274,700.00	299,732.00	300,564.00	301,396.00	302,228.00	303,060.00
CURRENT LIABILITIES						
Accounts Payable	0.00	0.00	0.00	0.00	0.00	0.00
Notes Payable, Current	116.00	1,769.00	1,798.00	1,827.00	1,856.00	1,885.00
Accrued Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Total	116.00	1,769.00	1,798.00	1,827.00	1,856.00	1,885.00
LONGTERM LIABILITIES						
Notes Payable, Long-term	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	116.00	1,769.00	1,798.00	1,827.00	1,856.00	1,885.00
OWNER'S EQUITY						
Paid in Capital	0.00	0.00	0.00	0.00	0.00	0.00
Retained Equity	27,200.00	51,732.00	52,564.00	53,396.00	54,228.00	55,060.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Current Period Profit or Loss	0.00	4,300.00	4,300.00	4,300.00	4,300.00	4,300.00
TOTAL OWNER'S EQUITY	274,468.00	297,963.00	298,766.00	299,569.00	300,372.00	301,175.00
TOTAL LIABILITIES AND EQUITY	274,700.00	299,732.00	300,564.00	301,396.00	302,228.00	303,060.00
WORKING CAPITAL	27,084.00	49,963.00	50,766.00	51,569.00	52,373.00	53,175.00
CURRENT RATIO	0.40	3.40	3.40	3.40	3.40	3.40
DEBT TO EQUITY RATIO	4.00	0.60	0.60	0.60	0.60	0.60
EQUITY TO TOTAL ASSETS	1.00	1.00	1.00	1.00	1.00	1.00

Bourland Estates Water Supply Corp.

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps	39	40	41	42	43	43
New Taps Per Year	1	1	1	1	1	
Total Meters at Year End	40	41	42	43	44	44
METER REVENUE						
Fees Per Meter	38 50	40.00	40.00	40.00	40.00	198 50
Cost Per Meter	60.28	60.03	59.79	59.56	59.34	299.00
Operating Revenue Per Meter	67.47	68 27	68.29	68.31	68.33	340.67
GROSS WATER REVENUE						
Fees Base rate	18,018.00	19,680.00	20,160.00	20,640.00	21,120.00	98,618.00
Other Usage fees	13,559.00	13,909.00	14,259.00	14,609.00	14,959.00	71,295.00
Gross Income	31,577.00	33,589.00	34,419.00	35,249 00	36,079 00	170,913.00
OPERATING EXPENSES						
General & Administrative	28,935.00	29,535.00	30,135.00	30,735.00	31,335.00	150,675.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other Critical component reserves						
NET INCOME						

Bourland Estates Water Supply Corp.

PROJECTED EXPENSE DETAIL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	0.00	0.00	0.00	0.00	0.00	0 00
Office Expense	120.00	120.00	120.00	120.00	120.00	600 00
Computer Expense	50.00	50.00	50.00	50.00	50.00	250.00
Auto Expense	0.00	0.00	0.00	0.00	0.00	0.00
Insurance Expense	1,300.00	1,300.00	1,300 00	1,300.00	1,300.00	6,500.00
Telephone Expense	0.00	0.00	0.00	0.00	0.00	0.00
Utilities Expense	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation Expense	0.00	0.00	0.00	0.00	0.00	0.00
Property Taxes	100.00	100.00	100.00	100.00	100.00	500.00
Professional Fees	125.00	125.00	125.00	125.00	125.00	625.00
Other Alarm system	240.00	240.00	240.00	240.00	240.00	240.00
Total	1,935.00	1,935.00	1,935.00	1,935.00	1,935.00	9,675.00
% Increase Per Year	0.00%	0.00%	0.00%	0 00%	0.00%	0.00%
OPERATIONAL EXPENSES						
Salaries	14,400.00	14,400.00	14,400.00	14,400.00	14,400.00	72,000.00
Auto Expense	0.00	0.00	0.00	0.00	0 00	0.00
Utilities Expense	3,800.00	4,000.00	4,200.00	4,400.00	4,600.00	21,000.00
Depreciation Expense	0.00	0.00	0.00	0.00	0.00	0.00
Repair & Maintenance	2,500.00	2,700.00	2,900.00	3,100.00	3,300 00	15,800.00
Supplies	4,200.00	4,400.00	4,600.00	4,800.00	5,000.00	21,800.00
Other Lab fees, TCEQ, Upper Trinity Groundwater	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	10,500.00
Total	27,000.00	27,600.00	28,200.00	28,800.00	29,400.00	141,000.00
% Increase Per Year	0 00%	2.00%	2.00%	2.00%	2.00%	8.00%
ASSUMPTIONS						
Interest Rate/Terms	0.00	0.00	0.00	0.00	0.00	0.00
Utility Cost/gal.						
Depreciation Schedule	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00

Bourland Estates Water Supply Corporation

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income RESERVES	2,642.00	4,054.00	4,284.00	4,514.00	4,744.00	15,724.00
Depreciation (If Funded)	0.00	0.00	0.00	0.00	0.00	0.00
Loan Proceeds	0.00	0.00	0.00	0.00	0.00	0.00
Other	15,000.00	250.00	250.00	250.00	250.00	16,000.00
Total Sources	17,642.00	4,079.00	4,534.00	4,764.00	4,994.00	31,724.00
USES OF CASH						
Net Loss	0.00	0.00	0.00	0.00	0.00	0.00
Principle Portion of Pmts.	0.00	0.00	0.00	0.00	0.00	0.00
Fixed Asset Purchase	0.00	0.00	0.00	0.00	0.00	0.00
Reserve	14,000.00	4,000.00	4,000.00	4,000.00	4,000.00	30,000.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Uses	14,000.00	4,000.00	4,000.00	4,000.00	4,000.00	30,000.00
NET CASH FLOW	3,642.00	79.00	534.00	764.00	994.00	6,013.00
DEBT SERVICE COVERAGE						
Cash Available for Debt LINE OF CREDIT	20,000.00	0.00	0.00	0.00	0.00	0.00
SERVICE (CADS)						
Net Income (Loss)	17,642.00	4,079.00	4,534.00	4,764.00	4,994.00	31,724.00
Depreciation, or Reserve Interest	0.00	0.00	0.00	0.00	0.00	0.00
Total	17,642.00	4,079.00	4,534.00	4,764.00	4,994.00	31,724.00
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest	0.00	0.00	0.00	0.00	0.00	0.00
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS	0.00	0.00	0.00	0.00	0.00	0.00

Part F – TCEQ Public Water or Sewer System Information

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

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

1	8	4	0	1	3	2
---	---	---	---	---	---	---

Date of last inspection: 02/05/16

Exhibit D

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q -

-Name of Permittee:

-Date of application to transfer Discharge Permit submitted:

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

18. A. Are any improvements required to meet TCEQ or PUC standards? ☐ Yes ☒ No. If yes, please explain:

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

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

Description of the Required Improvement	Schedule to Complete	Estimated Cost
None		

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

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

39 Water Sewer

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

Exhibit J, attached

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

• Source: % of total supply:

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

Water				Sewer	
	-Non Metered		-2" meter	-Residential Connection	
39	-5/8" or 3/4" meter		-3" meter	-Commercial Connection	
	-1" meter		-4" meter	-Industrial Connection	
	-1 1/2" meter		-Other	-Other	
Total Water Connections:			39	Total Sewer Connections	

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

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

Name	Class	License#
Weston L. Stephens	C	WG0003634

EXHIBIT E, F, G

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

Attached

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

Part G – Oaths and Notices

OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF TEXAS

COUNTY OF PARKER

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

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

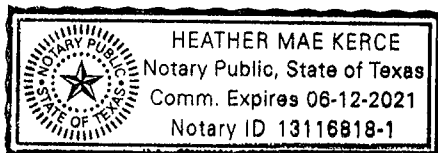
Richard L. Bourland
Richard L. Bourland

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 12th of March, 20 18.

SEAL



Heather mae Kerce
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Heather mae Kerce
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 6-12-2021

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

OATH FOR PURCHASER OR ACQUIRING ENTITY

STATE OF TEXAS

COUNTY OF Parker

I, Lisa Clement, being duly sworn, file this application for

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

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

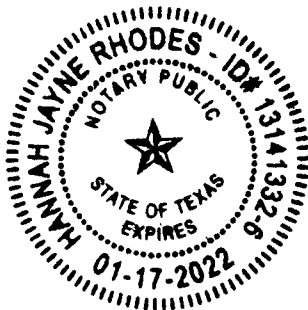

AFFIANT
(Utility's Authorized Representative)

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

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this
day 7 of March, 20 18.

SEAL




NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS


PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 01-17-22

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

Notice to Current Customers, Neighboring Systems and Cities

Bourland Field Development Corporation 'S

(Seller's or Transferor's Name)

NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND**NECESSITY (CCN) NO** 12899 **TO** Bourland Estates Water Supply Corporation

(Purchaser's or Transferee's Name)

IN Parker COUNTY, TEXASTo: _____ Date Notice Mailed _____, 20 18

(Name of Customer, Neighboring System or City)

(Address)_____
City State ZipRichard L. Bourland 2501 Museum Way Apt 711 Ft Worth. TX 76107

Sellers or Transferors' Name

Address

City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell facilities and transfer
water or sewer (please select) CCN No. 12899 in Parker [County Name]

County to:

Bourland Estates Water Supply Corporation 101 Constellation Drive Cresson, TX 76035

Purchasers or Transferee's Name

Address

City/State/Zip Code

The sale is scheduled to take place as approved by the Commission (V.T.C.A., Water Code §13.301). The transaction and the transfer of
the CCN include the following subdivision(s):12899The area subject to this transaction is located approximately 5 miles NE [direction] of
downtown Cresson, [City or Town] Texas, and is **generally** bounded on the north by
Highway 377 ;on the east by _____

;on the south by _____ ;and on the west by _____

The total area being requested includes approximately _____ acres and serves 39 current customers.

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

No Change

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

To request a hearing, you must:

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

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

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

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

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

Lisa D. Clement, President

Utility Representative

Bourland Estates WSC

Utility Name

EXHIBIT A

BFEWSC Customer Contact List March 8, 2018

Customer	Bill to
Babin, Mike	210 Constellation Drive Cresson, TX 76035
Becker, Ron & Theresa	123 Concorde Circle Cresson, TX 76035
BFEHOA	101 Constellation DR Cresson, TX 76035
Blakeney	1225 N. Loop W. Houston, TX 77008
Bourland, Blake & Dorothea	132 Constellation Dr. Cresson, TX 76035
Butt, Bob & Mary Jane	117 Citation Drive Cresson TX 76035
Clement, Jim & Lisa	118 Citation Drive Cresson TX 76035
Cole	120 Constellation Drive, Cresson, TX 76035
Crumblish	198 Constellation Drive Cresson, TX 76035
Cyphert, Kimberly	130 Citation Drive Cresson, TX 76035
Efinger, John	4259 Starlight Dr. N Ft Worth, TX 76126
Ellis, Bob & Chris	163 Constellation Drive Cresson, TX 76035
Garner, Bill & Bancroft, Susan	216 Constellation Drive Cresson TX 76035
Goble, John & Linda	151 Constellation Drive Cresson TX 76035
Hensley, William & Debra	105 Piper Court Cresson, TX 76035
Hoyt	185 Constellation Drive Cresson, TX 76035
James, Andy & Stephanie	122 Concorde Circle Cresson, TX 76035
James, William & Claudene	144 Constellation Drive Cresson TX 76035
Moore, Don	162 Constellation Dr Cresson, TX 76035
Moore, Don	162 Constellation Dr Cresson, TX 76035
Moore, Don	162 Constellation Dr Cresson, TX 76035
Peers, Guy	155 Concorde Circle Cresson, TX 76035
Perdue, Scott & Dana	137 Constellation Drive Cresson TX 76035
Pyles, Ron & Casey	117 Constellation Drive Cresson TX 76035
Reisz, Mike & Carolyn	147 Concorde Circle Cresson TX 76035
Rix, Matt & Natalie	204 Constellation Drive Cresson TX 76035
Rutkowski, Kurt	106 Citation Drive Cresson TX 76035
Schenck, Howard & Susan	123 Constellation Drive Cresson TX 76035
Schultz, Will & Gerry	114 Constellation Dr. Cresson, TX 76035
Seaman, Ken and Susan	111 Citation Dr. Cresson, TX 76035
Skur, Tony and Patricia	156 Constellation Drive Cresson TX 76035
Smith, Toby and Sabra	189 Constellation Drive Cresson TX 76035
Steen, Doug	112 Citation Drive Cresson TX 76035

3:40 PM
03/08/18

BFEWSC
Customer Contact List
March 8, 2018

Customer	Bill to
Sundelius, James & Stovel, Magdalena	160 Constellation Drive Cresson TX 76035
Wallace, Ken & Judy	170 Constellation Drive Cresson TX 76035
Walo, Barry & Doreen	108 Concorde Circle Cresson TX 76035
Way, Brian	135 Concorde Circle Cresson TX 76035
Whitehead, John & BJ	100 Flagship Court Cresson, TX 76035
Williams, Terry & Pam	158 Concorde Circle Cresson, TX 76035 BLK4 LOT1

EXHIBIT B

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Rolando B. Pablos
Secretary of State

Office of the Secretary of State Packing Slip

February 20, 2018
Page 1 of 1

Bourland Field Estates HOA
101 Constellation Dr
Cresson, TX 76035

Batch Number: 79413192
Client ID: 643780543

Batch Date: 02-12-2018
Return Method: Mail

MTBUT12 @ JMAK.COM

Document Number	Document Detail	Number / Name	Page Count	Fee
794131920005	Certificate of Formation	Bourland Estates Water Supply Corporation	0	\$25.00
			Total Fees:	\$25.00

Payment Type	Payment Status	Payment Reference	Amount
Check	Received	1073	\$25.00
			Total: \$25.00

Total Amount Charged to Client Account: \$0.00
(Applies to documents or orders where Client Account is the payment method)

Note to Customers Paying by Client Account: This is not a bill. Payments to your client account should be based on the monthly statement and not this packing slip. Amounts credited to your client account may be refunded upon request. Refunds (if applicable) will be processed within 10 business days.

User ID: KGUNDERSON



Office of the Secretary of State

February 20, 2018

Bourland Field Estates HOA
101 Constellation Dr
Cresson, TX 76035 USA

RE: Bourland Estates Water Supply Corporation
File Number: 802940641

It has been our pleasure to file the certificate of formation and issue the enclosed certificate of filing evidencing the existence of the newly created nonprofit corporation.

Nonprofit corporations do not automatically qualify for an exemption from federal and state taxes. Shortly, the Comptroller of Public Accounts will be contacting the corporation at its registered office for information that will assist the Comptroller in setting up the franchise tax account for the corporation. Information about franchise tax, and contact information for the Comptroller's office, is available on their web site at <http://window.state.tx.us/taxinfo/franchise/index.html>. For information on state tax exemption, including applications and publications, visit the Comptroller's Exempt Organizations web site at <http://window.state.tx.us/taxinfo/exempt/index.html>. Information on exemption from federal taxes is available from the Internal Revenue Service web site at www.irs.gov.

Nonprofit corporations do not file annual reports with the Secretary of State, but do file a report not more often than once every four years as requested by the Secretary. It is important for the corporation to continuously maintain a registered agent and office in Texas as this is the address to which the Secretary of State will send a request to file a periodic report. Failure to maintain a registered agent or office in Texas, failure to file a change to the agent or office information, or failure to file a report when requested may result in the involuntary termination of the corporation. Additionally, a nonprofit corporation will file documents with the Secretary of State if the corporation needs to amend one of the provisions in its certificate of formation. If we can be of further service at any time, please let us know.

Sincerely,

Corporations Section
Business & Public Filings Division
(512) 463-5555
Enclosure
SOS794131920005-0



AMZ



Office of the Secretary of State

CERTIFICATE OF FILING OF

Bourland Estates Water Supply Corporation
File Number: 802940641

The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Nonprofit Corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 02/12/2018

Effective: 02/12/2018



A handwritten signature in black ink, appearing to read "R. Pablos".

Rolando B. Pablos
Secretary of State

FEB 12 2018

ARTICLES OF INCORPORATION

Corporations Section

OF

Bourland Estates

WATER SUPPLY CORPORATION

THE STATE OF TEXAS

COUNTY OF **Parker**

KNOW ALL MEN BY THESE PRESENTS:

WE, the undersigned natural persons of the age of eighteen (18) 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 **Bourland Estates** Water
Supply Corporation.

ARTICLE II

The Corporation is a non-profit corporation organized under Texas Water Code Chapter 67, as amended, and as supplemented by the Texas Business Organizations Code, as amended, and is authorized to exercise 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, sewer service, or both, for a municipality, a private corporation, or individual residing in the rural community of Cresson, Texas, and the surrounding rural areas. The places where the business of the Corporation is to be transacted shall be the Bourland Field Estates community in Parker County, Texas, and the surrounding rural areas.

ARTICLE V

The street address of the initial registered office of the Corporation is 117 Citation Drive Cresson, TX 76035, and the name of its initial registered agent at such address is Robert E. Butt.

ARTICLE VI

The number of directors constituting the initial Board of Directors of the corporation is five (5), and the name and address of the persons who are to serve as the initial directors are:

NAME	ADDRESS	CITY
Mary Jane Butt	117 Citation Drive	Cresson, TX 76035
Lisa Clement	118 Citation Drive	Cresson, TX 76035
Kenny Seaman	111 Citation Drive	Cresson, TX 76035
Ron Pyles	117 Constellation Drive	Cresson, TX 76035
Mark Crumblish	198 Constellation Drive	Cresson, TX 76035

ARTICLE VII

No director shall be liable to the Corporation or to the Corporation's membership for monetary damages for any act or omission in the director's capacity as a director of the Corporation, except and unless the director shall be found liable for a breach of the director's duty of loyalty to the Corporation or the Corporation's membership; an act or omission not in good faith that constitutes a breach of the director's duty to the Corporation or an act or omission that involves intentional misconduct or a knowing violation of the law on the part of the director; a transaction from which the director receives an improper benefit, whether or not the benefit results from an action taken within the scope of the director's office; or an act or omission for which the liability of the director is expressly provided by Texas law.

ARTICLE VIII

The name and street address of each incorporator is:

NAME	ADDRESS	CITY
Mary Jane Butt	117 Citation Drive	Cresson, TX 76035
Lisa Clement	118 Citation Drive	Cresson, TX 76035
Kenny Seaman	111 Citation Drive	Cresson, TX 76035
Ron Pyles	117 Constellation Drive	Cresson, TX 76035
Mark Crumblish	198 Constellation Drive	Cresson, TX 76035

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

ARTICLE IX

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

IN WITNESS WHEREOF, we have hereunto set our hands, this the 8th day of February, 2018.

Mary Jane Butte
Lisa S. Clark
Kim J. Seaman
Ronette H. Hester
[Signature]

THE STATE OF TEXAS

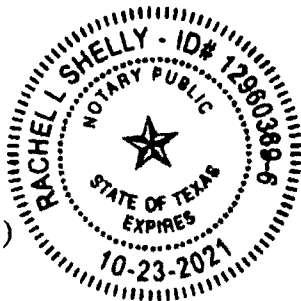
COUNTY OF Parker

I, Rachel Shelly, a Notary Public, do hereby certify that on this
8th day of February, 2018, personally appeared before me:
Lisa Clements, Mark Crumblish, Ronald Pyles, Mary Jane Butt
Kenny J. Seaman

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.

(Notarial Seal)



Rachel L. Shelly
Notary Public
State of Texas

EXHIBIT C

BYLAWS
of
Bourland Estates WATER SUPPLY CORPORATION

Bylaws of Bourland Estates Water Supply Corporation, having been presented to the Board of Directors of said Corporation and duly adopted as follows:

ARTICLE I

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

ARTICLE II

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

ARTICLE III

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

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

ARTICLE IV

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

Section 2. The Board of Directors shall consist of 5 Directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter on 3rd Wednesday of January¹, the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer from among the Directors. The Directors shall be elected by the Members at the Members' meetings provided for in Article VI of the Bylaws. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. The terms of the Directors of the first class shall expire at the first annual meeting of the Members after their election; the terms of the Directors of the second class shall expire at the second annual meeting after their election; and terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires at the

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

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

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

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

Section 4. The President of the Board, or Vice-President, shall preside at any meeting of the Members convened to consider removal of a Director as provided under Section 2, unless the President is the subject of charges, in which event the Vice-President shall preside. In the event

both the President and the Vice-President are the subject of charges, those Directors who are not the subject of any charges shall appoint one of the other Directors to preside over the meeting. Any meeting convened to consider the removal of a Director shall be conducted in accordance with the procedures prescribed by the Board. The fact that the President, Vice-President, or other Officer or Director has been made the subject of charges does not prevent such individual from continuing to act as Officer and/or Director. Any Director that has been removed under the provisions of this Article shall not be precluded from subsequent election to a position on the Board of Directors.

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

ARTICLE V

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

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

Membership meeting, at which time the general Membership shall elect a successor for the balance of the term.

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

Section 4. The Board of Directors may, upon lawful notice to the public, meet in executive session when permitted, in the manner and for such limited purposes as provided for in the Texas Open Meetings Act, as amended, and for no other reason. All proceedings of any meeting at which a quorum of Directors is present to discuss the business of the Corporation shall be recorded in the manner required by the Texas Open Meetings Act.

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

accountants, or other persons provided the Directors reasonably believes such matters to fall within such person's professional or expert competence. Nevertheless, Directors must disclose any knowledge they may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

ARTICLE VI

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

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

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

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

Section 3. The Board shall select an independent election auditor not later than thirty (30) days before the scheduled date of a Membership meeting where an election will be held. The independent election auditor is not required to be an experienced election judge or auditor and may serve as an unpaid volunteer. At the time of selection and while serving in the capacity of an independent election auditor, the independent election auditor may not be associated with the Corporation as an employee; a director or candidate for director; or an independent contractor engaged by the Corporation as part of the Corporation's regular course of business. The independent election auditor shall receive and count the ballots before the meeting is adjourned. The independent election auditor shall provide the board with a written report of the election results.

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

A quorum for the transaction of business at a meeting of the Membership is a majority of the members present. In determining whether a quorum is present, all members who mailed or delivered ballots to the independent election auditor or the Corporation on a matter submitted to a vote at the meeting are counted as present.

Section 5. The Board of Directors shall establish a standing Credentials Committee of three (3) Members, of which the Secretary-Treasurer shall be the chairperson. This committee shall at no time have sufficient board members appointed to constitute a quorum of the Board of Directors. This committee, in accordance with procedures adopted by the Board under Section 2, shall recommend for Board approval the election procedures and all related forms and notices, recommend for Board approval a person to fill the role of independent election auditor, ensure that the election procedures are implemented, and serve other functions designated in the Corporation's election procedures. Should the individual holding the office of Secretary-

Treasurer be running for re-election, the Board shall appoint an officer not currently running for re-election to serve as chairperson of this committee.

Section 6. After fixing a date for the notice of a meeting, the Board of Directors shall prepare an alphabetical list of the names of all voting members who are entitled to vote as of the record date of the meeting. The list must show the address of each voting member. No later than two (2) business days after the date notice is given of the meeting, and continuing through the meeting, the list of voting members must be available for inspection by any member entitled to vote at the meeting for the purpose of communication with other members concerning the meeting at the Corporation's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. Any voting Member, or voting Member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and at their expense, copy the list. Further, the Board shall make the list of voting Members available at the meeting, and shall allow inspection of such list by any voting Member or voting Member's agent or attorney at any time during the meeting, including any adjournments thereof.

ARTICLE VII

A special meeting of the Members or Directors may be called by the President, or by demand by a majority of the board members or one-third (1/3) of the Members. Such special meetings shall be held upon giving notice as required by the Texas Open Meetings Act.

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

Emergency meetings of the Directors may be held on rare occasions and only when clearly authorized by the Texas Open Meetings Act. Notice of such emergency meeting shall be provided under Article V of the Bylaws and the Texas Open Meetings Act, at least two hours before the meeting is convened. It shall be the responsibility of the President, or a designee of that office, to ensure that proper notice is posted and Directors are properly notified. In no event shall any emergency meeting of the Directors be convened where the business of such meeting could be considered at a regular or special meeting of the Directors receiving at least seventy-two (72) hours notice as provided under Article V of these Bylaws.

ARTICLE VIII

The Corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid and, provided also, that the Directors of the Corporation may allocate to sinking fund(s) and reserve accounts such amount of profits as they deem necessary for maintenance, operation, capital improvements, expansions and replacements of all facility components, as provided by Section 67.008 (d) of the Texas Water code. Funds allocated by the Board to a sinking fund for replacement, amortization of debts, and the payment of interest that are not required to be spent in the year in which deposited shall be invested in accordance with the provisions of Section 67.014 (b) of the Texas Water Code.

ARTICLE IX

The Directors of the Corporation shall establish and maintain, so long as the Corporation is indebted to the Government, in an institution insured by the State or Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the Corporation.

Securities so purchased shall be deemed at all times to be part of the reserve fund account. There shall be deposited in such fund the sum as required by a total of all loan resolutions executed by the Corporation. Such deposits shall be made monthly and shall continue until the total amount deposited equals the sum as required by the executed loan resolutions provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

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

ARTICLE X

Section 1. The Corporation shall have Members as defined by the Texas Water Code. All customers of the Corporation must hold a Membership or obtain their service through a Membership. A person or entity that holds an interest in property solely as security for the performance of an obligation or that only builds on or develops the property for sale to others is not required to hold a Membership as a condition to receive service on a limited basis. Every person (which includes any legal entity) owning or having a legal right to the control, possession or occupancy of property served, or which may reasonably be served by the Corporation, shall have the right to become a Member of the Corporation upon payment of the Membership fee hereinafter provided and upon compliance with the Corporation's conditions of water service as provided for in its published charges, rates and conditions of service.

Membership shall not be denied because of the applicant's race, color, religion, sex, age, marital status, familial status, handicap, income from Public Assistance, disability or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis.

Section 2. The Membership fee shall be as determined by the Board of Directors. Payment of Membership fee or transfer of Membership shall entitle an applicant to further qualify for one (1) connection to the system or shall entitle a transferee of Membership to continue to qualify for service to an existing connection to the system by meeting the conditions

for water 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 USDA Rural Development, RUS. Membership fees will be non refundable.

ARTICLE XI

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

ARTICLE XII

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

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

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

(c) The transfer of stock, Membership, or another right of participation under this section does not entitle the transferee to water 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 persons or other entity's stock, Membership, or other right of participation if the person or other entity fails to meet the conditions for water 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 cancelled Membership, or other right of participation to any person or entity that has legal title to the real estate from which the canceled Membership or other right of participation arose and for which water 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 here-in-above provided, the consideration for the transfer of any Membership in the Corporation from the original Members, their transferees, pledges, administrators or executors, or other persons, shall never exceed the amount of the original costs of such Membership. No gain or profit shall ever be realized from the sale or transfer of a Membership.

ARTICLE XIII

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

ARTICLE XIV

Notwithstanding the ownership of a Membership certificate, all Members shall be billed, disconnected, or reconnected, and otherwise shall receive service in accordance with the written policies of the Corporation, including the tariff of the Corporation. In the event a member should surrender the Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water 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. Any remaining balance from the membership fee will be refunded to the former member. In the event Membership is terminated, cancelled,

withdrawn, or surrendered, whether voluntarily or involuntarily, the former Member's rights and interest in the assets of the Corporation will not be forfeited.

ARTICLE XV

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation shall be distributed among the Members and former Members in direct proportion to the amount of their patronage (1) 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 or wastewater service, or both, that is exempt from ad valorem taxation. By application for and acceptance of membership in the Corporation, each Member grants the Corporation's Board of Directors that Member's permission to execute all instruments and documents necessary to effectuate such transfers in order to preserve the Corporation's statutory rights to exemption from income and ad valorem taxation.

ARTICLE XVI

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

ARTICLE XVII

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

ARTICLE XVIII

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

Section 2. In the event a Member should surrender their Membership certificate properly endorsed by the Secretary-Treasurer of the Corporation, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of surrender of the Membership certificate provided, however, that this paragraph and the second sentence of Article XIV shall not apply to relieve a Member of their obligation under special arrangements covering Multiple Membership certificates held by one Member which may have been required or approved by the USDA Rural Development, RUS.

ARTICLE XIX

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Members, Board of Directors, and committees, and shall keep a record of the name and addresses of its Members entitled to vote at its registered office or principle office in Texas.

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

With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Public Information Act, Chapter 552, Texas Government Code, including any amendments thereto, shall be available for public inspection and copying by the public or their duly authorized representatives during normal business hours subject to a reasonable charge for the preparation of copies.

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

ARTICLE XX

These Bylaws may be altered, amended, or repealed by a vote of a majority of the Members voting at any regular meeting of the Members, or at any special meeting of the Members called for that purpose, except that the Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any Member of rights and privileges then existing, or so to amend the Bylaws as to effect a fundamental change in the intents and purposes of the Corporation. Notice of any amendment to be made at a special meeting of the Members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered. For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the USDA Rural Development, RUS, or its successor agencies and assigns, these Bylaws shall not be altered, amended, or repealed without the prior written consent of the State Director of the USDA Rural Development, RUS, for the State of Texas.

ARTICLE XXI

The seal of the Corporation shall consist of a circle within which shall be inscribed
“Bourland Estates _____ WATER SUPPLY CORPORATION.”

ARTICLE XXII

The Corporation pledges its assets for use in performing the functions of the corporation
as provided by law and the Corporation’s Articles of Incorporation.

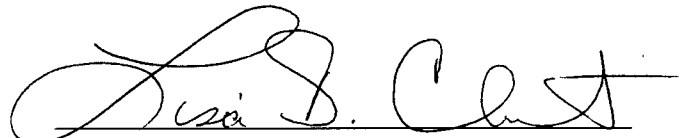
ARTICLE XXIII

If newly formed Corporation:

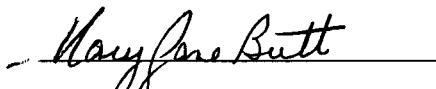
The above Bylaws were adopted by a majority vote of the initial Board of Directors of the
Bourland Estates _____ Water Supply Corporation, at a meeting held on the 8th day of
February _____, 2018.

If an existing Corporation:

The above Bylaws were adopted as amended by the Members of the
Bourland Estates _____ Water Supply Corporation, at a meeting held on the 12th day of
February _____, 2018.


President

Attest:


Secretary-Treasurer

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



EXHIBIT D

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 6, 2016

Mr. Richard Bourland, Owner
B F E Development Corp.
2501 Museum Way Apt. 711
Fort Worth, TX 76107-3097

Re: Public Water Supply Comprehensive Compliance Investigation at:
B F E Water, 17611 Hwy 377, Cresson, Parker County, Texas
RN 101264075, PWS ID No. 1840132, Investigation No. 1313771

Dear Mr. Bourland:

On February 5, 2016, Mr. Daniel Hernandez of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Regional Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Mr. Hernandez in the D/FW Regional Office at (817)588-5844.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Marshall".

Charles Marshall
Team Leader, Public Water Supply Program
D/FW Regional Office

A circular stamp, likely a date or processing stamp, with some illegible text inside.

CM/dh

Enclosure: Summary of Investigative Findings

Summary of Investigation Findings

B F E WATER

Investigation #

1313771

Investigation Date: 02/05/2016

, PARKER COUNTY,

Additional ID(s): 1840132

ALLEGED VIOLATION(S) NOTED AND RESOLVED

Track No: 488091

30 TAC Chapter 290.42(e)(2)

30 TAC Chapter 290.42(e)(3)

Alleged Violation:

Investigation: 1054666

Comment Date: 01/18/2013

Failure to provide continuous disinfection of the groundwater prior to storage.

During the comprehensive compliance investigation on December 13, 2012, it was noted that the chemical feed pump operated on a variable run time setting. This allows for the chemical feed pump to stop injecting disinfectant even while the groundwater well is still pumping water to the ground storage facilities.

30 TAC 290.42(e)(2) states all groundwater must be disinfected prior to distribution. The point of application must be ahead of the water storage tank(s) if storage is provided prior to distribution. Permission to use alternate disinfectant application points must be obtained in writing from the executive director.

30 TAC 290.42(e)(3) states disinfection equipment shall be selected and installed so that continuous and effective disinfection can be secured under all conditions.

Investigation: 1313771

Comment Date: 04/22/2016

Failure to provide continuous disinfection of the groundwater prior to storage.

During the comprehensive compliance investigation on December 13, 2012, it was noted that the chemical feed pump operated on a variable run time setting. This allows for the chemical feed pump to stop injecting disinfectant even while the groundwater well is still pumping water to the ground storage facilities.

30 TAC 290.42(e)(2) states all groundwater must be disinfected prior to distribution. The point of application must be ahead of the water storage tank(s) if storage is provided prior to distribution. Permission to use alternate disinfectant application points must be obtained in writing from the executive director.

30 TAC 290.42(e)(3) states disinfection equipment shall be selected and installed so that continuous and effective disinfection can be secured under all conditions.

Recommended Corrective Action: Provide continuous disinfection of the groundwater which is applied prior to the ground storage tank. Submit a letter and description of the actions taken to the TCEQ Region 4 Office to document that the alleged violation has been corrected.

Resolution: A new Stenner pump was installed to feed chlorine into the system.

Track No: 488092

30 TAC Chapter 290.46(s)(1)

Alleged Violation:

Investigation: 1054666

Comment Date: 01/18/2013

Failure to calibrate the well meter at least once every three years.

During the comprehensive compliance investigation on December 13, 2012, it was noted that the well meter had gone an unknown amount of time without being calibrated, replaced, or checked for accuracy. No calibration records for the well were maintained on file.

30 TAC 290.46(s)(1) states well meters required by 30 TAC 290.41(c)(3)(N) shall be calibrated at least once every three years.

Investigation: 1313771

Comment Date: 04/22/2016

Failure to calibrate the well meter at least once every three years.

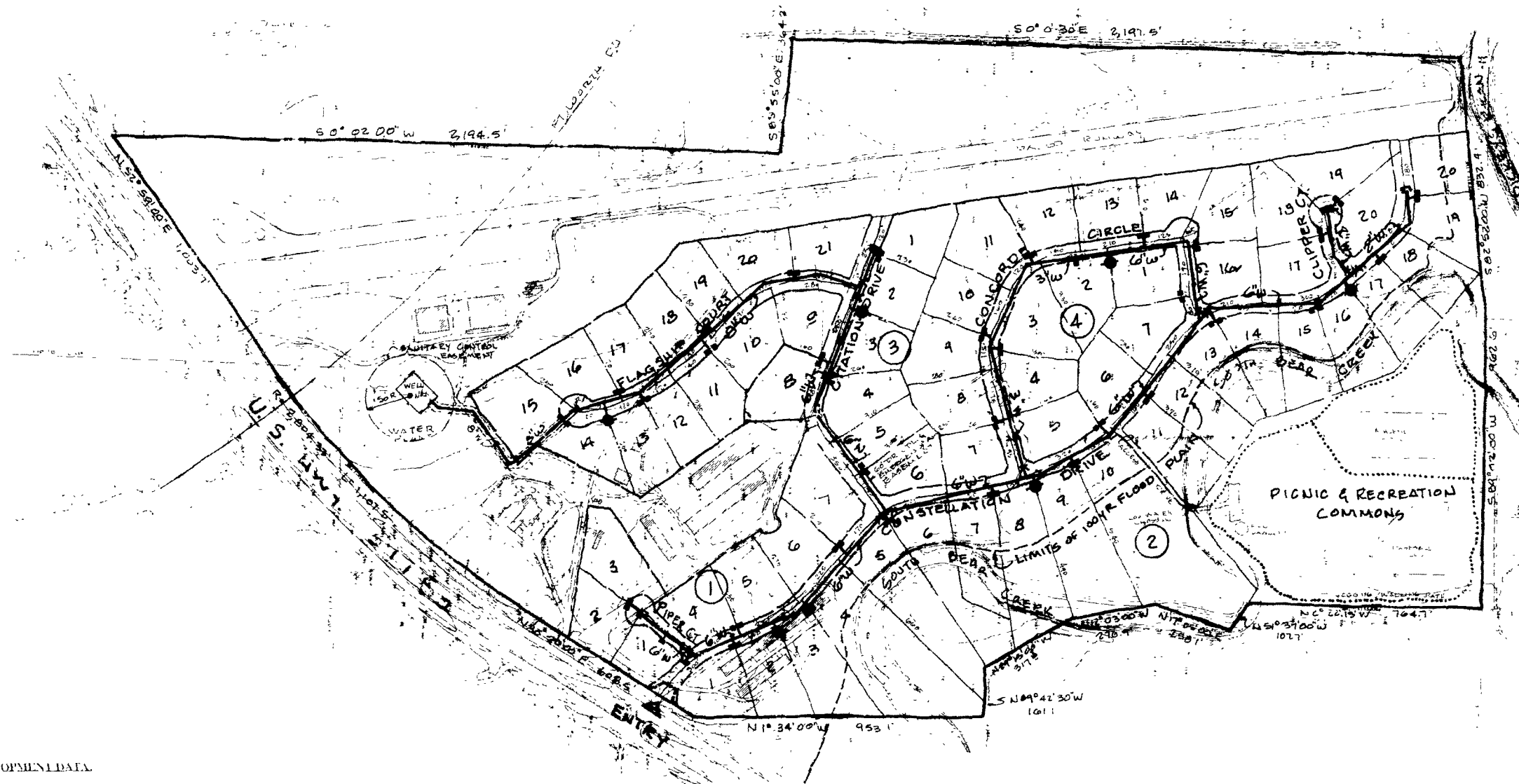
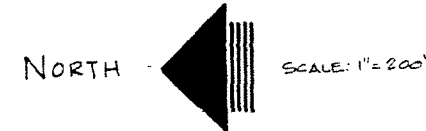
During the comprehensive compliance investigation on December 13, 2012, it was noted that the well meter had gone an unknown amount of time without being calibrated, replaced, or checked for accuracy. No calibration records for the well were maintained on file.

30 TAC 290.46(s)(1) states well meters required by 30 TAC 290.41(c)(3)(N) shall be calibrated at least once every three years.

Recommended Corrective Action: Calibrate the well meter or conduct an accuracy check on the meter to ensure proper operation. If an accuracy check is performed and the percent error is greater than plus or minus five percent, the meter must be calibrated. If an accuracy check is performed with acceptable results, provide a copy of the accuracy check which must include the date, instrument used for the accuracy check, percent error, and results. If the meter is calibrated, please submit a copy of the calibration certification. If replaced with a new meter, please send a copy of the purchase receipt and calibration certification from the manufacturer. Submit the required documentation and a letter stating the corrective actions taken by the water system to the TCEQ Region 4 Office.

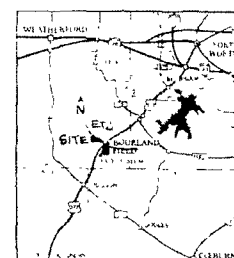
Resolution: During the comprehensive compliance investigation on February 5, 2016, it was noted that the well meter had been checked for accuracy and calibrated.

EXHIBIT F



PROPOSED DEVELOPMENT DATA

1. ZONING THE PROJECT IS IN PARKER COUNTY AND A PORTION OF GORE COUNTY, TEXAS. THERE IS NO ZONING.
2. LAND USE THE PROPOSED DEVELOPMENT IS FOR SINGLE FAMILY RESIDENTIAL AND COMMERCIAL.
3. MINIMUM LOT SIZE 1 ACRE
4. MINIMUM LOT SIZE 1 ACRE
5. AREA IN ROADS 95 ACRES
6. STREET DRAINAGE STREET IS TO BE CONSTRUCTED TO MEET OR EXCEED PARKER COUNTY STANDARDS. DRAINAGE TO BE PROVIDED BY EXISTING CREEKS, DRAINS, OPEN DITCHES, AND ARTIFICIAL SWALES.
7. WATER SOURCE PRIVATE WATER SYSTEM (STATE APPROVED)
8. WASTE DISPOSAL PRIVATE AEROBIC SYSTEMS WILL BE REQUIRED FOR ALL LOTS. SYSTEMS TO BE APPROVED BY PARKER COUNTY HEALTH DEPARTMENT.



LEGEND:

- WATER MAIN
- X— GATE VALVE
- +— FIRE HYDRANT
- T— DOUBLE SERVICE
- |— SINGLE SERVICE

Gregory W. Dickens
2-14-98

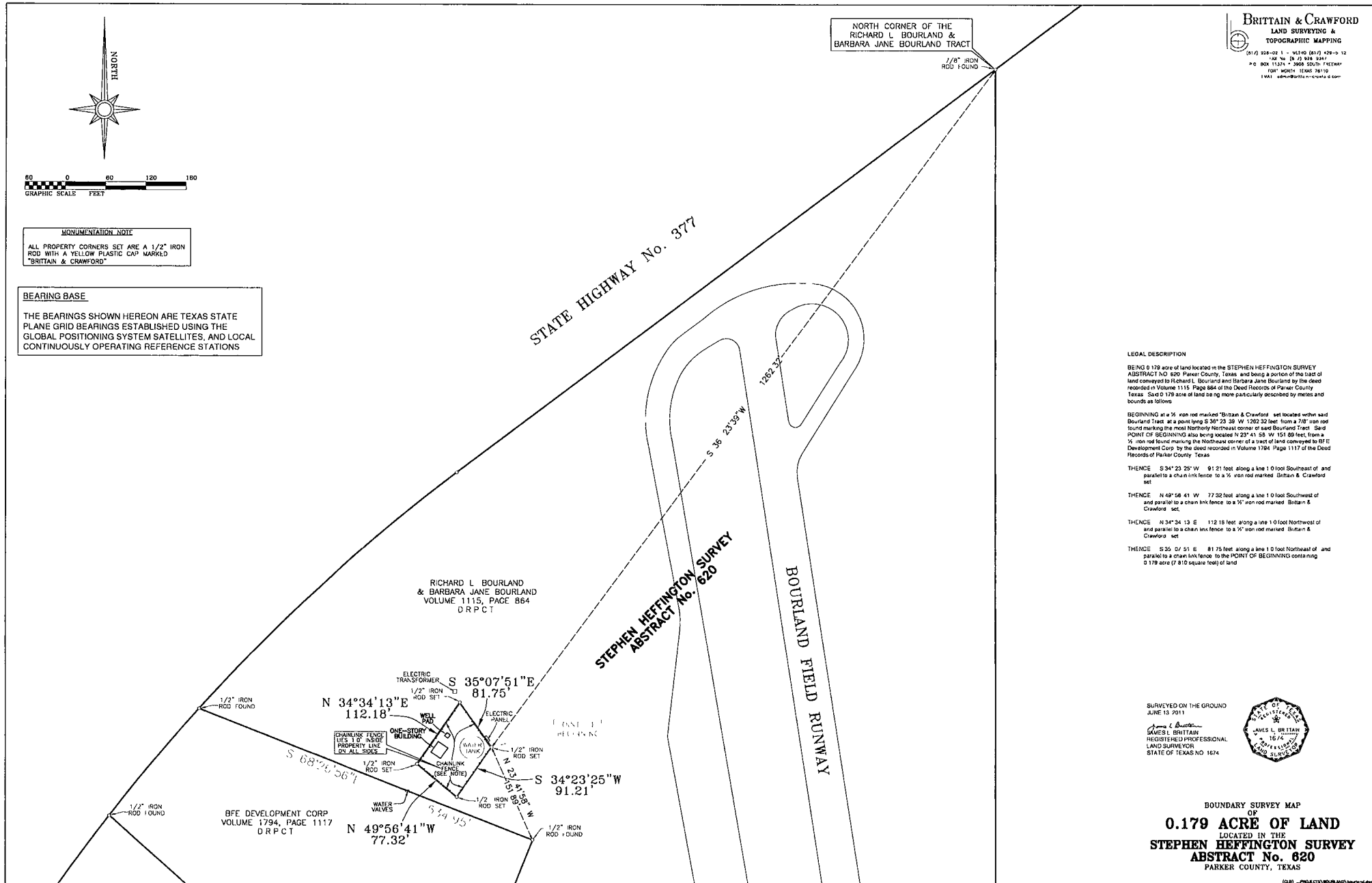
BFE WATER COMPANY PROPOSED WATER SYSTEM LAYOUT

FOR
BOURLAND FIELD ESTATES
PARKER COUNTY, TEXAS

MARCH 1998

DICKENS CONSULTING, INC.
GREGORY W. DICKENS, P.E.

EXHIBIT G



SECTION 1.0 -- RATE SCHEDULE**Section 1.01 - Rates**

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$38.50</u> (Includes- 0- gallons)	<u>\$3.22</u> per 1000 gallons for first 5,000 gallons
1"	<u>\$96.25</u>	<u>\$3.72</u> per 1000gallons up to 15,000 gallons <u>\$4.22</u> per 1000 gallons There after
1 1/2 "	<u>\$192.50</u>	
2"	<u>\$308.00</u>	
3"	<u>\$637.20</u>	

FORM OF PAYMENT: The utility will accept the following form(s) of payment:

Cash X, Check X, Money Order X, Credit Card _____, Other (specify) _____

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT 1.0%

TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY WATER SERVICE BILL.

Section 1.02 -- Connection and Miscellaneous Fees

TAP FEE \$500.00

TAP FEE COVERS THE UTILITY'S COST FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. (AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.)

TAP FEE (Unique costs) Actual Cost

FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter)..... Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEE Actual Relocation Cost

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER TEST FEE \$25.00

THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non payment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request that service be disconnected..... \$40.00

TRANSFER FEE \$35.00

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (WHICHEVER IS GREATER) \$5.00 or 10% of bill

TCEQ RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE \$25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) \$50.00**COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL****GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE \$ (Below)**

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [30 TAC 291.21(K)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES \$ (Below)

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.



WATER UTILITY TARIFF

Docket Number: _____

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

Bourland Estates Water Supply Corporation
(Utility Name)

101 Constellation Drive
(Business Address)

Cresson, TX 76035
(City, State, Zip Code)

951-283-4076
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity: 12899

This tariff is effective in the following counties: Parker

This tariff is effective in the following cities or unincorporated towns (if any):

Cresson, TX

This tariff is effective in the following subdivisions or public water systems:

Bourland Field Estates

TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

SECTION 1.0-RATE SCHEDULE	2
SECTION 2.0- SERVICE RULES AND POLICIES	4
SECTION 3.0- EXTENSION POLICY	13
APPENDIX A - DROUGHT CONTINGENCY PLAN	18
APPENDIX B- APPLICATION FOR SERVICE	19

Note: Appendix A – Drought Contingency Plan (DCP) is approved by the Texas Commission on Environmental Quality; however, the DCP is included as part of your approved utility tariff pursuant to PUC rules. If you are establishing a tariff for the first time, please contact the TCEQ to complete and submit a DCP for approval.

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Meter Size	Monthly Minimum Charge	Gallonage Charge
5/8" or 3/4"	\$ <u>38.50</u> (Includes gallons)	\$ <u>3.22</u> per 1000 gallons, 1 st <u>5000</u> gallons
1"	\$ <u>96.25</u>	\$ <u>3.72</u> per 1000 gallons, next <u>5001-15K</u> gallons
1½ "	\$ <u>192.50</u>	\$ <u>4.22</u> per 1000 gallons thereafter
2"	\$ <u>308.00</u>	
3"	\$ <u>637.20</u>	
4"	\$ _____	

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash x Check x Money Order x Credit Card Other (specify _____)

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT 1.0%

PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND REMIT THE FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fee

TAP FEE \$ 500.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique Costs) Actual Cost

FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large Meter) Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED

METER TEST FEE \$ 25.00

THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

SECTION 1.0 – RATE SCHEDULE (Continued)

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Nonpayment of bill (Maximum \$25.00) \$ 25.00
- b) Customer's request that service be disconnected \$ 40.00
- c) _____ \$ _____

TRANSFER FEE

\$ 25.00

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)

\$5 or 10% of bill

PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE

\$ 25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)

\$ 50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT

1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

\$ below

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [P.U.C. SUBST. R. 24.21(k)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES: \$ below

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or commission rules relating to Water and Wastewater Utility regulations, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.01 - Application for Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

Section 2.02 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the PUC Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that a complaint may be filed with the commission.

Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected

(A) Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with PUC Rules.

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the deposit at any time prior to termination of utility service but must refund the deposit plus interest for any residential customer who has paid 18 consecutive billings without being delinquent.

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by P.U.C. SUBST. R. 24.86(a)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.04 - Utility Response to Applications for Service

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and utility cut-off valve and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

Except for good cause where service has previously been provided, service will be reconnected within one working day after the applicant has met the requirements for reconnection.

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

No direct connection between a public water supply system and any potential source of contamination or between a public water supply system and a private water source (ex. private well) will be allowed. A customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises.

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality (TCEQ) Rules and Regulations for Public Water Systems, Section 290.46(j). The utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in Title 30 Texas Administrative Code (TAC) §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required.

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in 30 TAC §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.08 - Access to Customer's Premises

The utility will have the right of access to the customer's premises at all reasonable times for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours and the utility personnel will attempt to notify the customer that they will be working on the customer's property. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

All customers or service applicants shall provide access to meters and utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

Section 2.09 - Meter Requirements, Readings, and Testing

One meter is required for each residential, commercial, or industrial connection. All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers.

Meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

SECTION 2.0 -- SERVICE RULES AND POLICIES(Continued)

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

Section 2.10 - Billing

(A) Regular Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

Each bill will provide all information required by the PUC Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

(D) Prorated Bills

If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

Section 2.11- Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection

(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the PUC Rules.

B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the PUC Rules.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition.

Service will be reconnected within 36 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

Section 2.14 - Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the TCEQ, the utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Water Systems.

Section 2.16 - Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through either the TCEQ or PUC complaint process, depending on the nature of the complaint. Pending resolution of a complaint, the commission may require continuation or restoration of service.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the commission.

Section 2.17 - Customer Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

SECTION 3.0--EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES: NO CONTRIBUTION IN AID OF CONSTRUCTION MAY BE REQUIRED OF ANY CUSTOMER EXCEPT AS PROVIDED FOR IN THIS APPROVED EXTENSION POLICY.

The utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the utility and the applicant, in compliance with PUC rules and policies, and upon extension of the utility's certified service area boundaries by the PUC.

The applicant for service will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

The utility is not required to extend service to any applicant outside of its certificated service area and will only do so under terms and conditions mutually agreeable to the utility and the applicant, in compliance with PUC rules and policies, and upon extension of the utility's certificated service area boundaries by the PUC.

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the additional cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Unless an exception is granted by the TCEQ, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the TCEQ if:

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

If an exception is granted by the TCEQ, the utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

SECTION 3.0 -- EXTENSION POLICY (Continued)

The utility will bear the full cost of any over-sizing of water mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional production, storage, or treatment facilities. Contributions in aid of construction may not be required of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

Section 3.03 - Contributions in Aid of Construction

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with TCEQ minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or TCEQ minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction for the actual costs of any additional facilities required to maintain compliance with the TCEQ minimum design criteria for water production, treatment, pumping, storage and transmission.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of P.U.C. SUBST. R. 24.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by P.U.C. SUBST. R. 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

A utility may only charge a developer standby fees for unrecovered costs of facilities committed to a developer's property under the following circumstances:

- Under a contract and only in accordance with the terms of the contract; or
 - if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utilities approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.
- for purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located.

Section 3.05 - Applying for Service

The utility will provide a written service application form to the applicant for each request for service received by the utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. Service application forms will be available at the utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the utility. If no agreement on location can be made, the applicant may refer the matter to the PUC for resolution.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.06 - Qualified Service Applicant

A "qualified service applicant" is an applicant who has: (1) met all of the utility's requirements for service contained in this tariff, PUC rules and/or PUC order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

The utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by PUC rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUC rules.

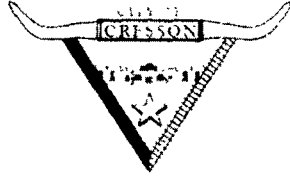
Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, the utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.

APPENDIX A – DROUGHT CONTINGENCY PLAN (Utility Must Attach TCEQ-Approved Plan)

**APPENDIX B -- APPLICATION FOR SERVICE
(Utility Must Attach Blank Copy)**

EXHIBIT J



City of Cresson

P.O. Box 619

Cresson, Texas 76035

Bourland Estates Water Supply Company

Bourland Field Estates

Cresson, TX 76035

To Whom It May Concern:

The city of Cresson has no objection to Bourland Field Estates forming their own water supply company within the city limits of Cresson.

If you have any questions, please call 817-396-4729.

Sincerely,

A handwritten signature in black ink, appearing to read 'W.R. Cornett', with a long horizontal flourish extending to the right.

W.R. Cornett

Mayor

EXHIBIT E

Bourland Estates Water Supply Corporation

