

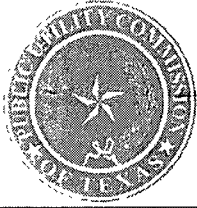


Control Number: 49178



Item Number: 1

Addendum StartPage: 0



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

Pursuant to Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.109

Sale, Transfer, or Merger (STM) Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, the Applicant should:
 - i. Provide an answer to every question and submit any required attachment applicable to the STM request (i.e., agreements or contracts).
 - ii. Use attachments or additional pages to answer questions as necessary. If you use attachments or additional pages, reference their inclusion in the form.
 - iii. Provide all mapping information as detailed in Part G: Mapping & Affidavits.

- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
 - i. **SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (**NOTE: Electronic documents may be sent in advance of the paper copy, however they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records.**)

- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
 - i. **DEFICIENT (Administratively Incomplete):** Applicants will be ordered to provide information to cure the deficiencies by a certain date, usually 30 days from ALJ's order. *Application is not accepted for filing.*
 - ii. **SUFFICIENT (Administratively Complete):** Applicants will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. *Application is accepted for filing.*

- IV. Once the Applicants issue notice, a copy of the actual notice sent and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may request a hearing on the merits.

HEARING ON THE MERITS: An affected party may request a hearing within 30 days of notice. In this event, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.

- V. **TRANSACTION TO PROCEED:** at any time following the provision of notice, or prior to 120 days from the last date that proper notice was given, Commission Staff will file a recommendation for the transaction to proceed as proposed or recommend that the STM be referred to SOAH for further investigation. The Applicants will be required to file an update in the docket to the ALJ every 30 days following the approval of the transaction. The transaction must be completed within six (6) months from the ALJ's order (Note: The Applicants may request an extension to the 6 month provision for good cause).

- VI. **FILE:** Seven (7) copies of completed transaction documents and documentation addressing the transfer or disposition of any outstanding deposits. After receiving all required documents from the Applicants, the application will be granted a procedural schedule for final processing. The Applicants are requested to consent in writing to the proposed maps and certificates, or tariff if applicable.

- VII. **FINAL ORDER:** The ALJ will issue a final order issuing or amending the applicable CCNs.

FAQ:

Who can use this form?

Any retail public utility that provides water or wastewater service in Texas.

Who is required to use this form?

A retail public utility that is an investor owned utility (IOU) or a water supply corporation (WSC) prior to any STM of a water or sewer system, or utility, or prior to the transfer of a portion of a certificated service area.

Terms

Transferor: Seller

Transferee: Purchaser

CCN: Certificate of Convenience and Necessity

STM: Sale, Transfer, or Merger

IOU: Investor Owned Utility

RECEIVED
 2019 FEB - 6 AM 10:41
 PUBLIC UTILITY COMMISSION
 FILING CLERK

1. 2. 3.

Application Summary

Transferor: Vineyard Ridge, LLC.

(selling entity)

CCN No.s: 13265

- Sale
 Transfer
 Merger
 Consolidation
 Lease/Rental

Transferee: Vineyard Ridge Water Supply, LLC.

(acquiring entity)

CCN No.s: _____

- Water
 Sewer
 All CCN
 Portion CCN
 Facilities transfer

County(ies): Gillespie

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Please mark the items included in this filing

- | | |
|--|-----------------------------------|
| <input checked="" type="checkbox"/> Contract, Lease, Purchase, or Sale Agreement | Part A: Question 1 |
| <input checked="" type="checkbox"/> Tariff including Rate Schedule | Part B: Question 4 |
| <input type="checkbox"/> List of Customer Deposits | Part B: Question 5 |
| <input type="checkbox"/> Partnership Agreement | Part C: Question 7 |
| <input type="checkbox"/> Articles of Incorporation and By-Laws (WSC) | Part C: Question 7 |
| <input checked="" type="checkbox"/> Certificate of Account Status | Part C: Question 7 |
| <input type="checkbox"/> Financial Audit | Part C: Question 10 |
| <input checked="" type="checkbox"/> Application Attachment A & B | Part C: Question 10 |
| <input type="checkbox"/> Disclosure of Affiliated Interests | Part C: Question 10 |
| <input type="checkbox"/> Capital Improvement Plan | Part C: Question 10 |
| <input checked="" type="checkbox"/> List of Assets to be Transferred | Part D: H B |
| <input type="checkbox"/> Developer Contribution Contracts or Agreements | Part D: H D |
| <input type="checkbox"/> Enforcement Action Correspondence | Part E: Question 18 (Part D: O12) |
| <input checked="" type="checkbox"/> TCEQ Compliance Correspondence | Part E: Question 22 |
| <input type="checkbox"/> TCEQ Engineering Approvals | Part E: Question 24 |
| <input type="checkbox"/> Purchased Water Supply or Treatment Agreement | Part F: Question 26 |
| <input checked="" type="checkbox"/> Detailed (large scale) Map | Part G: Question 29 |
| <input checked="" type="checkbox"/> General Location (small scale) Map | Part G: Question 29 |
| <input type="checkbox"/> Digital Mapping Data | Part G: Question 29 |
| <input checked="" type="checkbox"/> Signed & Notarized Oath | Page 13-14 |

Part A: General Information

1. Describe the proposed transaction, including the effect on all CCNs involved, and provide details on the existing or expected land use in the area affected by the proposed transaction. Attach all supporting documentation, such as a contract, a lease, or proposed purchase agreements:

The purpose of this transaction is for Vineyard Ridge Water Supply, LLC to purchase the water assets of Vineyard Ridge, LLC, and to transfer the Certificates of Convenience and Necessity. This application is only for the sale and transfer of the existing water service area of the transferred system. No additional service area is being requested nor is any service area being amended as a part of this application.

(See Attached Agreement between the Parties)

2. The proposed transaction will require (check all applicable):

For **Transferee** (Purchaser) CCN:

- Obtaining a NEW CCN for Purchaser
- Transfer all CCN into Purchaser's CCN (Merger)
- Transfer Portion of CCN into Purchaser's CCN
- Transfer all CCN to Purchaser and retain Seller CCN
- Uncertificated area added to Purchaser's CCN

For **Transferor** (Seller) CCN:

- Cancellation of Seller's CCN
- Transfer of a Portion of Seller's CCN to Purchaser
- Only Transfer of Facilities, No CCN or Customers
- Only Transfer of Customers, No CCN or Facilities
- Only Transfer CCN Area, No Customers or Facilities

Part B: Transferor Information

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

3. A. Name: Vineyard Ridge, LLC.
(individual, corporation, or other legal entity)
 Individual Corporation WSC Other: _____

B. Mailing Address: P.O. Box 631, Spicewood, TX 78669

Phone: (512) 461-0806 Email: 866-325-6570

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, accountant, or other title.

Name: Price Keeper Title: Vice President

Mailing Address: _____

Phone: (832) 657-4200 Email: Pkeeper@lonestartandpartners.com

4. If the utility to be transferred is an Investor Owned Utility (IOU), for the most recent rate change, attach a copy of the current tariff and complete A through B:

A. Effective date for most recent rates: August 13, 2018

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

No Yes Application or Docket Number: Docket No. 46948

If the transferor is a Water Supply or Sewer Service Corporation, provide a copy of the current tariff.

5. For the customers that will be transferred following the approval of the proposed transaction, check all that apply:

There are no customers that will be transferred

of customers without deposits held by the transferor 17

of customers with deposits held by the transferor* _____

* Attach a list of all customers affected by the proposed transaction that have deposits held, and include a customer indicator (name or account number), date of each deposit, amount of each deposit, and any unpaid interest on each deposit.

Part C: Transferee Information

Questions 6 through 10 apply only to the transferee (purchaser or proposed service provider)

6. A. Name: Vineyard Ridge Water Supply, LLC.

Individual Corporation WSC Other: _____

B. Mailing Address: P.O. Box 631 Spicewood, TX 78669

Phone: (512) 461-0806 Email: _____

C. **Contact Person.** Provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: Bret W Fenner, P.F Title: Engineer

Address: 200 Harbor Circle, Georgetown, TX 78633

Phone: (512) 917-7541 Email: bretfenner@yahoo.com

D. If the transferee is someone other than a municipality, is the transferee current on the Regulatory Assessment Fees (RAF) with the Texas Commission on Environmental Quality (TCEQ)?

No Yes N/A

E. If the transferee is an IOU, is the transferee current on the Annual Report filings with the Commission?

No Yes N/A

7. The legal status of the transferee is:

Individual or sole proprietorship

Partnership or limited partnership (attach Partnership agreement)

Corporation
Charter number (as recorded with the Texas Secretary of State): 0802658376

Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under FWC Chapter 67]

Charter number (as recorded with the Texas Secretary of State): _____

Articles of Incorporation and By-Laws established (attach)

Municipally-owned utility

District (MIUD, SUD, WCID, FWSID, etc.)

County

Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)

Other (please explain): _____

8. If the transferee operates under any d/b/a, provide the name below:

Name: N/A

9. If the transferee's legal status is anything other than an individual, provide the following information regarding the officers, members, or partners of the legal entity applying for the transfer:

Name:	<u>Brent Taylor</u>	Ownership % (if applicable):	<u>100.00%</u>
Position:	<u>Manager</u>		
Address:	<u>P.O. Box 262, Spicewood, TX 78669</u>		
Phone:	<u>(512) 461-0806</u>	Email:	_____
Name:	_____	Ownership % (if applicable):	<u>0.00%</u>
Position:	_____		
Address:	_____		
Phone:	_____	Email:	_____
Name:	_____	Ownership % (if applicable):	<u>0.00%</u>
Position:	_____		
Address:	_____		
Phone:	_____	Email:	_____
Name:	_____	Ownership % (if applicable):	<u>0.00%</u>
Position:	_____		
Address:	_____		
Phone:	_____	Email:	_____

10. **Financial Information**

The transferee Applicant must provide accounting information typically included within a balance sheet, income statement, and statement of cash flows. If the Applicant is an existing retail public utility, this must include historical financial information and projected financial information. However, projected financial information is only required if the Applicant proposes new service connections and new investment in plant, or if requested by Staff. If the Applicant is a new market entrant and does not have its own historical balance sheet, income statement, and statement of cash flows information, then the Applicant should establish a five-year projection taking the historical information of the transferor Applicant into consideration when establishing the projections.

Historical Financial Information may be shown by providing any combination of the following that includes necessary information found in a balance sheet, income statement, and statement of cash flows:

1. Completed Appendix A;
2. Documentation that includes all of the information required in Appendix A in a concise format; or
3. Audited financial statements issued within 18 months of the application filing date. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Projected Financial Information may be shown by providing any of the following:

1. Completed Appendix B;
2. Documentation that includes all of the information required in Appendix B in a concise format;
3. A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test (16 Tex. Admin. Code § 24.11(e)(3)) for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$ 107,250.00

if the transferee Applicant is an investor owned utility (IOU) provide answers to B through D.

B. Transferee has a copy of an inventory list of assets to be transferred (*attach*):

No Yes N/A

Total Original Cost of Plant in Service: \$ 1,025,580.00

Accumulated Depreciation: \$ 27,724.00

Net Book Value: \$ 997,856.00

C. **Customer contributions in aid of construction (CIAC):** Have the customers been billed for any surcharges approved by the Commission or TCEQ to fund any assets currently used and useful in providing utility service? Identify which assets were funded, or are being funded, by surcharges on the list of assets.

No Yes

Total Customer CIAC: \$ _____

Accumulated Amortization: \$ _____

D. **Developer CIAC:** Did the transferor receive any developer contributions to pay for the assets proposed to be transferred in this application? If so, identify which assets were funded by developer contributions on the list of assets and provide any applicable developer agreements.

No Yes

Total developer CIAC: \$ 1,025,580.00

Accumulated Amortization: \$ 27,724.00

12. A. Are any improvements or construction required to meet the minimum requirements of the TCEQ or Commission and to ensure continuous and adequate service to the requested area to be transferred plus any area currently certificated to the transferee Applicant? Attach supporting documentation and any necessary TCEQ approvals, if applicable.

No Yes

B. If yes, describe the source and availability of funds and provide an estimated timeline for the construction of any planned or required improvements:

N/A

13. Provide any other information concerning the nature of the transaction you believe should be given consideration:

None

14. Complete the following proposed entries (listed below) as shown in the books of the Transferee (purchaser) after the acquisition. Debits (positive numbers) should equal credits (negative numbers) so that all line items added together equal zero. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations:

Utility Plant in Service:	\$	1,025,580.00
Accumulated Depreciation of Plant:	\$	27,724.00
Cash:	\$	23,871.81
Notes Payable:	\$	107,250.00
Mortgage Payable:	\$	0.00
(Proposed) Acquisition Adjustment*:	\$	0.00
Other (NARUC account name & No.):	Developer Contribution: \$1,025,580	
Other (NARUC account name & No.):		

*Acquisition Adjustments will be subject to review under 16 TAC § 24.31(d) and (e)

15. A. Explain any proposed billing change (NOTE: If the acquiring entity is an IOU, the IOU may not change the rates charged to the customers through this SIM application. Rates can only be changed through the approval of a rate change application.)

No customer's rates will be changed by this application.

B. If transferee is an IOU, state whether or not the transferee intends to file with the Commission, or an applicable municipal regulatory authority, an application to change rates for some or all of its customers as a result of the transaction within the next twelve months. If so, provide details below:

No change in rates will occur within the next twelve months as a result of this application.

Part E: CCN Obtain or Amend Criteria Considerations

16. Describe, in detail, the anticipated impact or changes in the quality of retail public utility service in the requested area as a result of the proposed transaction:

The quality of utility service will remain at the same high level as the applicant has been operating his water systems through an operating agreement.

17. Describe the transferee's experience and qualifications in providing continuous and adequate service. This should include, but is not limited to: other CCN numbers, water and wastewater systems details, and any corresponding compliance history for all operations.

The applicant has owned and currently operates a number of water systems in the region. The applicant will maintain these systems in compliance with the rules and regulations of the PUC and TCEQ, as well as federal and local laws, rules and regulations.

18. Has the transferee been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes? Attach copies of any correspondence with the applicable regulatory agency(ies)

No Yes

19. Explain how the environmental integrity or the land will be impacted or disrupted as a result of the proposed transaction:

The service area affected by this transaction will continue to receive water service. This eliminates the need for land owners to use individual wells. Thus, protecting the environment in the area from potential sources of contamination and encouraging rationalization of water service.

20. How will the proposed transaction serve the public interest?

This transaction will be in the well-being and welfare of the public as the utility will be able to provide continuous and adequate water service to the customers of the transferred systems.

21. List all neighboring water or sewer utilities, cities, districts (including ground water conservation districts), counties, or other political subdivisions (including river authorities) providing the same service within two (2) miles from the outer boundary of the requested area affected by the proposed transaction:

(See Attached List of neighboring utilities within 2 miles)

Part F: TCEQ Public Water System or Sewer (Wastewater) Information

Complete Part F for **EACH** Public Water or Sewer system to be transferred subject to approval of the transaction. Attach a separate sheet with this information if you need more space for additional systems being transferred.

22. A. For Public Water System (PWS):

TCEQ PWS Identification Number: 0860144 (7 digit ID)

Name of PWS: Vineyard Ridge Water Supply

Date of last TCEQ compliance inspection: _____ (attach TCEQ letter)

Subdivisions served: Vineyard Ridge Subdivision

B. For Sewer service:

TCEQ Water Quality (WQ) Discharge Permit Number: WQ - (8 digit ID)

Name of Wastewater Facility: _____

Name of Permittee: _____

Date of last TCEQ compliance inspection: _____ (attach TCEQ letter)

Subdivisions served: _____

Date of application to transfer permit submitted to TCEQ: _____

23. List the number of *existing* connections, by meter/connection type, to be affected by the proposed transaction:

Water			Sewer	
	Non-metered	2"	0	Residential
17	5/8" or 3/4"	3"		Commercial
	1"	4"		Industrial
	1 1/2"	Other		Other
Total Water Connections:			17	Total Sewer Connections: 0

24. A. Are any improvements required to meet TCEQ or Commission standards?

No Yes

B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

C. Is there a moratorium on new connections?

No Yes:

25. Does the system being transferred operate within the corporate boundaries of a municipality?

No Yes: _____ (name of municipality)

If yes, indicate the number of customers within the municipal boundary.

Water: _____ Sewer: _____

26. A. Does the system being transferred purchase water or sewer treatment capacity from another source?

No Yes: If yes, attach a copy of purchase agreement or contract.

Capacity is purchased from: _____

Water: _____

Sewer: _____

B. Is the PWS required to purchase water to meet capacity requirements or drinking water standards?

No Yes

C. What is the amount of water supply or sewer treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:		0.00%
Sewer:		0.00%

D. Will the purchase agreement or contract be transferred to the transferee?

No Yes:

27. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

No Yes:

28. List the name, class, and TCEQ license number of the operator that will be responsible for the operations of the water or sewer utility service:

Name (as it appears on license)	Class	License No.	Water or Sewer
Brent Taylor		WG0011196	Water

Part G: Mapping & Affidavits

ALL applications require mapping information to be filed in conjunction with the STM application.

Read question 29 A and B to determine what information is required for your application.

29. A. For applications requesting to transfer an entire CCN, without a CCN boundary adjustment, provide the following mapping information with each of the seven (7) copies of the application:

- I. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The following guidance should be adhered to:
 - i. If the application requests to transfer certificated service areas for both water and sewer, separate maps must be provided for each.
 - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.

- iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
 - 2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made and natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
 - i. The map must be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made or natural landmarks must be labeled and marked on the map as well.
 - ii. If the application requests an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
 - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
 - iv. The outer boundary of the requested area should not be covered by any labels, roads, city limits or extraterritorial jurisdiction (ETJ) boundaries.
- B. For applications that are requesting to include area not currently within a CCN, or for applications that require a CCN amendment (any change in a CCN boundary), such as the transfer of only a portion of a certificated service area, provide the following mapping information with each of the seven (7) copies of the application:
- 1. A general location (small scale) map identifying the requested area with enough detail to locate the requested area in reference to the nearest county boundary, city, or town. Please refer to the mapping guidance in part A 1 (above).
 - 2. A detailed (large scale) map identifying the requested area with enough detail to accurately locate the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, or railroads. Please refer to the mapping guidance in part A 2 (above).
 - 3. One of the following identifying the requested area:
 - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part A 2 (above);
 - ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part A 2 (above); or
 - iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
 - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
 - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
 - c. The digital mapping data shall be filed on a data disk (CD or USB drive), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

Part H: Notice Information

The following information will be used to generate the proposed notice for the application.
DO NOT provide notice of the application until it is found sufficient and the Applicants are ordered to provide notice.

30. Complete the following using verifiable man-made or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents). Measurements should be approximated from the outermost boundary of the requested area:

The total acreage of the requested area is approximately: 660.00

Number of customer connections in the requested area: 17

Affected subdivision : Vineyard Ridge

The closest city or town: Fradicksburg

Approximate mileage to closest city or town center: 14

Direction to closest city or town: northeast

The requested area is generally bounded on the North by: N Grape Creek Road

on the East by: N Grape Creek Road

on the South by: FM 2721

on the West by: Dry Hollow Road (CR 109)

31. A copy of the proposed map will be available at: 14246 E US HWY 290, Stonewall, TX 78671

32. What effect will the proposed transaction have on an average bill to be charged to the affected customers? Take into consideration the average consumption of the requested area, as well as any other factors that would increase or decrease a customer's monthly bill.

All of the customers will be charged the same rates they were charged before the transaction.

All of the customers will be charged different rates than they were charged before the transaction.

higher monthly bill lower monthly bill

Some customers will be charged different rates than they were charged before (i.e. inside city limit customers)

higher monthly bill lower monthly bill

Oath for Transferor (Transferring Entity)

STATE OF TEXAS

COUNTY OF BURNET

I, Price Keever being duly sworn, file this application for sale, transfer,

merger, consolidation, acquisition, lease, or rental, as Vineyard Ridge Water Supply, LLC

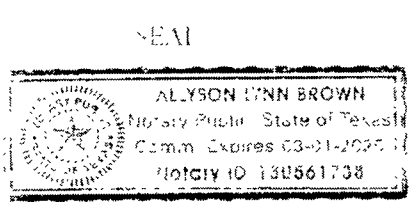
owner, member or partner (if applicable as officer or authorized representative) I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained 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 Texas Water Code § 13.301(j) and copies of any outstanding enforcement 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 Texas Water Code § 13.301(k)

[Handwritten Signature]
AFFILIANT
(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 BEFORE ME, a Notary Public in and for the State of Texas
this day the 03rd of February 2019



[Handwritten Signature]
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS
Alyson Lynn Brown
PRINT OR TYPE NAME OF NOTARY

My commission expires: 03-01-2020

Oath for Transferee (Acquiring Entity)

STATE OF Texas

COUNTY OF Brewster

I, Ernest Taylor being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as member of partnership (Vineyard Ridge Water Supply LLC)

(Officer, member of partnership, title as officer of corporation, or authorized representative)
I attest 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 been provided with a copy of the 16 TAC § 24.109 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement 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.

[Handwritten Signature]

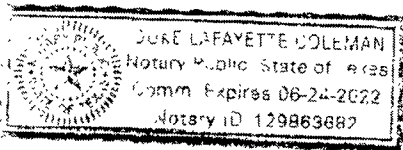
AFFIANT

(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 certified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas
this day the 22 of JANUARY, 20 19

SEAL



[Handwritten Signature]

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

DUKE LAFAYETTE COLEMAN
PRINT OR TYPE NAME OF NOTARY

My commission expires: 6/24/2022

Appendix A: Historical Financial Information (Balance Sheet and Income Schedule)

(Audited financial statements may be substituted for this schedule - see Item 17 of the instructions)

HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Other						
A. Total Current Assets						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
B. Total Fixed Assets						
C. TOTAL Assets (A + B)						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
D. Total Current Liabilities						
LONG TERM LIABILITIES						
Notes Payable, Long-term						
Other						
E. Total Long Term Liabilities						
F. TOTAL LIABILITIES (D + E)						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
G. TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES+EQUITY (F + G) = C						
WORKING CAPITAL (A - D)						
CURRENT RATIO (A / D)						
DEBT TO EQUITY RATIO (E / G)						

No Historical Data Available

DO NOT INCLUDE ATTACHMENTS A OR B IN FILED APPLICATION IF LEFT BLANK

HISTORICAL NET INCOME INFORMATION

(ENTER DATE OF YEAR END)	CURRENT(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						
Revenue per Meter (use for projections)						
Expense per Meter (use for projections)				No Historical Data Available		
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Revenues- Base Rate & Gallonage Fees						
Other (Tap, reconnect, transfer fees, etc)						
Gross Income						
EXPENSES						
General & Administrative (see schedule)						
Operating (see schedule)						
Interest						
Other (list)						
NET INCOME						

HISTORICAL EXPENSE INFORMATION (ENTER DATE OF YEAR END)	CURRENT(A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
	(- -)	(- -)	(- -)	(- -)	(- -)	(- -)
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries & Benefits- Office/Management						
Office (services, rentals, supplies, electricity)						
Contract Labor						
Transportation						
Insurance						
Telephone						
Utilities						
Property Taxes						
Professional Services/Fees (recurring)						
Regulatory- other						
Other (describe)						
Interest						
Other						
Total General Admin. Expenses (G&A)						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONS & MAINTENANCE EXPENSES						
Salaries & Benefits (Employee, Management)						
Materials & Supplies						
Utilities Expense-office						
Contract Labor						
Transportation Expense						
Depreciation Expense						
Other (describe)						
Total Operational Expenses (O&M)						
Total Expense (Total G&A + O&M)						
Historical % Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ASSUMPTIONS						
Interest Rate/Terms						
Depreciation Schedule (attach)						
Other assumptions/information (List all)						

Appendix B: Projected Information

HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)	CURRENT (A) (12-31-18)	A-1 YEAR (12-31-19)	A-2 YEAR (12-31-20)	A-3 YEAR (12-31-21)	A-4 YEAR (12-31-22)	A-5 YEAR (12-31-23)
CURRENT ASSETS						
Cash	\$ 23,872.00	\$ 23,872.00	\$ 40,622.00	\$ 42,921.00	\$ 2,421.00	\$ 2,421.00
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other		\$6,750.00	40,500.00			
A. Total Current Assets	\$ 23,872.00	\$ 90,622.00	\$ 81,122.00	\$ 42,921.00	\$ 2,421.00	\$ 2,421.00
FIXED ASSETS						
Land						
Collection/Distribution System		664,980.00	664,980.00	664,980.00	664,980.00	664,980.00
Buildings						
Equipment		360,600.00	360,600.00	360,600.00	360,600.00	360,600.00
Other						
Less: Accum. Depreciation or Reserves		27,724.00	55,448.00	83,172.00	110,896.00	138,620.00
B. Total Fixed Assets	\$ 0.00	\$ 997,856.00	\$ 970,132.00	\$ 942,408.00	\$ 914,684.00	\$ 886,960.00
C. TOTAL Assets (A + B)	\$ 23,872.00	\$ 1,088,748.00	\$ 1,051,254.00	\$ 985,329.00	\$ 917,105.00	\$ 869,381.00
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current		\$6,750.00	40,500.00			
Accrued Expenses						
Other		997,856.00	970,132.00	942,408.00	914,684.00	886,960.00
D. Total Current Liabilities	\$ 0.00	\$ 1,036,882.00	\$ 1,010,632.00	\$ 942,408.00	\$ 914,684.00	\$ 886,960.00
LONG TERM LIABILITIES						
Notes Payable, Long-term	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Other						
E. Total Long Term Liabilities	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
F. TOTAL LIABILITIES (D + E)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
OWNER'S EQUITY						
Paid in Capital	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Retained Equity	16,347.00	11,244.00	-2,299.00	40,500.00	0.00	0.00
Other						
Current Period Profit or Loss	7,525.00	40,622.00	42,921.00	2,421.00	2,421.00	2,421.00
G. TOTAL OWNER'S EQUITY	\$ 23,872.00	\$ 51,866.00	\$ 40,622.00	\$ 42,921.00	\$ 2,421.00	\$ 2,421.00
TOTAL LIABILITIES + EQUITY (F + G) = C	\$ 23,872.00	\$ 1,088,478.00	\$ 1,051,254.00	\$ 985,329.00	\$ 917,105.00	\$ 869,381.00
WORKING CAPITAL (A - D)	\$ 23,872.00	\$ 24,000.00	\$ 40,622.00	\$ 42,921.00	\$ 2,421.00	\$ 2,421.00
CURRENT RATIO (A / D)		1.3500	2.0000			
DEBT TO EQUITY RATIO (F / G)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

PROJECTED NET INCOME INFORMATION

(ENTER DATE OF YEAR END)	CURRENT(A) (12-31-18)	A-1 YEAR (12-31-19)	A-2 YEAR (12-31-20)	A-3 YEAR (12-31-21)	A-4 YEAR (12-31-22)	A-5 YEAR (12-31-23)
METER NUMBER						
Existing Number of Taps	0	17	106	160	160	160
New Taps Per Year	17	99	54	0	0	0
Total Meters at Year End	17	106	160	160	160	160
METER REVENUE						
Revenue per Meter (use for projections)	\$ 441.18	\$ 1,081.75	\$ 705.41	\$ 452.28	\$ 452.28	\$ 452.28
Expense per Meter (use for projections)	0.00	698.53	435.28	437.15	437.15	437.15
Operating Revenue Per Meter	\$ 441.18	\$ 383.22	\$ 272.01	\$ 15.13	\$ 15.13	\$ 15.13
GROSS WATER REVENUE						
Revenues- Base Rate & Gallonage Fees	\$ 30.00	\$ 47,916.00	\$ 72,365.00	\$ 72,365.00	\$ 72,365.00	\$ 72,365.00
Other (Tap, reconnect, transfer fees, etc)	7,500.00	66,750.00	40,500.00	0.00	0.00	0.00
Gross Income	\$ 7,530.00	\$ 114,666.00	\$ 112,865.00	\$ 72,365.00	\$ 72,365.00	\$ 72,365.00
EXPENSES						
General & Administrative (see schedule)	\$ 5.00	\$ 8,220.00	\$ 6,520.00	\$ 6,520.00	\$ 6,520.00	\$ 6,520.00
Operating (see schedule)	0.00	38,100.00	35,700.00	35,700.00	35,700.00	35,700.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other (list)		27,724.00	27,724.00	27,724.00	27,724.00	27,724.00
NET INCOME	\$ 7,525.00	\$ 40,622.00	\$ 42,921.00	\$ 2,421.00	\$ 2,421.00	\$ 2,421.00

PROJECTED EXPENSE DETAIL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office						
Computer						
Auto						
Insurance						
Telephone						
Utilities						
Depreciation						
Property Taxes	5,720.00	5,720.00	5,720.00	5,720.00	5,720.00	
Professional Fees	2,500.00	800.00	800.00	800.00	800.00	
Interest						
Other						
Total	\$ 8,220.00	\$ 6,520.00	\$ 6,520.00	\$ 6,520.00	\$ 6,520.00	
% Increase Per projected Year	0.00%	-20.10%	0.00%	0.00%	0.00%	0.00%
OPERATIONAL EXPENSES						
Salaries	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	
Auto						
Utilities	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	
Depreciation						
Repair & Maintenance	3,400.00	6,000.00	6,000.00	6,000.00	6,000.00	
Supplies	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	
Interest						
Other	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	
Total	\$ 38,100.00	\$ 35,700.00	\$ 35,700.00	\$ 35,700.00	\$ 35,700.00	

PROJECTED SOURCES AND USES OF CASH STATEMENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income	\$ 40,622.00	\$ 42,921.00	\$ 2,421.00	\$ 2,421.00	\$ 2,421.00	
Depreciation (If funded by revenues of system)	27,724.00	27,724.00	27,724.00	27,724.00	27,724.00	
Loan Proceeds						
Other						
Total Sources	\$ 68,361.00	\$ 70,345.00	\$ 29,845.00	\$ 29,845.00	\$ 29,845.00	
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
Total Uses	0.00	0.00	0.00	0.00	0.00	
NET CASH FLOW	\$ 68,361.00	\$ 70,345.00	\$ 29,845.00	\$ 29,845.00	\$ 29,845.00	
DEBT SERVICE COVERAGE						
Cash Available for Debt Service (CADS)						
A: Net Income (Loss)	\$ 40,622.00	\$ 42,921.00	\$ 2,421.00	\$ 2,421.00	\$ 2,421.00	
B: Depreciation, or Reserve Interest	27,724.00	27,724.00	27,724.00	27,724.00	27,724.00	
C: Total CADS (A + B = C)	\$ 68,361.00	\$ 70,345.00	\$ 29,845.00	\$ 29,845.00	\$ 29,845.00	
DEBT SERVICE (DS)						
Principle Plus Interest	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
DEBT SERVICE COVERAGE RATIO						
CADS Divided by DS (E = C / D)						

Conveyance Agreement

UTILITY FACILITIES CONSTRUCTION AND CONVEYANCE AGREEMENT

This UTILITY FACILITIES CONSTRUCTION AND CONVEYANCE AGREEMENT ("Agreement") is made and effective this 1st day of February, 2019, between Vineyard Ridge Water Supply, LLC ("VRWS") and Vineyard Ridge, LLC, a Delaware Limited Liability Company ("Developer"). It is hereby agreed:

SECTION 1 DEFINITIONS

Sec. 1.01. Definitions. The following definitions apply to this Agreement:

- (a) Certificate of Convenience and Necessity ("CCN"): a permit issued by either the Texas Commission on Environmental Quality ("TCEQ"), the Public Utility Commission of Texas ("PUC"), or one of their predecessor agencies which authorizes and obligates a retail public utility to furnish, make available, render, or extend continuous and adequate retail water or sewer utility service to a specified geographic area.
- (b) Completion Date: The parties to this agreement acknowledge that all of the Facilities contemplated by this Agreement have been constructed.
- (c) Conveyance Date: the date of Conveyance as provided in **Section 6.01**.
- (d) Customer Lines: the lines on each lot within the Property running from the house, dwelling unit, improvement, or other structure to the water meter.
- (e) Customers: the residential customers that will receive Water Services within the Property.
- (f) Developer: Vineyard Ridge, LLC, a Delaware Limited Liability Company.
- (g) VRWS: Vineyard Ridge Water Supply, LLC
- (h) Facilities: those water facilities for serving the Property that have been constructed by Developer and are to be conveyed to VRWS, consisting of the water lines and associated equipment described in the attached **Exhibit B**, together with the real property and easements associated therewith and described in the attached **Exhibit A**.
- (i) Interests to be Acquired: shall have the meaning set forth in **Section 5.01**.
- (j) New Connection Fee: shall have the meaning set forth in **Section 7.03**.
- (k) Policies: the applicable policies, rules, and regulations of VRWS as amended from time to time, including those reflected in its approved Tariff; not insurance policies.
- (l) Project: construction of the Facilities within the Property described in **Exhibit A**, obtaining the Interests to be Acquired, and conveyance of the Interests to be Acquired to VRWS.
- (m) Property: the property to be developed and served by the Facilities as described in **Exhibit A**.

- (n) Regulatory Agency: any regulatory authority, federal, state, local or other, having jurisdiction concerning water standards, certificates of convenience and necessity (“CCN”), other environmental matters, real estate, zoning or otherwise having jurisdiction over the Project, the Property, the Interests to be Acquired, the process of conveying the Interests to be Acquired to VRWS, or provision of Water Services.
- (o) Regulatory Requirements: any and all of the following issued, adopted or required from time to time by any Regulatory Agency: (i) the requirements or provisions of any and all state, federal and local laws, regulations, rules, orders, resolutions, and ordinances; (ii) permits; and (iii) CCN(s).
- (p) Specifications: Developer has designed and constructed the Facilities according to design and construction and materials specifications approved by VRWS.
- (q) Tariff: a document containing provisions equivalent to VRWS’s Schedule for Rates, Fees, Charges, and Terms and Conditions of Retail Treated Water approved by the applicable Regulatory Agency that will apply to Water Services by either the Developer or VRWS within the Property.
- (r) Water Services: potable water service provided by a retail public utility to the ultimate consumer for compensation.
- (s) Service: any act performed, anything furnished or supplied, and any facilities or lines committed or used by a retail public utility in the performance of its duties under Texas Water Code, Chapter 13, to patrons, employees, other retail public utilities, and the public, as well as the interchange of facilities between two or more retail public utilities.

SECTION 2 GENERAL PROVISIONS

Sec. 2.01. Developer to Construct Facilities. Developer is in the process of developing the Property into a residential community which will contain up to 160 single family dwelling units on a minimum lot size of 2 acres when completed. Developer has constructed and installed all Facilities necessary to provide Water Services within the Property.

Sec. 2.02. Construction in Accordance with Specifications. Developer has constructed and installed the Facilities in accordance with the Specifications.

Sec. 2.03. Agreement to Provide Service. When Developer has complied with all provisions of this Agreement, and VRWS has accepted conveyance of the Facilities on the Conveyance Date, VRWS agrees to provide Water Services meeting the minimum standards of the Texas Commission on Environmental Quality, to Customers in accordance with: 1) the Tariff, as may be amended from time to time; and 2) any service agreement (“Service Agreement”) that VRWS may require Customers to sign prior to providing Water Services.

SECTION 3 CONSTRUCTION OF FACILITIES

Sec. 3.01. Developer Payment for Construction, Installation and Completion of the Facilities.

- (a) Developer agrees to pay for the construction of all Facilities necessary for providing Water Services within the Property. In addition, Developer agrees to pay for the costs incurred in connection with obtaining governmental approvals, certificates, permits, easements, rights-of-way, and real property required as part of the Facilities as those costs are due.

Sec. 3.02. Plats. Developer agrees to provide VRWS with all plats of the Property approved by appropriate governmental authorities and any amendments thereto. Developer must include provisions in the Property deed restrictions which shall run with the land that no water wells or irrigation water wells of any type that draw upon water from creeks, streams, rivers, lakes, ponds, wetlands, canals, or other groundwater, whether surface or subsurface waters, within the Property shall be installed, constructed, or operated within the Property by any person. VRWS and Developer agree that the intent of the foregoing restrictions is that no private water wells or individual drinking water supply systems shall be allowed upon any lot within the Property; that all lots will be connected to the Facilities for all of their water needs, whether potable or non-potable; and that all such lot connections shall comply with all Federal, state, and local rules, regulations, and ordinances, including without limitation all Regulatory Requirements, and shall further comply with the all rules and regulations Developer and VRWS may establish with respect to the Facilities.

Sec. 3.03. Design and Engineering of Facilities.

- (a) All Facilities must be designed by a Licensed Professional Engineer in order to provide continuous and adequate Water Service to the Property in accordance with both the Tariff, and the Specifications.
- (b) Developer agrees to install any equipment necessary for Developer service isolation valves, backflow prevention devices, or other equipment as may be specified by VRWS. Developer agrees to install service taps in approved meter boxes for all service ends, one to each lot.

Sec. 3.04. Construction of Facilities.

- (a) Developer has completed the construction of the Facilities. Developer has constructed the Facilities in compliance with any and all applicable local, state and federal regulations.
- (b) Developer used its best efforts to insure that the Facilities were constructed in a good and workmanlike manner, and that all materials used in such construction were free from defects and fit for its intended purpose.

Sec. 3.05. Customer Lines.

- (a) The owner of each lot within the Property shall be obligated to maintain, repair and replace Customer Lines within each owner's respective lot.
- (b) Upon conveyance of the Facilities to VRWS, VRWS shall be responsible for maintenance, repair, and replacement of the Facilities up to and including the water meter, but not Customer Lines.

SECTION 4 DEVELOPER'S WARRANTIES AND BONDS

Sec. 4.01. Duty to Repair and Warranty. Except as otherwise specified, Developer agrees to repair all defects in materials, equipment or workmanship appearing within **one (1) year** from the Conveyance Date to comply with the agreed Specifications for the Facilities. Upon receipt of written notice from VRWS of the discovery of any defects, Developer shall promptly and at its own cost remedy the defects and replace any property damaged therefrom. In case of emergency where delay would cause serious risk of loss or damage to VRWS or its customers, or if the Developer, after notice, fails to proceed promptly toward such remedy within 30 days or within another period of time which has been agreed to in writing, VRWS may have defects in the Facilities corrected in compliance with the terms of this warranty and guarantee, and Developer shall be liable for all expenses incurred by VRWS in so doing.

Sec. 4.02. Assignment of Warranty Obligations. In addition to Developer's duty to repair, as set forth above, Developer will assign to VRWS all third party warranties provided manufacturers, suppliers, and contractors in connection with any of the Facilities.

SECTION 5 CONVEYANCE OF FACILITIES AND ASSOCIATED PROPERTY

Sec. 5.01. Interests to be Acquired. Subject to the conditions set out in this Agreement, Developer agrees to convey to VRWS the following, which are collectively referred to as the "Interests to be Acquired":

- (a) the Facilities, provided that Developer has first provided a Certificate of Completion that has been accepted in writing by VRWS, VRWS has obtained a CCN for the Developer, and VRWS has obtained approval from the applicable Regulatory Agency to transfer the Facilities and CCN to VRWS;
- (b) conveyance of an exclusive easement to the property marked as "100'x100' Utility Easement" on Sheet 9 of the plat of the Vineyard Ridge Subdivision recorded in the Official Public Records of the Gillespie County Clerk under Volume 5, Pages 122-134 and any easements set forth on the plat of the Vineyard Ridge Subdivision, that are necessary for the operation and maintenance of the Facilities, including access easements from public roads and buffer zone requirements from treatment units. The easements must have a minimum width of fifteen (15) feet, unless otherwise required by VRWS. Such easements shall be at locations approved by Developer and in the form approved by counsel for VRWS; copies of all maps, as-built drawings, engineering records, and office records in the possession of Developer relating to the Facilities; and,
- (c) all of the contracts, leases, warranties, bonds, permits, franchises, and licenses in the possession of Developer connected with and arising out of the acquisition, construction and operation of the Interests to be Acquired and of which VRWS agrees in writing to accept assignment (the "Contracts").

The Developer shall provide to VRWS for its review all of the items listed under **Sec. 5.01 (b) and (c)** above within forty-five (45) days after the Completion Date.

Sec. 5.02. Legal Description of the Property. At least 30 days prior to the Conveyance Date, Developer shall provide VRWS with a survey of all easements and fee simple interests to be transferred to VRWS by virtue of this Agreement.

Sec. 5.03. Transfer of Personal Property. Any personal property to be transferred shall be transferred by Bill of Sale and Assignment free of liens and encumbrances other than those which do not materially impair the value of the Interests to be Acquired, or VRWS's intended use, with a covenant on the part of Developer that it is the lawful owner and has a lawful right to transfer and deliver such property.

Sec. 5.04. Review Items. From the effective date of this Agreement and continuing through the Conveyance Date, Developer shall make available upon reasonable request by VRWS for inspection and copying (at VRWS's expense) during normal working hours in Marble Falls, Texas, the following (the "Review Items"):

- (a) to the extent same are reasonably available or in Developer's possession, copies of all construction records, subcontractor and vendor records, manufacturer records, maintenance records, deeds, easements, licenses, permits, documents submitted to and correspondence between the Developer and state or federal regulatory agencies, certificates, soil reports, and engineering reports (including, without limitation, endangered species, environmental and governmental inspection reports) of Developer related to the construction, ownership or operation of the Interests to be Acquired; and
- (b) to the extent same are reasonably available to or in Developer's possession, a list of all insurance policies covering or affecting the Interests to be Acquired, both casualty and liability, together with copies of such policies;
- (c) environmental assessments, and cultural resource assessment reports, to the extent any have been performed, pertaining to the Interests to be Acquired;
- (d) certified copies of all permits from the County, or any other governmental agency with regulatory authority over the Property and/or the Interests to be Acquired, together with valid assignments from the current holders to VRWS to the extent reasonably required; and,

Developer shall retain all Review Items for a period of two (2) years from their creation.

Sec. 5.05. Developer's Representations and Warranties. By the execution of this Agreement and again by execution of any instruments of conveyance, transfer or assignment on the Conveyance Date, Developer, except to the extent specifically disclosed to, and accepted by, VRWS in writing on the Conveyance Date, represents and warrants to VRWS that:

- (a) The execution, delivery and performance of this Agreement has been (or by the Conveyance Date will have been) duly authorized by all necessary action on the part of Developer, and the person executing this Agreement on behalf of Developer has the full authority to do so;

- (b) This Agreement does not contravene any law or any governmental rule, regulation or order applicable to Developer;
- (c) The execution, delivery and performance of this Agreement does not contravene the provision of or constitute a default under the terms of any indenture, mortgage, contract, resolution or other instrument to which Developer is a party or by which Developer is bound; and,
- (d) Except as previously made known to VRWS in writing prior to the Conveyance Date, and to the best of Developer's knowledge after due inquiry, there are no actions, suits, inquiries, or proceedings pending or to the knowledge of officials of Developer threatened against or affecting Developer, the Facilities or any of the Interests to be Acquired before any court or administrative body or agency that would materially adversely affect the execution, delivery, or performance by Developer of this Agreement.
- (e) The Facilities made part of the Interests to be Acquired were not funded with customer or developer contributions in aid of construction.

SECTION 6 CONVEYANCE

Sec. 6.01. Time and Place of Conveyance. The conveyance of the Interests to be Acquired to VRWS (the "Conveyance") shall be held at 10 a.m., local time on the Conveyance Date, at the offices of VRWS, February 1, 2019 or at such other date, time and place as may be mutually agreed upon by the parties. The "Conveyance Date" shall be: a) sixty (60) days after the effective date of this Agreement if all necessary Regulatory Agency approvals are obtained; b) sixty (60) days after all necessary Regulatory Agency approvals are obtained; or; c) such other date as may be agreed, in writing, between the parties. All matters to take place at the Conveyance shall take place simultaneously, and no delivery shall be considered to have been made until all such proceedings have been completed.

Sec. 6.02. Possession. Possession of the Facilities shall be delivered to VRWS by Developer on the Conveyance Date.

Sec. 6.03. Costs and Expenses. All costs and expenses in connection with the transaction contemplated by this Agreement shall be allocated as follows:

- (a) VRWS shall pay for VRWS's attorney's fees, costs of recording easements and other costs stipulated to be paid by VRWS under the other provisions of this Agreement.
- (b) Developer shall be responsible for Developer's attorney fees, costs of releasing liens, and other expenses stipulated to be paid by Developer under other provisions of this Agreement.

SECTION 7 SERVICE FROM THE FACILITIES

Sec. 7.01. Commitment to Provide Service. After Conveyance of the Interests to be Acquired on the Conveyance Date, VRWS shall provide continuous and adequate Water Services to Customers. The party or entity seeking service must pay all new service fees before VRWS commences service.

Sec. 7.02. Service Subject to State and Local Approvals. VRWS will not be required to provide Water Services in the manner described in this Agreement as either an owner or operator of the Facilities unless all necessary permits, certificates or approvals needed to meet Regulatory Requirements have first been obtained from the Texas Commission on Environmental Quality, the Public Utility Commission of Texas, and any other applicable Regulatory Agency.

Sec. 7.03. New Connection Fee. For a period of ten years after the effective date of this Agreement, VRWS shall pay the Developer \$750 for each new service connection established for Customers, ("New Connection Fee"). Payment of New Connection Fees will be made to Developer by check or wire transfer once each quarter on May 1, August 1, November 1, and February 1 of each year. VRWS's final payment of New Connection Fees shall be made on February 1 of the year following the tenth anniversary of the effective date of this Agreement for new service connections made through the end of prior year. New Connection Fees shall not be payable in connection with new Customers establishing Water Services at existing service connections on the Property. The sum of all New Connection Fees paid to Developer shall not be greater than the Developer's Facilities costs, less contributions in aid of construction.

SECTION 8 INDEMNIFICATION AND HOLD HARMLESS

Sec. 8.01. Indemnity. DEVELOPER AGREES AT ITS OWN EXPENSE TO DEFEND AND INDEMNIFY VRWS, ITS DIRECTORS, OFFICERS AND EMPLOYEES, FROM AND AGAINST ANY LOSSES, CLAIMS, ATTORNEYS' FEES AND EXPENSES ARISING FROM:

- (a) THE NEGLIGENT ACT OR OMISSION OR WILLFUL MISCONDUCT OF DEVELOPER OR ITS AGENTS RELATED TO THIS AGREEMENT THAT CAUSES THE DEATH OF, INJURY TO, OR DAMAGE TO THE PROPERTY OF, ANY PERSON;
- (b) THE FAILURE OF DEVELOPER OR ITS AGENTS TO PAY WHEN DUE ANY SUBCONTRACTOR, SUPPLIER, MATERIALMAN, EMPLOYEE OR OTHER PERSON FOR WORK PERFORMED IN CONNECTION WITH THIS AGREEMENT; OR
- (c) THE FAILURE OF DEVELOPER OR ITS AGENTS TO SECURE THE TIMELY RELEASE OF ANY LIEN OR ENCUMBRANCE ON THE PROPERTY TO BE CONVEYED HEREUNDER.

THIS INDEMNITY SHALL NOT APPLY TO THE EXTENT THE LOSSES, CLAIMS, ATTORNEYS' FEES OR EXPENSES ARISE FROM THE NEGLIGENCE OR WILLFUL MISCONDUCT OF VRWS. IF THE PARTIES ARE CONCURRENTLY NEGLIGENT, EACH PARTY'S LIABILITY SHALL BE LIMITED TO THAT PORTION OF NEGLIGENCE ATTRIBUTABLE TO IT AS DETERMINED UNDER THE APPLICABLE PROPORTIONATE RESPONSIBILITY RULES OF THE STATE OF TEXAS. THIS INDEMNITY WILL NOT MERGE WITH THE INSTRUMENTS OF CONVEYANCE, TRANSFER, OR ASSIGNMENT TO BE DELIVERED HEREUNDER, BUT WILL SURVIVE THE CONVEYANCE OR ANY TERMINATION OF THE AGREEMENT.

SECTION 9 MISCELLANEOUS

Sec. 9.01. Amendments. Any amendments to this Agreement must be in writing and signed by authorized representatives of both VRWS and Developer.

Sec. 9.02. Assignability. Developer may not assign this Agreement without the prior written consent of VRWS, which consent shall not be unreasonably withheld or delayed. No such assignment shall be effective until the assignee agrees in writing to assume the Developer's duties and responsibilities under the Agreement and to be bound by the Agreement. Prior to the Conveyance, VRWS may not assign this Agreement without the prior written consent of Developer, which consent shall not be unreasonably withheld or delayed. After the Conveyance, this Agreement shall be freely assignable by VRWS, subject to any applicable Regulatory Requirements. No such assignment shall be effective until the assignee agrees in writing to assume the assignor's duties and responsibilities under the Agreement and to be bound by the Agreement.

Sec. 9.03. Force Majeure. In the event either party is rendered unable by force majeure to carry out any of its obligations under this Agreement, in whole or in part, then the obligations of that party, to the extent affected by the force majeure shall be suspended during the continuance of the inability, provided however, that due diligence is exercised to resume performance at the earliest practical time. As soon as reasonably possible after the occurrence of the force majeure relied upon to suspend performance, the party whose contractual obligations are affected thereby shall give notice and full particulars of the force majeure to the other party. The cause, as far as possible, shall be remedied with all reasonable diligence.

The term "force majeure" includes acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, incidents of terrorism, orders of the government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and civil disturbances, explosions, breakage, or accidents to equipment, pipelines, or canals, and partial or complete failure of water supply and any other incapacities of either party, whether similar to those enumerated or otherwise, that are not within the control of the party claiming the inability and that could not have been avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty and that the requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party if the settlement is unfavorable in the judgment of the party having the difficulty.

Sec. 9.04. Notice. Any notice to be given hereunder by either party to the other party shall be in writing and may be effected by personal delivery or by sending said notices by registered or certified mail, return receipt requested, to the address set forth below. Notice shall be deemed given when deposited with the United States Postal Service with sufficient postage affixed. Any notice mailed to VRWS shall be addressed:

**Vineyard Ridge Water Supply, LLC
P.O. Box 631
Spicewood, TX 78669
Phone: (512) 461-0806
Fax: (866) 325-6570**

Utility Facilities Construction and Conveyance Agreement
Property Name: Vineyard Ridge Subdivision

Any such notice mailed to Developer shall be addressed:

Vineyard Ridge, LLC Attn: Davy Roberts
P.O.Box 1987
Marble Falls, Texas 78654
Phone: (281) 705-2430
Fax: () _____

Either party may change the address for notice to it by giving notice of such change in accordance with the provisions of this paragraph.

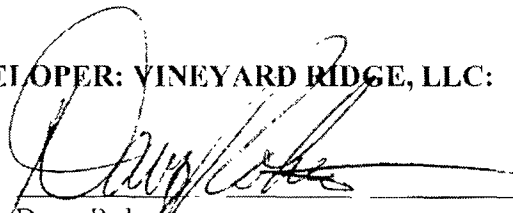
Sec. 9.05. Governing Law. This Agreement shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties are expressly deemed performable in Gillespie County, Texas.

Sec. 9.06. Severability. The provisions of this Agreement are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Agreement or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such word, phrase, clause, sentence, paragraph, section or other part of this Agreement to other persons or circumstances shall not be affected thereby and this Agreement shall be construed as if such invalid or unconstitutional portion had never been contained therein.

Sec. 9.07. Venue. Venue for any suit arising hereunder shall be in Gillespie County, Texas.

Section

DEVELOPER: VINEYARD RIDGE, LLC:

By:  _____
Name: Davy Roberts
Title: Authorized Agent
Date Signed: 2-1, 2019

VINEYARD RIDGE WATER SUPPLY, LLC:

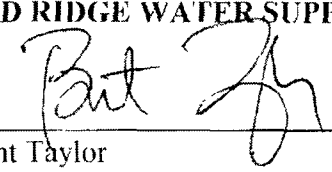
By:  _____
Name: Brent Taylor
Title: President
Date Signed: 2-1, 2019

Exhibit A

Property

Description of Property

Exhibit B

Description	Quantity	Unit
-------------	----------	------

To be provided by Engineer.

Current Tariff



**WATER UTILITY TARIFF
Docket Number: 46948**

Vineyard Ridge, LLC
(Utility Name)

P. O. Box 1987
(Business Address)

Marble Falls, Texas 78654
(City, State, Zip Code)

(800) 511-2430
(Area Code/Telephone)

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

13265

This tariff is effective in the following counties:

Gillespie

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

None

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

Vineyard Ridge Subdivision, PWS No. 0860144

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	10

- APPENDIX A – DROUGHT CONTINGENCY PLAN
- APPENDIX B – SAMPLE SERVICE AGREEMENT
- APPENDIX C – APPLICATION FOR SERVICE

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Base Rate</u>	<u>Gallage Charge</u>
5/8" or 3/4"	\$25.25 (Includes 0 gallons)	\$2.07 per 1,000 gallons

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

Cash X, Check X, Money Order X, Credit Card X, 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 TO REMIT FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE \$1,500.00
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) Non-payment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request that service be disconnected \$25.00

TRANSFER FEE \$30.00

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)..... 10%

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:

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. [16 TAC 24.21(b)(2)(F)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

Certificate of Account Status



Franchise Tax Account Status

As of : 12/04/2018 11:49:58

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

VINEYARD RIDGE WATER SUPPLY, LLC

Texas Taxpayer Number 32062970770

Mailing Address PO BOX 1540 MARBLE FALLS, TX 78654-7540

i Right to Transact Business in
Texas ACTIVE

State of Formation TX

Effective SOS Registration Date 02/23/2017

Texas SOS File Number 0802658376

Registered Agent Name BRENT A TAYLOR

Registered Office Street Address 300 CR 407 SPICEWOOD, TX 78669

Public Information Report

Public Information Report
VINEYARD RIDGE WATER SUPPLY, LLC
Report Year :2018

Information on this site is obtained from the most recent Public Information Report (PIR) processed by the Secretary of State (SOS). PIRs filed with annual franchise tax reports are forwarded to the SOS. After processing, the SOS sends the Comptroller an electronic copy of the information, which is displayed on this web site. The information will be updated as changes are received from the SOS.

You may order a copy of a Public Information Report from open.records@cpa.texas.gov or Comptroller of Public Accounts, Open Records Section, PO Box 13528, Austin, Texas 78711.

Title	Name and Address
MANAGER	BRENT TAYLOR PO BOX 262 SPICEWOOD, TX 78669
MEMBER	BRENT TAYLOR PO BOX 262 SPICEWOOD, TX 78669

List of Assets to be Transferred



Spicewood Utility Services, LLC
P.O. Box 631
Spicewood, TX 78669

January 24, 2017

**Estimate of Water Plant Costs – Based on the plans from Matkin-Hoover dated
November, 2016**

Bryan / Price,

Please see estimates below for the water plant costs at Vineyard Ridge:

Site Work: \$14,800
GST and associated appurtenances: \$71,500
Pressure Tank and associated appurtenances: \$45,500
Pumps and Building Piping: \$22,900
Building and associated appurtenances: \$51,500
Chlorination System: \$11,400
Yard Piping: \$17,300
Electrical and Controls: \$98,200
Fence (Plant and both wells): \$27,500

Total Estimated Cost - \$360,600

Yours truly,

A handwritten signature in black ink, appearing to read "Brent Taylor". The signature is written in a cursive, somewhat stylized font.

Brent Taylor
512-461-0806

List of Neighboring Utilities

List of Neighboring Utilities

Gillespie County WCID 1
1906 N Llano ST STE 105
Fredericksburg, Texas 78624

Hill Country Underground Water
Conservation District
508 South Washington
Fredericksburg, Texas 78624

Lower Colorado River Authority
P.O. Box 220
Austin, Texas 78703

Gillespie County Judge
101 West Main St. Mail Unit 9 Room 101
Fredericksburg, TX 78624-3700

**TCEQ Compliance
Correspondence**

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



PWS_0860144_CO_20170530_Plan Ltr

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 30, 2017

Mr. Garrett D. Keller, P.E.
Matkin-Hoover Engineering, Inc.
8 Spencer Road
Boerne, Texas 78006

Re: Vineyard Ridge Water Supply - Public Water System ID No. 0860144
Proposed New Water System
Engineer Contact Telephone: (830) 249-0600
Plan Review Log No. P-03312017-201
Gillespie County, Texas

CN605360155; RN109798421

Dear Mr. Keller:

On March 31, 2017, the Texas Commission of Environmental Quality (TCEQ) received planning material with your letter dated March 30, 2017 along with revisions dated May 23, 2017 for the proposed New Water System. Based on our review of the information submitted, the project generally meets the minimum requirements of Title 30 Texas Administrative Code (TAC) Chapter 290 - Rules and Regulations for Public Water Systems and is **conditionally approved for construction** if the project plans and specifications meet the following requirement(s):

1. Four corrosive indices (Modified Larson's Ratio Langelier Saturation Index, Ryznar Stability Index and the Aggressive Index) will be used to calculate corrosivity of the water from new source(s). Corrosive or aggressive water could result in aesthetic problems, increased levels of toxic metals, and deterioration of household plumbing and fixtures. **If the water appears to be corrosive**, the system will be required to conduct a study and submit an engineering report that addresses corrosivity issues or may choose to install corrosion control treatment **before use may be granted**. All changes in treatment require submittal of plans and specifications for approval by TCEQ.
2. The copy of the recorded deed and map demonstrates that the public water system owns the well property and all surrounding acreage at this time and intends to provide sanitary control and access to the wells via easements once the property is developed. Draft easements were provided as part of the submittal (see 30 TAC §290.41(c)(1)(F)(iv)(I)-(II)). For any real property within 150 feet of the well not owned by the public water system, a sanitary control easement or sanitary control easements as filed at the county courthouse (bearing the county clerk's stamp) shall be obtained, as described in 30 TAC §290.41(c)(1)(F). Please provide a copy of the recorded deed and a map showing all land owned by the public water system within 150 feet of the well and for any land within 150 feet of the well not owned by the public water system (or to be sold as property is developed) provide copies of all recorded sanitary control easements with the well completion materials. Should there be property within 150 feet of the well for which a sanitary control easement cannot be obtained an exception may be required as described below.

3. The PWS has applied to the Public Utility Commission (PUC) for a Certificate of Convenience and Necessity (CCN) for the system. The system should obtain a CCN prior to providing water service to customers.

Exceptions to the above rules must be requested in writing and must be substantiated by carefully documented data. The request for an exception shall precede the submission of engineering plans and specifications for a proposed project for which an exception is being requested as required in 30 TAC Section 290.39 (l)(1). Written exception request must be submitted to the TCEQ's Technical Review and Oversight Team (TROT) at the following address:

Technical Review and Oversight Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

For information about the exception process, please go to the URL below:

<http://www.tceq.texas.gov/drinkingwater/trot/exception>

Please note that an "Exception Request Form" must be completed for all exception submittals.

If after you have reviewed the information available at the webpage above you have a question regarding the exception process, please call (512) 239-4691 and ask to speak to a member of the TROT about exceptions.

Texas Water Code Section 36.0015 allows for the creation of groundwater conservation districts (GCDs) as the preferred method of groundwater management. GCDs manage groundwater in many counties and are authorized to regulate production and spacing of water wells. **Public water systems drilling wells within an existing GCD are responsible for meeting the GCD's requirements.** The authorization provided in this letter does not affect GCD authority to manage groundwater or issue permits.

The design engineer or water system representative is required to notify the Plan Review Team in writing by fax at (512) 239-6972 or by emailing David.Yager@Tceq.Texas.Gov and cc: vera.poe@tceq.texas.gov at least 48 hours before the well casing pressure cementing begins. If pressure cementing is to begin on Monday, then they must give notification on the preceding Thursday. If pressure cementing is to begin on Tuesday, then they must give notification on the preceding Friday.

The TCEQ does not approve this well for use as a public water supply at this time. We have enclosed a copy of the "Public Well Completion Data Checklist for Interim Approval (Step 2)". We provide this checklist to help you in obtaining approval to use this well.

The submittal consisted of 10 sheets of engineering drawings, technical specifications and an engineering summary. The proposed project consists of:

- Two (2) public water supply well drilled to 400 feet with 180 linear feet (lf) of 6.625-inch outside diameter (od) steel casing and pressure-cemented 180 lf;
- 220 linear feet of 6.25-inch underream bare hole with no gravel pack;

- The wells are rated for 50 gallons per minute (gpm) yield with a 7.5 horsepower, submersible pump set at 334 feet deep. Well No. 1 has a design capacity of 50 gpm at 384 feet total dynamic head (TDH) and Well No. 2 has a design capacity of 50 gpm at 392 TDH.
- One (1) 43,000 gallon American Water Works Association (AWWA) D-103 Factory-Coated Bolted Carbon Steel Ground Storage Tank;
- One (1) 4,000 gallon American Society of Mechanical Engineers (ASME) Section VIII, Division I, Hydropneumatic Pressure Tank;
- Two (2) 160 gallon per minute (gpm) service pumps;
- One (1) Disinfection system consisting of two (2) 10 pound per day gas chlorinators and two (2) 150 lb. bottles of chlorine gas;
- 4,188 lf of 6-inch AWWA C900 Polyvinyl Chloride (PVC) DR 18 raw water transmission main;
- 730 lf of 4-inch AWWA C900 PVC DR 18 raw water transmission main;
- 10,678 lf of 6-inch AWWA C900 PVC DR 18 Distribution Main;
- 7,565 lf of 4-inch AWWA C900 PVC DR 18 Distribution Main;
- 5,144 lf of 2-inch Schedule 40 ASTM D1785 PVC Distribution Line;
- Various valves, fittings, and related appurtenances.

This approval is for the construction of the above listed items only. Any wastewater components contained in this design were not considered.

The Vineyard Ridge Water System public water system provides water treatment.

The project is located approximately 6 miles north of Stonewall, Texas and 0.40 miles west of the intersection of North Grape Creek Road and Elm Ridge Road in Gillespie County, Texas.

An appointed engineer must notify the TCEQ's Region 11 Office in Austin at (512) 339-2929 when construction will start. Please keep in mind that upon completion of the water works project, the engineer or owner will notify the commission's Water Supply Division, in writing, as to its completion and attest to the fact that the completed work is substantially in accordance with the plans and change orders on file with the commission as required in 30 TAC §290.39(h)(3).

Please refer to the Plan Review Team's Log No. P-03312017-204 in all correspondence for this project.

Mr. Garrett D. Keller, P.E.
Page 4
May 30, 2017

Please Note for Future Submittals: In order to determine if a new source of water or a new treatment process results in corrosive or aggressive finished water that may endanger human health, we are requesting additional sampling and analysis of lead, alkalinity (as calcium carbonate), calcium (as calcium carbonate) and sodium in addition to the required chemical test results for public water system new sources. We are requiring these additional sampling results as listed in our currently revised checklists (Public Well Completion Data Checklist for Interim Use – Step 2 and Membrane Use Checklist – Step 2) which can be found on TCEQ’s website at the following address:

<https://www.tceq.texas.gov/drinkingwater/udpubs.html>

Please include these additional sampling results in well completion submittals, membrane use submittals, and other treatment process submittals.

New surface water sources will need to also include lead, total dissolved solids, pH, alkalinity (as calcium carbonate), chloride, sulfate, calcium (as calcium carbonate) and sodium with the analysis required in 30 TAC Section 290.41(e)(1)(F).

Please complete a copy of the most current Public Water System Plan Review Submittal form for any future submittals to TCEQ. Every blank on the form must be completed to minimize any delays in the review of your project. The document is available on TCEQ’s website at the address shown below. You can also download the most current plan submittal checklists and forms from the same address.

<https://www.tceq.texas.gov/drinkingwater/udpubs.html>

For future reference, you can review part of the Plan Review Team’s database to see if we have received your project. This is available on TCEQ’s website at the following address:

<https://www.tceq.texas.gov/drinkingwater/planrev.html/#status>

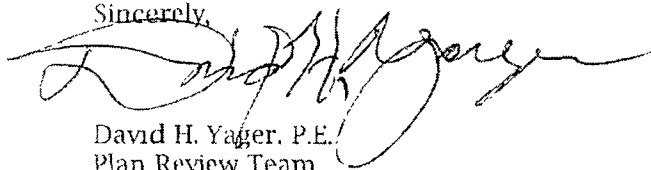
You can download the latest revision of 30 TAC Chapter 290 - [Rules and Regulations for Public Water Systems](#) from this site.

Mr. Garrett D. Keller, P.E.
Page 5
May 30, 2017

If you have any questions concerning this letter or need further assistance, please contact David Yager at 512-239-0605 or by email at David.Yager@Tceq.Texas.Gov or by correspondence at the following address:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Sincerely,



David H. Yager, P.E.
Plan Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality



Vera Poc, P.E., Team Leader
Plan Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality

VP/DY/db

Enclosure: "Public Well Completion Data Checklist for Interim Approval (Step 2)"

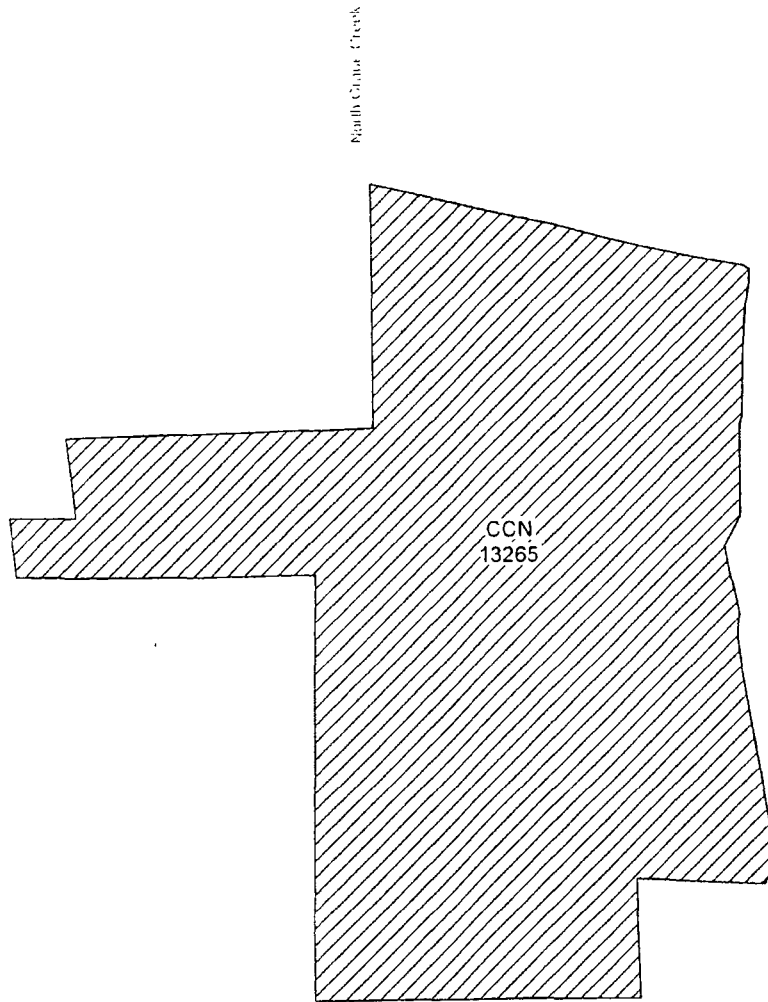
cc: Vineyard Ridge Water System, Attn. Brent Taylor, P. O. Box 631 Spicewood, Texas 78669

Mr. Garrett D. Keller, P.E.
Page 6
May 30, 2017

bcc: TCEQ Central Records PWS File 0860144
TCEQ Region No. 13 Office - San Antonio
TCEQ PWSINV, MC-155
Public Utility Commission; Attn: Tammy Benter

Maps

Vineyard Ridge, LLC
Water CCN No. 13265
PUC Docket No. 46948
Obtained New CCN in Gillespie County



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Water CCN

 13265 - Vineyard Ridge LLC

0 800 1,600
Feet



Map by: Komal Patel
Date created: March 9, 2018
Project Path: n:\finalmapping\46948\VineyardRidge.mxd

Vineyard Ridge CCN No. 13265

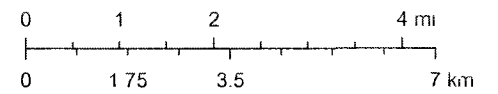


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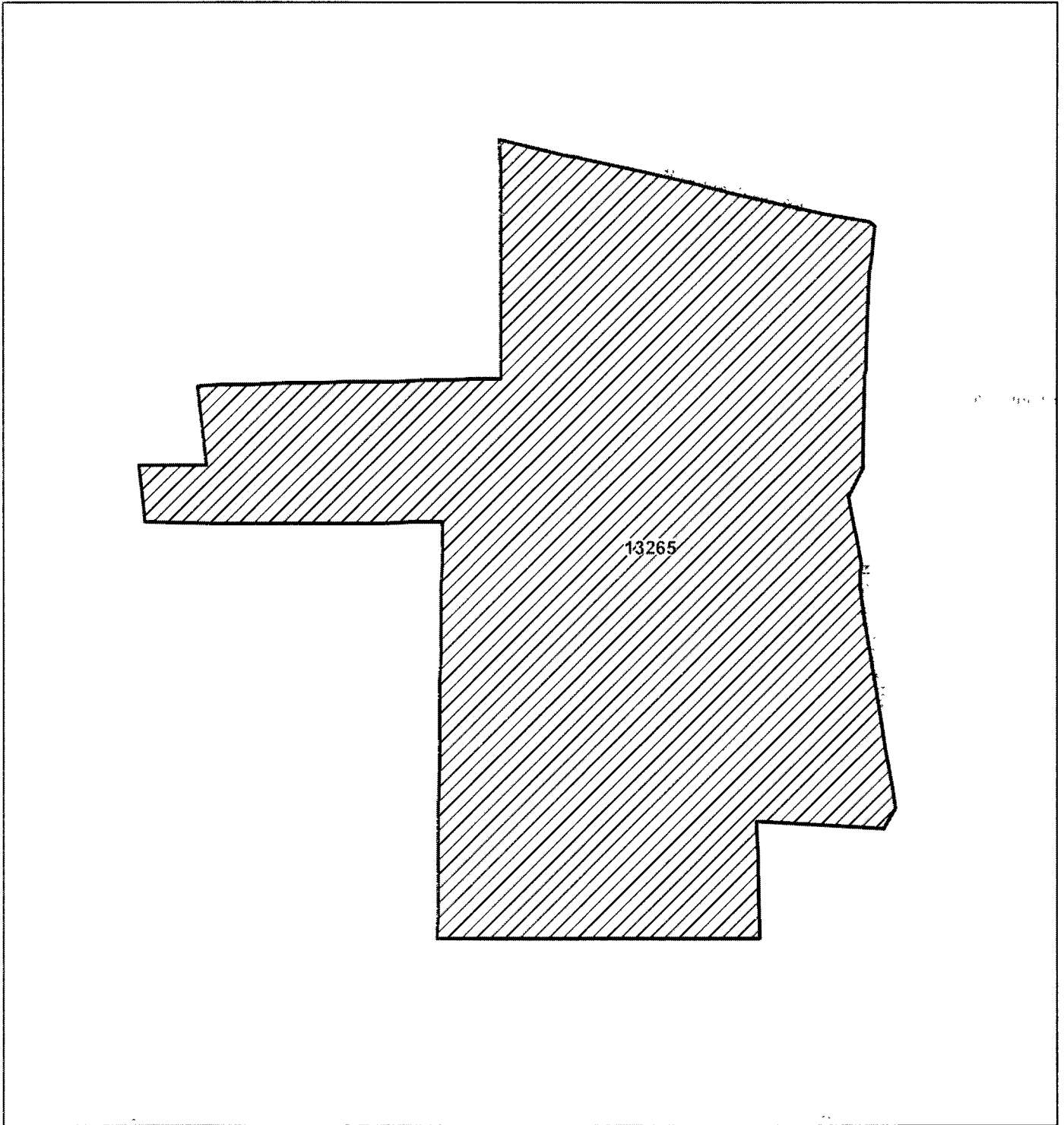
December 5, 2018

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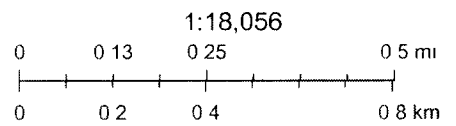


Esri, HERE, Garmin, IGA, USGS, NPS

Vineyard Ridge CCN No. 13265



December 5, 2018



Proposed Tariff



WATER UTILITY TARIFF

Docket Number: _____

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

Vineyard Ridge Water Supply, LLC. P.O. Box _____
(Utility Name) (Business Address)
Spicewood, TX 78633 512-461-0806
(City, State, Zip Code) (Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity: 13265

This tariff is effective in the following counties: Gillespie

This tariff is effective in the following cities or unincorporated towns (if any):
None

This tariff is effective in the following subdivisions or public water systems:
Vineyard Ridge Subdivision PWS No. 0860144

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):

TABLE OF CONTENTS

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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>25.25</u> (Includes gallons)	\$ <u>2.07</u> per 1000 gallons, 1 st <u>All</u> gallons
1"	\$ _____	\$ _____ per 1000 gallons, next _____ gallons
1½ "	\$ _____	\$ _____ per 1000 gallons thereafter
2"	\$ _____	
3"	\$ _____	
4"	\$ _____	

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

Cash X Check X Money Order X Credit Card X 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.

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TAP FEE \$ 1,500.00

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 \$ 25.00
- c) _____ \$ _____

TRANSFER FEE

\$ 30.00 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)

\$ 10%

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

\$ _____

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:

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)**