



Control Number: 51161



Item Number: 1

Addendum StartPage: 0



51161

August 11, 2020

2020 AUG 12 AM 11:48

PUBLIC UTILITY COMMISSION
FILING CLERK

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

**Re: Application to Amend Water CCN
Possum Kingdom Water Supply Corporation
Water CCN 12890**

Dear Sir / Madam:

Enclosed with this letter is the original Application to Obtain or Amend a Water Certificate of Convenience and Necessity (CCN) for Possum Kingdom Water Supply Corporation (PKWSC). The original is filed with no bindings, staples, tabs or separators and is consecutively numbered starting with the first page of the table of contents. The electronic submittal has been filed; one copy of the e-filing sheet is enclosed as the top sheet to this submission. Two (2) copies of digital map data on portable electronic storage medium are also enclosed. These modified filing procedures were explained by the PUC Central Records on August 5, 2020, and are modified to address PUC Docket No. 50664, dated March 16, 2020, issued in light of the ongoing health crisis the physical filing procedures of Chapter 22 of title 16 of the Texas Administrative Code.

Enprotec / Hibbs & Todd, Inc. (eHT) is acting on behalf of PKWSC for this application, and I will be the technical contact for this application. Please feel free to contact me with any questions or comments via telephone at on my cell while teleworking at (817) 694-8382, at the office at 325/698-5560, via email at luci.dunn@e-ht.com, or in writing at the Abilene Office address listed below.

Sincerely,

Enprotec / Hibbs and Todd, Inc.

Luci Dunn, P.E.
Senior Project Manager

LD/jd

c: **Project File 7555**

P:\Projects\Possum Kingdom\7555 Barndo Partners LLC - Water Ridge Estates\3 Planning Phase\CCN Amendment\Correspondence\PUC e-Transmittal Letter.docx

Environmental, Civil & Geotechnical Engineers

Abilene Office
402 Cedar
Abilene, Texas 79601
P.O. Box 3097
Abilene, Texas 79604
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Granbury, Texas 76048
682.498.6000 | 682.498.6293 fax

PE Firm Registration No. 1151
PG Firm Registration No. 50103
RPLS Firm Registration No. 10011900

POSSUM KINGDOM WATER SUPPLY CORPORATION

CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) AMENDMENT

AUGUST 2020

Prepared by:



Enprotec / Hibbs & Todd

402 Cedar, Abilene, Texas 79601

Phone: (325) 698-5560 / Fax: (325) 690-3240

Website: e-ht.com

PE Firm Registration No. 1151

PG Firm Registration No. 50103

RPLS Firm Registration No. 10011900



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

*Pursuant to 16 Texas Administrative Code (TAC) Chapter 24, Substantive Rules Applicable to Water and Sewer
Service Providers, Subchapter G: Certificates of Convenience and Necessity*

CCN Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, you should adhere to the following:
- Answer every question and submit all required attachments.
 - Use attachments or additional pages if needed to answer any question. If you use attachments or additional pages, reference their inclusion in the form.
 - Provide all mapping information as detailed in Part F: Mapping & Affidavits.
 - Provide any other necessary approvals from the Texas Commission on Environmental Quality (TCEQ), or evidence that a request for approval is being sought at the time of filing with the Commission.
- 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.
- 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:
- DEFICIENT (Administratively Incomplete):** Applicant 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.**
 - SUFFICIENT (Administratively Complete):** Applicant 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 Applicant issues notice, a copy of the actual notice sent (including any map) and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may choose to take one of the following actions:
- HEARING ON THE MERITS:** an affected party may request a hearing on the application. The request must be made within 30 days of notice. If this occurs, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
 - LANDOWNER OPT-OUT:** A landowner owning a qualifying tract of land (25+ acres) may request to have their land removed from the requested area. The Applicant will be requested to amend its application and file new mapping information to remove the landowner's tract of land, in conformity with this request.
- V. **PROCEDURAL SCHEDULE:** Following the issuance of notice and the filing of proof of notice in step 4, the application will be granted a procedural schedule for final processing. During this time the Applicant must respond to hearing requests, landowner opt-out requests, and requests for information (RFI). The Applicant will be requested to provide written consent to the proposed maps, certificates, and tariff (if applicable) once all other requests have been resolved.
- VI. **FINAL RECOMMENDATION:** After receiving all required documents from the Applicant, Staff will file a recommendation on the CCN request. The ALJ will issue a final order after Staff's recommendation is filed.

FAQ:

Who can use this form?

Any retail public utility that provides or intends to provide retail water or wastewater utility 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) must use this form to obtain or amend a CCN prior to providing retail water or sewer utility service in the requested area.

What is the purpose of the application?

A CCN Applicant is required to demonstrate financial, managerial, and technical (FMT) capability to provide continuous and adequate service to any requested area. The questions in the application are structured to support an Applicant's FMT capabilities, consistent with the regulatory requirements.

Application Summary

Applicant: Possum Kingdom Water Supply Corporation (WSC)

CCN No. to be amended: 12890

or ☐ Obtain NEW CCN ☐ Water ☐ Sewer

County(ies) affected by this application: Palo Pinto

Dual CCN requested with: N/A

CCN No.: N/A

(name of retail public utility)

☐ Portion or ☐ All of requested area

Decertification of CCN for: N/A

CCN No.: N/A

(name of retail public utility)

☐ Portion or ☐ All of requested area

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Please mark the items included in this filing

<input type="checkbox"/> Partnership Agreement	Part A: Question 4
<input checked="" type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part A: Question 4
<input type="checkbox"/> Certificate of Account Status	Part A: Question 4
<input type="checkbox"/> Franchise, Permit, or Consent letter	Part B: Question 7
<input checked="" type="checkbox"/> Existing Infrastructure Map	Part B: Question 8
<input checked="" type="checkbox"/> Customer Requests For Service in requested area	Part B: Question 9
<input type="checkbox"/> Population Growth Report or Market Study	Part B: Question 10
<input type="checkbox"/> TCEQ Engineering Approvals	Part B: Question 11
<input type="checkbox"/> Requests & Responses For Service to ½ mile utility providers	Part B: Question 12 B
<input type="checkbox"/> Economic Feasibility (alternative provider) Statement	Part B: Question 12.C
<input type="checkbox"/> Alternative Provider Analysis	Part B: Question 12.D
<input type="checkbox"/> Enforcement Action Correspondence	Part C: Question 16
<input type="checkbox"/> TCEQ Compliance Correspondence	Part D: Question 20
<input type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part D: Question 23
<input type="checkbox"/> Rate Study (new market entrant)	Part E: Question 28
<input checked="" type="checkbox"/> Tariff/Rate Schedule	Part E: Question 29
<input checked="" type="checkbox"/> Financial Audit	Part E: Question 30
<input type="checkbox"/> Application Attachment A & B	Part E: Question 30
<input type="checkbox"/> Capital Improvement Plan	Part E: Question 30
<input type="checkbox"/> Disclosure of Affiliated Interests	Part E: Question 31
<input checked="" type="checkbox"/> Detailed (large scale) Map	Part F: Question 32
<input checked="" type="checkbox"/> General Location (small scale) Map	Part F: Question 32
<input checked="" type="checkbox"/> Digital Mapping Data	Part F: Question 32
<input checked="" type="checkbox"/> Signed & Notarized Affidavit	Page 12

Part A: Applicant Information

1. A. Name: Possum Kingdom Water Supply Corporation
(individual, corporation, or other legal entity)
☐ Individual ☐ Corporation ☐ WSC ☐ Other: _____
- B. Mailing Address: 1170 Willow Road
Graford, Texas 76449
Phone No.: (940) 779-3100 Email: jeremiah@pkwsc.com
- 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: Luci Dunn, P.E. with eHT (consultant) Title: Senior Project Manager
Mailing Address: P.O. Box 3097, Abilene, Texas 79604
Phone No.: (325) 698-5560 Email: luci.dunn@e-ht.com
2. If the Applicant is someone other than a municipality, is the Applicant currently paid in full on the Regulatory Assessment Fees (RAF) remitted to the TCEQ?
☒ Yes ☐ No ☐ N/A
3. If the Applicant is an Investor Owned Utility (IOU), is the Applicant current on Annual Report filings with the Commission? N/A - Applicant is not an IOU
☐ Yes ☐ No If no, please state the last date an Annual Report was filed: _____
4. The legal status of the Applicant is:
☐ Individual or sole proprietorship
☐ Partnership or limited partnership (*attach* Partnership agreement)
☐ Corporation: Charter number (recorded with the Texas Secretary of State): _____
☐ Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]
Charter number (as recorded with the Texas Secretary of State): 01232231
☐ Articles of Incorporation and By-Laws established (*attach*)
☐ Municipally-owned utility
☐ District (MUD, SUD, WCID, FWSD, PUD, etc.)
☐ County
☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
☐ Other (please explain): _____
5. If the Applicant operates under an assumed name (i.e., any d/b/a), provide the name below:
Name: PKWSC

Part B: Requested Area Information

6. Provide details on the existing or expected land use in the requested area, including details on requested actions such as dual certification or decertification of service area.

The land is currently undeveloped agricultural land but is intended to be developed as a residential subdivision. Sole certification by the PKWSC (CCN 12890) is requested for the entire area.

7. The requested area (check all applicable):

- ☐ Currently receives service from the Applicant ☒ Is being developed with no current customers
☐ Overlaps or is within municipal boundaries ☐ Overlaps or is within district boundaries

Municipality: N/A District: N/A

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

N/A - The requested area does not overlap with any municipal or district boundaries.

8. Describe the circumstances (economic, environmental, etc.) driving the need for service in the requested area:

The area is intended to be developed for residential use. Water service provided by the PKWSC is necessary to supply potable water to the future residents of the area, so the development will not proceed if PKWSC is not able to provide service to the requested area. The new development will provide an economic benefit to the area as new residents will partake in the economy in the area.

9. Has the Applicant received any requests for service within the requested area?

☒ Yes* ☐ No *Attach copies of all applicable requests for service and show locations on a map

10. Is there existing or anticipated growth in the requested area?
There are no market studies or reports which support growth in the area, but the residential development is planned due to the demand for housing in the area.

☒ Yes* ☐ No *Attach copies of any reports and market studies supporting growth

11. A. Will construction of any facilities be necessary to provide service to the requested area?

☒ Yes* ☐ No *Attach copies of TCEQ approval letters

B. Date Plans & Specifications or Discharge Permit App. submitted to TCEQ: July 16, 2020.

See application Appendix I for the TCEQ submittal.

C. Summarize an estimated timeline for construction for any required facilities to serve the requested area:

A new ground storage tank, booster pump station, and hydropneumatic tank as well as new water lines will be installed to serve the new residential subdivision. The construction will be completed as part of the subdivision development, which will be completed by the developer. The installation is anticipated to be completed in 2020.

D. Describe the source and availability of funds for any required facilities to serve the requested area:

The developer will provide the funds required to construct the new service line.

Note: Failure to provide applicable TCEQ construction or permit approvals, or evidence showing that the construction or permit approval has been filed with the TCEQ may result in the delay or possible dismissal of the application.

12. A. If construction of a physically separate water or sewer system is necessary, provide a list of all retail public water and/or sewer utilities within one half mile from the outer boundary of the requested area below:

N/A - Construction of a physically separate water or sewer system is not necessary because PKWSC's water service system has been previously constructed.
For informational purposes, there are no retail water utilities within 1/2 mile from the outer boundary of the requested area. No service requests were sent by PKWSC to other water utilities.

B. Did the Applicant request service from each of the above water or sewer utilities?

☐ Yes*

☐ No

*Attach copies of written requests and copies of the written response

C. Attach a statement or provide documentation explaining why it is not economically feasible to obtain retail service from the water or sewer retail public utilities listed above. N/A

D. If a neighboring retail public utility agreed to provide service to the requested area, attach documentation addressing the following information: N/A

- (A) A description of the type of service that the neighboring retail public utility is willing to provide and comparison with service the applicant is proposing;
- (B) An analysis of all necessary costs for constructing, operating, and maintaining the new facilities for at least the first five years of operations, including such items as taxes and insurance; and
- (C) An analysis of all necessary costs for acquiring and continuing to receive service from the neighboring retail public utility for at least the first five years of operations.

13. Explain the effect of granting the CCN request on the Applicant, any retail public utility of the same kind serving in the proximate area, and any landowners in the requested area. The statement should address, but is not limited to, regionalization, compliance, and economic effects.

The effect of granting the CCN request on the applicant is a secured right to serve water to the future residences which will be constructed in the requested area. The impact on the developer will be assurance that PKWSC will be able to provide water service to the future residents of their development. There will be no impact on other utilities that provide water service because there are no such utilities in the vicinity of the requested area which have the ability to serve the new development. PKWSC's current customers will not be impacted by granting the requested CCN amendment because the quality of their water service will be unchanged. The economic impact will be positive because the residential development will bring additional participants in the economy to the area.

Part C: CCN Obtain or Amend Criteria Considerations

14. Describe the anticipated impact and changes in the quality of retail utility service for the requested area:

Retail service will be provided in the requested area for the first time. No changes to the quality of retail utility service to PKWSC's existing customers is anticipated.

15. Describe the experience and qualifications of the Applicant in providing continuous and adequate retail service:

Historically, the applicant has consistently provided water service to its existing service area. PKWSC is anticipated to continue to reliably serve its customers.

16. Has the Applicant 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?

☐ Yes* ☐ No

*Attach copies of any correspondence with the applicable regulatory agency concerning any enforcement actions, and attach a description of any actions or efforts the Applicant has taken to comply with these requirements.

17. Explain how the environmental integrity of the land will or will not be impacted or disrupted as a result of granting the CCN as requested:

If the CCN is granted as requested, the land will be developed for residential use. The residential development is unlikely to proceed if the CCN amendment is not granted as requested because water service is necessary for the new residences. The environmental integrity of the land will be impacted due to the development of the land. The impact to the land's environmental integrity is anticipated to be offset by the economic benefit of the residential development.

18. Has the Applicant made efforts to extend retail water or sewer utility service to any economically distressed area located within the requested area?

There are no economically distressed areas located within the requested area.

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

Fort Belknap WSC (CCN 11042), Stephens County Rural WSC (CCN 11456), Lakeshore Homeowners (CCN N0010), and Double Diamond Utilities Company, Inc. (CCN 12087).

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

20. A. Complete the following for all Public Water Systems (PWS) associated with the Applicant's CCN:

TCEQ PWS ID:	Name of PWS:	Date of TCEQ inspection*:	Subdivisions served:
TX1820076	Possum Kingdom WSC	12/13/2018	Possum Kingdom Lake

*Attach evidence of compliance with TCEQ for each PWS

- B. Complete the following for all TCEQ Water Quality (WQ) discharge permits associated with the Applicant's CCN:

TCEQ Discharge Permit No:	Date Permit expires:	Date of TCEQ inspection*:	Subdivisions served:
WQ- 0004325000	6/18/2024	12/13/2018	Possum Kingdom Lake
WQ-			
WQ-			
WQ-			

*Attach evidence of compliance with TCEQ for each Discharge Permit

- C. The requested CCN service area will be served via: PWS ID: TX1820076
WQ - 0004325000

21. List the number of existing connections for the PWS & Discharge Permit indicated above (Question 20. C.):

Water				Sewer	
	Non-metered	24	2"		Residential
2,288	5/8" or 3/4"	16	3"		Commercial
68	1"		4"		Industrial
45	1 1/2"	266	Other		Other
Total Water Connections:			2,707	Total Sewer Connections:	

22. List the number of additional connections projected for the requested CCN area:

Water				Sewer	
	Non-metered		2"		Residential
168	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:			168	Total Sewer Connections:	

23. A. Will the system serving the requested area purchase water or sewer treatment capacity from another source?

☐ Yes*

☐ No

*Attach a copy of purchase agreement or contract.

Capacity is purchased from:

Water: N/A

Sewer: N/A

- B. Are any of the Applicants PWS's required to purchase water to meet the TCEQ's minimum capacity requirements or TCEQ's drinking water standards?

☐ Yes

☐ No

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

N/A - PKWSC does not purchase water or sewer treatment capacity

	Amount in Gallons	Percent of demand
Water:	0	0%
Sewer:	0	0%

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

☒ Yes

☐ No

25. List the name, class, and TCEQ license number of the operators that will be responsible for the operations of the water or sewer utility service provided to the requested area:

Name (as it appears on license)	Class	License No.	Water/Sewer
See Attachment H			

26. A. Are any improvements required for the existing PWS or sewer treatment plant to meet TCEQ or Commission standards?

☐ Yes

☐ No

- 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:
N/A		

27. Provide a map (or maps) showing all facilities for production, transmission, and distribution, and the location of existing or proposed customer connections, in the requested area. Facilities should be identified on subdivision plats, engineering planning maps, or other large scale maps. Color coding can be used, and is encouraged, to distinguish types of facilities.

Part E: Financial Information

28. If the Applicant seeking to obtain a CCN for the first time is an Investor Owned Utility (IOU) and under the original rate jurisdiction of the Commission, a proposed tariff must be attached to the application. The proposed rates must be supported by a rate study, which provides all calculations and assumptions made. Once a CCN is granted, the Applicant must submit a rate filing package with the Commission within 18 months from the date service begins. The purpose of this rate filing package is to revise a utility's tariff to adjust the rates to a historic test year and to true up the new tariff rates to the historic test year. It is the Applicant's responsibility in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service. Any dollar amount collected under the rates charged during the test year in excess of the revenue requirement established by the Commission during the rate change proceeding shall be reflected as customer contributed capital going forward as an offset to rate base for ratemaking purposes.

29. If the Applicant is an existing IOU, please attach a copy of the current tariff and indicate:

- A. Effective date for most recent rates: N/A - Applicant is not an IOU
- B. Was notice of this increase provided to the Commission or a predecessor regulatory authority?
☐ No ☐ Yes Application or Docket Number: _____
- C. If notice was not provided to the Commission, please explain why (ex: rates are under the jurisdiction of a municipality)

N/A - Rates are under the jurisdiction of a Water Supply Corporation

If the Applicant is a Water Supply or Sewer Service Corporation (WSC/SSC) and seeking to obtain a CCN, attach a copy of the current tariff.

30. **Financial Information**

Applicants 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 Commission 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.

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 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.

31. Attach a disclosure of any affiliated interest or affiliate. Include a description of the business relationship between all affiliated interests and the Applicant.

DO NOT INCLUDE ATTACHMENTS A OR B IF LEFT BLANK

Part F: Mapping & Affidavits

32. 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 in reference to the nearest county boundary, city, or town. The Applicant should adhere to the following guidance:
 - i. If the application includes an amendment for both water and sewer certificated service areas, 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 or natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
 - i. The map should 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 and/or natural landmarks must be labeled and marked on the map as well.
 - ii. If the application includes 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.
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 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 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 drives), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

Part G: Notice Information

The following information will be used to generate the proposed notice for the application.
DO NOT provide notice until the application is deemed sufficient for filing and the Applicant is ordered to provide notice.

33. Complete the following using verifiable man-made and/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: 1,099

Number of customer connections in the requested area: 168

The closest city or town: Graford

Approximate mileage to closest city or town center: 8

Direction to closest city or town: East

The requested area is generally bounded on the North by: The Hills Over PK Lake Subdivision

on the East by: Undeveloped land

on the South by: State Highway 16

on the West by: State Highway 16

34. A copy of the proposed map will be available at PKWSC Office, 1170 Willow Road, Graford, TX 76449

Applicant's Oath

STATE OF

Texas

COUNTY OF

Palo Pinto

I, Jeremiah Gore
obtain or amend a water or sewer CCN, as

being duly sworn, file this application to

General Manager

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

I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants within its certificated service area should its request to obtain or amend its CCN be granted.



AFFIANT

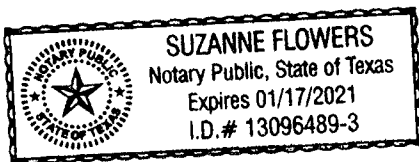
(Utility's Authorized Representative)

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

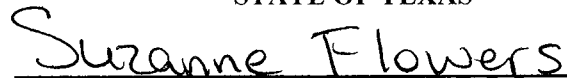
SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas

this day the 5th of August, 2020

SEAL



**NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS**



PRINT OR TYPE NAME OF NOTARY

My commission expires:

01/17/2021

Attachment A

Description of Proposed CCN Expansion Area

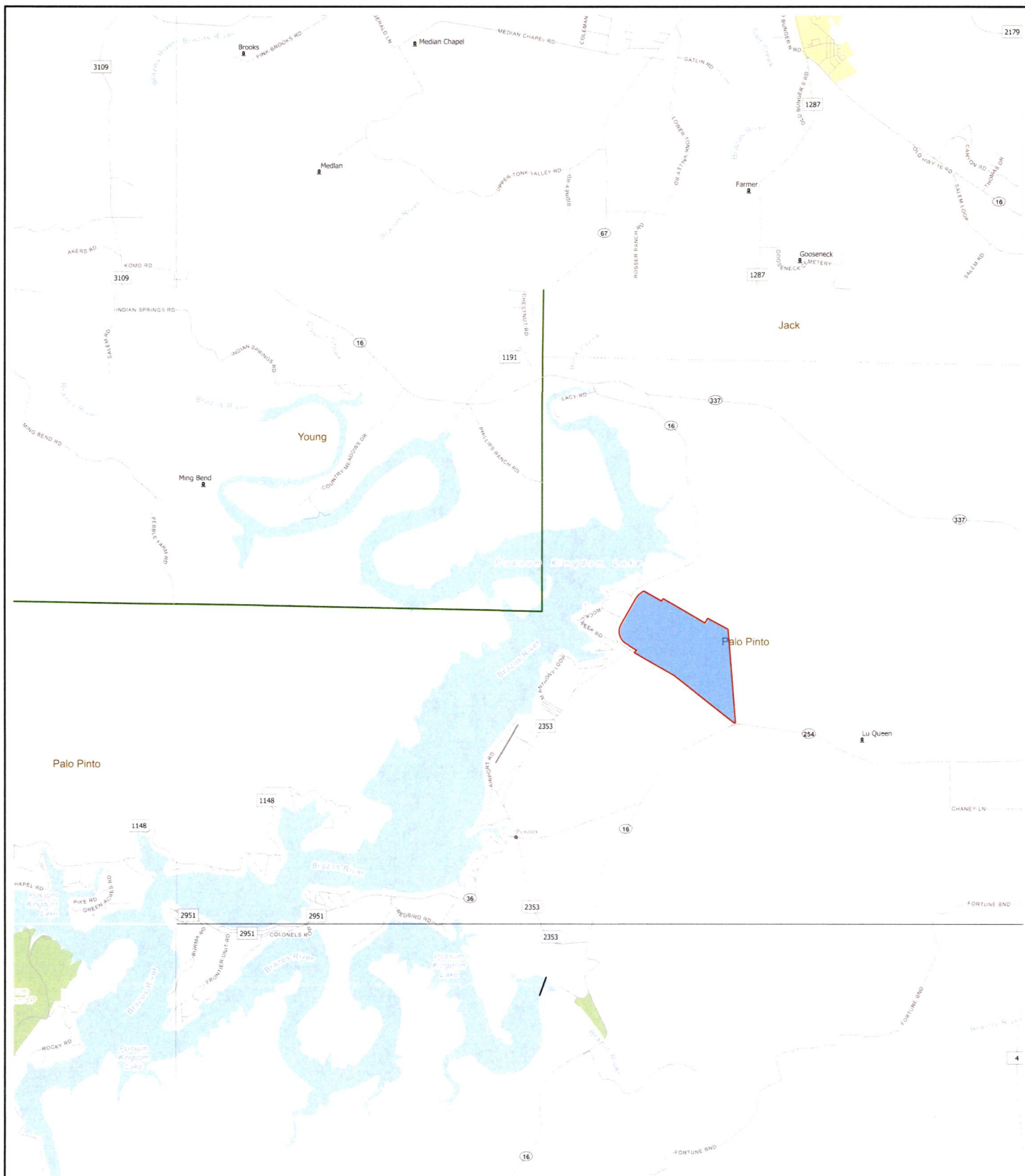
Description of Proposed CCN Expansion Areas
Possum Kingdom Water Supply Corporation
Application to Amend a Water CCN

The proposed amended water CCN 12890 for Possum Kingdom Water Supply Corporation (PKWSC) includes approximately 1,099 acres between the Hills Over Possum Kingdom Subdivision and State Highway 16 in preparation for a new residential development in the requested area. PKWSC does not serve any existing connections in the in the proposed additional CCN area, which is currently undeveloped agricultural land.

Requested Area: The requested area includes the area which will be developed as a residential subdivision. This area does not currently have a water CCN, and the City does not currently provide water service to the area. Approximately 168 new residential connection with ¾" meters are anticipated to be added in the requested area.

Attachment B

Proposed CCN Amendment Overall Layout
Requested Water CCN Expansion Area



LEGEND

REQUESTED CCN AREA
1,099± ACRES OF REQUESTED AREA



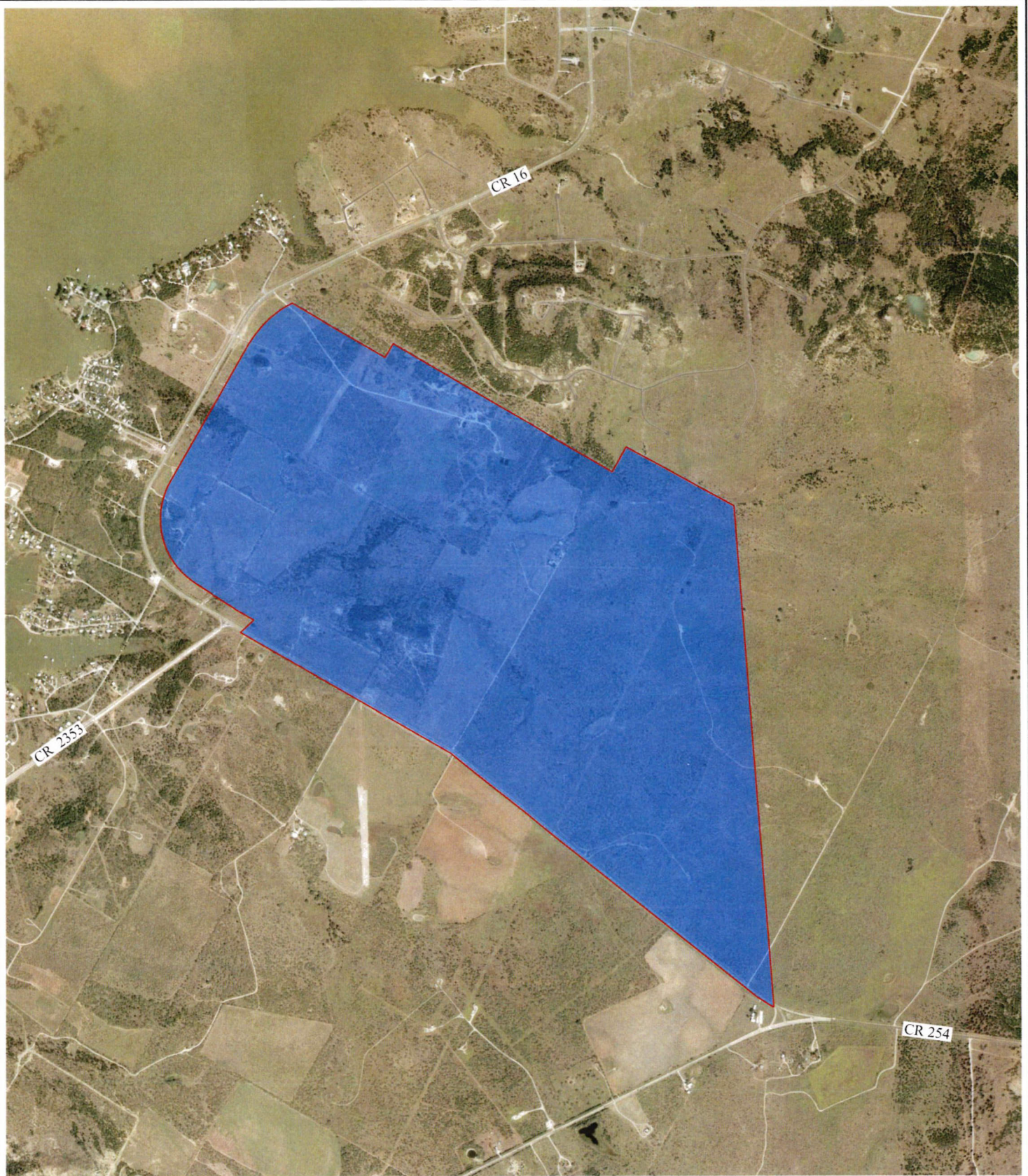
ENPROTEC/HIBBS & TODD, INC.

ENVIRONMENTAL AND CIVIL ENGINEERING
402 Cedar Street
325-698-5560
PE Firm Registration No. 1151
PG Firm Registration No. 50103
RPLS Firm Registration No. 10011900

**PROPOSED WATER CCN AMENDMENT
OVERALL LAYOUT
POSSUM KINGDOM WSC (WATER CCN 12890)
PALO PINTO COUNTY, TEXAS**

7555


04/21/2020



LEGEND

REQUESTED CCN AREA
1,099± ACRES OF REQUESTED AREA



	<p>ENPROTEC/HIBBS & TODD, INC. ENVIRONMENTAL AND CIVIL ENGINEERING <small>402 Cedar Street 325-698-5560</small></p> <p style="text-align: right; font-size: small;">Abilene, Texas 79601 PE Firm Registration No. 1151 PC Firm Registration No. 50103 RPLS Firm Registration No. 10011900</p>
<p>PROPOSED CCN AMENDMENT AREA WATER ONLY POSSUM KINGDOM WSC (WATER CCN 12890) PALO PINTO COUNTY, TEXAS</p>	
7555	04/21/2020

Attachment C
Most Recent TCEQ Inspection Report

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 14, 2019

E-CERTIFIED CONFIRMATION # 9171 9690 0935 0225 0706 49

Mr. Ted Lewellyn, President
Possum Kingdom Water Supply Corporation (WSC)
1170 Willow Road
Graford, TX 76449-3193

Re: Notice of Violation for Public Water Supply Comprehensive Compliance Investigation at:
Possum Kingdom WSC, Graford, Palo Pinto County, Texas
RN 103129078, PWS ID No. 1820076, Investigation No. 1533275

Dear Mr. Lewellyn:

On December 13, 2018, Ms. Merissa Green of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Regional Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supply systems. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by **March 15, 2019**, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the D/FW Regional Office at (817) 588-5800 or the Central Office Publications Ordering Team at 512-239-0028.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the D/FW Regional Office within 10 days from the date of this letter. At that time, Mr. Charles Marshall, Public Water Supply Program Team Leader, will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

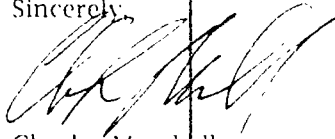
Mr. Ted Lewellyn, President

Page 2

February 14, 2019

If you or members of your staff have any questions, please feel free to contact Ms. Green in the D/FW Regional Office at (817) 588-5846.

Sincerely,

A handwritten signature in black ink, appearing to read 'Charles Marshall', written over a horizontal line.

Charles Marshall

Team Leader, Public Water Supply Program

D/FW Regional Office

CM/mg

Enclosure: Summary of Investigation Findings

Summary of Investigation Findings

POSSUM KINGDOM WSC

Investigation #

1533275

Investigation Date: 12/13/2018

, PALO PINTO COUNTY,

Additional ID(s): 1820076

OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 702903 Compliance Due Date: 03/15/2019

30 TAC Chapter 290.46(f)(3)(A)(i)(I)

Alleged Violation:

Investigation: 1533275

Comment Date: 01/16/2019

Failure to record the amount of each chemical used each day.

During the comprehensive compliance investigation on December 13, 2018, it was noted that the public water system did not maintain a record of the amount of each chemical used each day.

30 TAC 290.46(f)(3)(A)(i)(I) states systems that treat surface water or groundwater under the direct influence of surface water shall maintain a record of the amount of each chemical used each day.

Recommended Corrective Action: Record the amount of each treatment chemical used each day at the surface water treatment plant. Retain these records for a period of at least two years. Submit a letter describing the actions taken and a copy of at least one month of chemical usage records to the TCEQ Region 4 Office to document that the alleged violation has been corrected.

Track No: 705676 Compliance Due Date: 03/15/2019

30 TAC Chapter 290.46(f)(3)(B)(iv)

Alleged Violation:

Investigation: 1533275

Comment Date: 02/11/2019

Failure to maintain the calibration records for the laboratory equipment and flow meters.

During the comprehensive compliance investigation, the calibration records for the turbidimeters, online disinfectant residual analyzers, and flow meters were not available for review. The water system stated these were performed by a contractor and records would be located. A record request was listed on the exit interview form to provide them for review. On February 4, 2019, the water system indicated they were not maintained and may have been lost due to a computer failure.

30 TAC 290.46(f)(3)(B) states the following records shall be retained for at least three years:

30 TAC 290.46(f)(3)(B)(iv) the calibration records for laboratory equipment, flow meters, rate-of-flow controllers, on-line turbidimeters, and on-line disinfectant residual analyzers

Recommended Corrective Action: Calibrate the turbidimeters, online disinfectant residual analyzers, and flow meters at the surface water treatment plant. Submit a letter describing the actions taken and a copy of the calibration records to the TCEQ Region 4 Office to document that the alleged violation has been resolved.

ADDITIONAL ISSUES

Description

Additional Comments

Item #2

During the investigation, it was noted that a revised CT Study has recently been approved and implemented at the public water system. Ensure that the water system's monitoring plan is revised to incorporate the changes due to the new CT Study, and the revised plan must be submitted for review and approval to the following:

Texas Commission on Environmental Quality
Attn: Monitoring Plan Coordinator
Public Drinking Water Section, Mail Code 155
PO Box 13087
Austin, TX 78711-3087

TCEQ EXIT INTERVIEW FORM: Potential Violations and/or Records Requested

Regulated Entity/Site Name	Possum Kingdom WSC			TCEQ Add. ID No. RN No. (optional)	1820076
Investigation Type	CLI	Contact Made In-House (Y/N)	N	Purpose of Investigation	Compliance Investigation
Regulated Entity Contact	Jeremiah Gore			Telephone No.	Date Contacted 12/13/18
Title	General Manager			Fax No.	Date Faxed

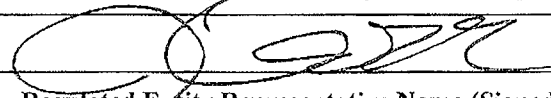
NOTICE: The information provided in this form is intended to provide clarity to issues that have arisen during the investigation process between the TCEQ and the regulated entity named above and *does not represent final TCEQ findings related to violations*. Any potential or alleged violations discovered after the date on this form will be communicated by telephone to the regulated entity representative prior to the issuance of a notice of violation or enforcement. Conclusions drawn from this investigation, including additional violations or potential violations discovered (if any) during the course of this investigation, will be documented in a final investigation report.

Issue		For Records Request: identify the necessary records, the company contact and date due to the agency. For Alleged and Potential Violation issues: include the rule in question with the clearly described potential problem. Other type of issues: fully describe.	
No.	Type ¹	Rule Citation (if known)	Description of Issue
1	PV	30 TAC 290	Failure to record the amount of chemical used each day.
2	O	Additional Issue	Ensure the monitoring plan is updated to incorporate changes from 2018 CT Study.
3	RR		Please provide copies of the following records: calibration and verification records for turbidimeters, online disinfectant residual analyzers, flow meters, nitrification action plan

¹Issue Type Can Be One or More of: AV (Alleged Violation), PV (Potential Violation), O (Other), or RR (Records Request)

Did the TCEQ document the regulated entity named above operating without proper authorization?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Did the investigator advise the regulated entity representative that continued operation is not authorized?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Document Acknowledgment. Signature on this document establishes only that the regulated entity (company) representative received a copy of this document and associated continuation pages on the date noted. If contact was made by telephone, document will be faxed to regulated entity; therefore, signature not required.

Merissa Green / Merissa Green	12/13/18		12/13/18
Investigator Name (Signed & Printed)	Date	Regulated Entity Representative Name (Signed & Printed)	Date

If you have questions about any information on this form, please contact your local TCEQ Regional Office.

Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, call 512-239-3282.

Attachment D

2018 and 2019 Annual Financial Statements
Possum Kingdom Water Supply Corporation

***POSSUM KINGDOM
WATER SUPPLY CORPORATION***

**Annual Financial Statements for
the Years Ended December 31, 2019 and 2018**

**Possum Kingdom Water Supply Corporation
Table of Contents
December 31, 2019 and 2018**

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Statements of Cash Flows	7
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Overall Compliance and Internal Controls Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18
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Financial Section



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Possum Kingdom Water Supply Corporation
Graford, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Possum Kingdom Water Supply Corporation (a nonprofit organization), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of revenues and expenses, and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Possum Kingdom Water Supply Corporation as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 of the notes to the financial statements, the Corporation adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, as amended, as of and for the year ended December 31, 2019. No changes to the previously issued audited financial statements were required on a retrospective basis. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020, on our consideration of Possum Kingdom Water Supply Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Possum Kingdom Water Supply Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Possum Kingdom Water Supply Corporation's internal control over financial reporting and compliance.



Snow Garrett Williams
March 30, 2020

Possum Kingdom Water Supply Corporation
Balance Sheets
December 31, 2019 and 2018

Assets

	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 123,668	\$ 147,491
Investments	4,339,575	3,905,406
Accounts receivable	<u>230,757</u>	<u>216,975</u>
Total current assets	<u>4,694,000</u>	<u>4,269,872</u>
Assets with restrictions		
Investments - restricted	<u>1,614,767</u>	<u>649,279</u>
Total assets with restrictions	<u>1,614,767</u>	<u>649,279</u>
Property and equipment		
Land and easements	104,900	104,900
Construction in progress	143,262	25,402
Buildings and improvements	301,651	301,651
Furniture and equipment	130,328	83,904
Vehicles	377,647	344,968
Water distribution system	<u>27,949,869</u>	<u>27,769,671</u>
Total Property and equipment	29,007,657	28,630,496
Less: Accumulated depreciation	<u>(11,270,671)</u>	<u>(10,285,385)</u>
Net property and equipment	<u>17,736,986</u>	<u>18,345,111</u>
Other assets		
Start-up costs	326,409	326,409
Bond issue cost	<u>303,004</u>	<u>303,004</u>
Total Other assets	629,413	629,413
Less: Accumulated amortization	<u>(386,962)</u>	<u>(361,978)</u>
Total other assets	<u>242,451</u>	<u>267,435</u>
Total assets	<u><u>\$ 24,288,204</u></u>	<u><u>\$ 23,531,697</u></u>

Possum Kingdom Water Supply Corporation
Balance Sheets
December 31, 2019 and 2018

Liabilities and Net Assets

	<u>2019</u>	<u>2018</u>
Current liabilities		
Accounts payable	\$ 87,353	\$ 17,437
Accrued expenses	76,958	72,418
Deferred revenue	14,483	16,197
Current maturities of long-term debt	<u>466,725</u>	<u>451,583</u>
Total current liabilities	<u>645,519</u>	<u>557,635</u>
Long-term debt		
Notes payable	851,215	876,797
Revenue bonds payable	5,476,000	5,902,000
Less current maturities of long-term debt	<u>(466,725)</u>	<u>(451,583)</u>
Total long-term debt	<u>5,860,490</u>	<u>6,327,214</u>
Total liabilities	<u>6,506,009</u>	<u>6,884,849</u>
Net assets		
Without restrictions:		
Members' capital	742,600	724,600
Impact capital	2,343,494	2,326,516
Contributed capital	8,098,277	8,098,277
Operations	<u>4,983,057</u>	<u>4,848,176</u>
Total net assets without restrictions	<u>16,167,428</u>	<u>15,997,569</u>
Net assets with restrictions	<u>1,614,767</u>	<u>649,279</u>
Total net assets	<u>17,782,195</u>	<u>16,646,848</u>
Total liabilities and net assets	<u><u>\$ 24,288,204</u></u>	<u><u>\$ 23,531,697</u></u>

Possum Kingdom Water Supply Corporation
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
Revenues						
Water sales	\$ 2,381,623	\$ -	\$ 2,381,623	\$ 2,303,188	\$ -	\$ 2,303,188
Other revenue	369,966	-	369,966	311,150	-	311,150
Total revenues	2,751,589	-	2,751,589	2,614,338	-	2,614,338
Expenses						
Operating expenses						
Advertising	1,585	-	1,585	1,592	-	1,592
Amortization	24,984	-	24,984	24,984	-	24,984
Auto expense	15,928	-	15,928	16,857	-	16,857
Depreciation	1,035,428	-	1,035,428	1,023,444	-	1,023,444
Dues, fees and assessments	14,598	-	14,598	12,957	-	12,957
Insurance	111,485	-	111,485	103,346	-	103,346
Legal and professional	32,516	-	32,516	34,007	-	34,007
Miscellaneous	25,242	-	25,242	19,973	-	19,973
Office supplies and expenses	36,736	-	36,736	33,399	-	33,399
Payroll	435,984	-	435,984	428,149	-	428,149
Payroll taxes	33,303	-	33,303	32,895	-	32,895
Rent	1,676	-	1,676	2,834	-	2,834
Repairs and maintenance	103,087	-	103,087	143,540	-	143,540
Retirement	45,000	-	45,000	37,340	-	37,340
Supplies and chemicals	167,731	-	167,731	166,495	-	166,495
Training	3,856	-	3,856	6,215	-	6,215
Uniforms	1,537	-	1,537	2,605	-	2,605
Utilities	162,328	-	162,328	160,802	-	160,802
Water purchases	212,816	-	212,816	141,525	-	141,525
Total expenses	2,465,820	-	2,465,820	2,392,959	-	2,392,959
Net revenue	285,769	-	285,769	221,379	-	221,379
Other revenue and (expenses)						
Interest revenue	115,868	-	115,868	83,000	-	83,000
Gain on disposal of assets	14,324	-	14,324	4,000	-	4,000
Interest expense	(256,105)	-	(256,105)	(264,042)	-	(264,042)
Total other revenue and (expenses)	(125,913)	-	(125,913)	(177,042)	-	(177,042)
Change in net assets	159,856	-	159,856	44,337	-	44,337
Beginning net assets	15,997,569	649,279	16,646,848	15,977,469	591,027	16,568,496
Membership contributions	18,000	-	18,000	5,400	-	5,400
Impact capital contributions	16,978	-	16,978	28,615	-	28,615
Contributed capital contributions	-	940,513	940,513	-	-	-
Net transfers for debt reserve requirements, construction accounts, and debt payments	(24,975)	24,975	-	(58,252)	58,252	-
Ending net assets	\$ 16,167,428	\$ 1,614,767	\$ 17,782,195	\$ 15,997,569	\$ 649,279	\$ 16,646,848

Possum Kingdom Water Supply Corporation
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 159,856	\$ 44,337
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,060,412	1,048,428
Gain on disposal of assets	(14,324)	(4,000)
(Increase) decrease in:		
Accounts receivable	(13,782)	25,178
Increase (decrease) in:		
Accounts payable and accrued expenses	74,456	(51,609)
Deferred revenue	(1,714)	850
Net cash provided by operating activities	<u>1,264,904</u>	<u>1,063,184</u>
<u>Cash Flows from Investing Activities</u>		
Proceeds from maturity of investments	32,533	-
Purchase of investments	(466,702)	(684,840)
Purchase of property and equipment	(427,303)	(78,342)
Proceeds from sale of equipment	14,324	4,000
Net cash used in investing activities	<u>(847,148)</u>	<u>(759,182)</u>
<u>Cash Flows from Capital and Financing Activities</u>		
Proceeds from maturity of restricted investments	644,250	649,652
Purchase of restricted investments	(1,609,738)	(707,905)
Bond principal reduction	(426,000)	(422,000)
Notes payable principal reduction	(25,582)	(24,491)
Membership contributions	18,000	5,400
Impact and administrative contributions	16,978	28,615
Contributed capital- with restrictions	940,513	-
Net cash used in capital and financing activities	<u>(441,579)</u>	<u>(470,729)</u>
Decrease in cash and cash equivalents	(23,823)	(166,727)
Cash and cash equivalents, beginning of year	<u>147,491</u>	<u>314,218</u>
Cash and cash equivalents, end of year	<u><u>\$ 123,668</u></u>	<u><u>\$ 147,491</u></u>
Supplemental disclosures of cash flow information:		
Interest paid	<u><u>\$ 256,105</u></u>	<u><u>\$ 264,042</u></u>

POSSUM KINGDOM WATER SUPPLY CORPORATION
Notes to Financial Statements
December 31, 2019 and 2018

Note 1. Significant Accounting Policies

The Reporting Entity

Possum Kingdom Water Supply Corporation (the Corporation) is a nonprofit organization formed in 1992 for the purpose of developing a regional water supply system (the project) for the community of Possum Kingdom Lake, Graford, Texas. The governing body is a Board of Directors elected at large from the members; officers are elected among the Board of Directors.

In July 2017, the Rock Creek Water Supply Corporation (RCWSC)(a nonprofit organization) merged with Possum Kingdom Water Supply Corporation. All RCWSC members receiving service or otherwise holding a RCWSC membership at July 1, 2017 were automatically members of Possum Kingdom Water Supply Corporation without payment of membership or other fees to the Corporation.

Adoption of New Accounting Pronouncement

The Corporation adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended. This update requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Analysis of various provisions of the adopted ASU resulted in no significant changes in the way the Corporation recognized revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Financial Statement Presentation

The Corporation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, all revenues are recognized when earned and expenses are recognized in the period in which the liabilities are incurred. Expenses are reported in the financial statements according to their natural classification under a single function of operating expenses related to the sale of water. As mentioned above, the Corporation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without restrictions. Net assets that are not subject to restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the Board of Directors.

Net assets with restrictions: Net assets subject to stipulations imposed by others including contracts, grants, and legal documents such as bond documents. Some restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other restrictions are perpetual in nature, whereby the funds are maintained in perpetuity.

When a restriction expires, net assets are reclassified from net assets with restrictions to net assets without restrictions in the financial statements.

Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents

POSSUM KINGDOM WATER SUPPLY CORPORATION
Notes to Financial Statements
December 31, 2019 and 2018

Note 1. Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

The Corporation's financial instruments are cash, investments, accounts receivable, accounts payable, deferred revenue and long-term debt. The recorded values of cash, accounts receivable, accounts payable and deferred revenue approximate their fair values based on their short-term nature. The recorded values of long-term debt approximate their fair values, as interest approximates market rates.

Bad Debts

The Corporation writes off bad debt when determined that an account is uncollectible. It is management's opinion that substantially all receivables at December 31, 2019 and 2018 are collectible. Accordingly, no allowance for bad debt is recorded.

Property and Equipment

Property and equipment are defined by the Corporation as assets with a unit cost of \$5,000 or more and a useful life of more than one year. Assets are capitalized at their actual cost and depreciation expense is calculated on the straight-line basis over the estimated useful lives of the assets.

The estimated useful lives of the major classes of assets are as follows:

Buildings and improvements	10 - 30 years
Water distribution system	3 - 30 years
Furniture and equipment	3 - 7 years
Vehicles	5 - 10 years

Repairs and maintenance are charged to expense as incurred. When facilities are retired or otherwise disposed of, the cost is removed from the asset accounts and the related depreciation reserve is adjusted with the difference being charged against income or expenses. The Corporation follows the policy of capitalizing interest as a component of the cost of property and equipment constructed for its own use.

Income Taxes

The Corporation is qualified as an exempt organization for federal income tax purposes under Internal Revenue Code Section 501 (c) (12).

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination of taxing authorities. The Corporation has analyzed tax positions taken for filing with the Internal Revenue Service. The Corporation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Corporation's financial condition, results of operations or cash flows. Accordingly, the Corporation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2019.

The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Corporation believes it is no longer subject to income tax examinations for years prior to December 31, 2015.

POSSUM KINGDOM WATER SUPPLY CORPORATION
Notes to Financial Statements
December 31, 2019 and 2018

Note 1. Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Deposits, Securities, and Investments

Cash

The Corporation maintains its cash in bank deposit accounts at high credit quality financial institutions. At December 31, 2019 and 2018, the Corporation's bank deposits were adequately secured by Federal Deposit Insurance Corporation (FDIC) coverage or collateralized with securities held by the Corporation or its agent in the Corporation's name.

Investments

Under the Corporation's Investment Policy, the Corporation is authorized to invest in the local government investment pool, Texas Short Term Asset Reserve Program (TexSTAR)

TexSTAR is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexSTAR's governing body is a five-member board of directors consisting of three representatives of participants and one member employed by each co-administrator or an affiliate. The co-administrators are Hilltop Securities Inc. and J.P. Morgan Investment Management Inc. TexSTAR maintains an advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR. Members are appointed and serve at the will of the board of directors. TexSTAR is rated AAAm by Standard and Poor's.

TexSTAR reports its financial statements in accordance with Financial Accounting Standards Board (FASB), follows ASC 820 *Fair Value Measurement and Disclosure Requirements* in reporting its investments, and is categorized as Level 2. For pricing and redeeming shares, TexSTAR maintains a stable net asset value of \$1 per unit using the fair value method.

Under the fair value method, fixed income securities are valued each day by independent or affiliated commercial pricing servicing or third party broker-dealers. The pricing services or broker-dealers use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services or broker-dealers may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the broker-dealers or pricing services also utilize proprietary valuation models which may consider market transactions in comparable securities and the various relationships between securities in determining value and/or market characteristics such as benchmark yield curves, option adjusted spreads, credit spreads, estimated default rates, coupon-rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair values.

POSSUM KINGDOM WATER SUPPLY CORPORATION
Notes to Financial Statements
December 31, 2019 and 2018

Note 2. Deposits, Securities, and Investments (Continued)

Fair Value Measurements

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. FASB ASC 820, Fair Value Measurement, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure the assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that an entity can access at the measurement date.
- Level 2 inputs are inputs- other than quoted prices included in Level 1- that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, the Corporation should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Investment fair value measurements as of December 31 consist of the following:

	Level 2 Fair Value	
	2019	2018
TexSTAR – Debt Service Reserve	\$ 465,448	\$ 455,463
TexSTAR – Interest and Sinking	95,314	88,645
TexSTAR – Capital Replacement	321,764	223,485
TexSTAR – Repair and Replacement	107,477	105,171
TexSTAR – New Technology Reserve	327,851	202,147
TexSTAR – General Operating	1,595,572	589,667
TexSTAR – Plant Expansion	3,040,916	2,890,107
	<u>\$ 5,954,342</u>	<u>\$ 4,554,685</u>

Note 3. Availability and Liquidity

The Corporation's financial assets reported as current assets at December 31, 2019 and 2018 of \$4,694,000 and \$4,269,872, respectively, are available to meet the Corporation's general expenses over the next year from the balance sheet date. The Corporation's assets with restrictions are not available for general use within one year of the balance sheet date due to bond document and other restrictions. See Note 4 below. The Corporation's goal is generally to maintain liquidity and provide timely working funds that are sufficient to cover anticipated expenses over the next twelve months.

POSSUM KINGDOM WATER SUPPLY CORPORATION
Notes to Financial Statements
December 31, 2019 and 2018

Note 4. Net Assets with Restrictions

Under the bond documents, the Corporation is required to reserve funds in an interest and sinking fund, a reserve fund, and a repair and replacement fund. The Corporation is in compliance with these reserve requirements as of December 31, 2019 and 2018.

In addition, the following accounts are included in restricted investments at December 31:

<u>Account Name</u>	<u>2019</u>	<u>2018</u>
TexSTAR - Repair and Replacement	\$ 107,477	\$ 105,171
TexSTAR - Debt Service Reserve	465,448	455,463
TexSTAR - Interest and Sinking	95,314	88,645
TexSTAR - Reserve at Gaines Bend Phase I	946,528	-
Total restricted investments	<u>\$ 1,614,767</u>	<u>\$ 649,279</u>

Total net assets with restrictions at December 31, 2019 and 2018 were \$1,614,767 and \$649,279, respectively.

Note 5. Property and Equipment

Property and equipment, at cost, consist of the following:

	<u>Balance 1/1/2019</u>	<u>Additions / Transfers</u>	<u>Deletions / Transfers</u>	<u>Balance 12/31/2019</u>
Land and easements	\$ 104,900	\$ -	\$ -	\$ 104,900
Construction in progress	25,402	129,560	11,700	143,262
Buildings and improvements	301,651	-	-	301,651
Water distribution system	27,769,671	180,198	-	27,949,869
Furniture and equipment	83,904	46,424	-	130,328
Vehicles	344,968	82,821	50,142	377,647
Totals	<u>\$ 28,630,496</u>	<u>\$ 439,003</u>	<u>\$ 61,842</u>	<u>\$ 29,007,657</u>

	<u>Balance 1/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2018</u>
Land and easements	\$ 104,900	\$ -	\$ -	\$ 104,900
Construction in progress	-	25,402	-	25,402
Buildings and improvements	294,750	6,901	-	301,651
Water distribution system	27,752,163	17,508	-	27,769,671
Furniture and equipment	68,335	28,531	12,962	83,904
Vehicles	344,968	-	-	344,968
Totals	<u>\$ 28,565,116</u>	<u>\$ 78,342</u>	<u>\$ 12,962</u>	<u>\$ 28,630,496</u>

POSSUM KINGDOM WATER SUPPLY CORPORATION
Notes to Financial Statements
December 31, 2019 and 2018

Note 6. Start-Up Costs

Start-up costs consisted of pre-operational general and administrative expenses incurred in the organizational, feasibility, design and construction stages of the water supply system. Costs incurred for general and administrative expenses, beginning in 1992 through the majority of 2003, were capitalized and will be amortized over their estimated useful life using the straight line method. Non-operational income, such as, interest and miscellaneous incidental income, earned over the start-up phase, has been netted against start-up cost. Net start-up costs as of December 31, 2019 and 2018 were \$151,419 and \$162,299, respectively

Note 7. Long-Term Debt

Revenue Bonds Payable

The Corporation issued two revenue bonds concurrently during 2002 and one in 2008 to fund the water supply system construction cost and the cost of the respective bond issues. The bonds were issued in installments as construction progressed as determined by the project engineer. The interest expense accrued during the installments was capitalized and paid from bond proceeds. The revenue bonds described below contain certain restrictive covenants for the net revenue rate. As of December 31, 2019 and 2018, the Corporation was in compliance with the net revenue rate covenant.

Water System Revenue Bonds, Series 2002-A

On June 15, 2002, the Corporation issued revenue bonds to the Texas Water Development Board (TWDB) in the amount of \$4,700,000 with an annual interest rate of 1% payable June 15th and December 15th each year, commencing June 15, 2003, for construction of a regional water supply system located at Possum Kingdom Lake, Graford, Texas. The bonds are secured by the net revenues of the waterworks system, together with any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States government, or any other public or private source. The bonds were issued in installments as construction costs were incurred, as determined by the project engineer. The bonds mature, annually in various amounts, beginning December 15, 2004 through December 15, 2023. The bonds were redeemable on December 15, 2013, or on any date thereafter, at the option of the Corporation and in inverse order of their stated maturity at the redemption price of principal, plus accrued interest to the date of redemption.

POSSUM KINGDOM WATER SUPPLY CORPORATION
Notes to Financial Statements
December 31, 2019 and 2018

Note 7. Long-Term Debt (Continued)

Water System Revenue Bonds, Series 2002-B

On June 15, 2002, the Corporation issued revenue bonds to the Rural Utilities Service (RUS), which is an agency within the United States Department of Agriculture (USDA), in the amount of \$4,500,000 with an annual interest rate of 4.5% payable June 15th and December 15th each year, commencing June 15, 2003, for construction of a regional water supply system located at Possum Kingdom Lake, Graford, Texas. The bonds are secured by the net revenues of the waterworks system, together with any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States government, or any other public or private source. The bonds were issued in installments as construction costs incurred, as determined by the project engineer. The bonds mature, annually in various amounts beginning December 15, 2004 through December 15, 2041. The bonds were redeemable on December 15, 2012, or on any date thereafter, at the option of the Corporation and in inverse order of their stated maturity at the redemption price of principal, plus accrued interest to the date of redemption.

Water System Revenue Bonds, Series 2008

On March 12, 2008, the Corporation issued revenue bonds to the Texas Water Development Board (TWDB), in an aggregate principal amount not to exceed \$1,625,000 with variable interest rates ranging from 2.04% to 4.69% payable June 15th and December 15th each year, commencing June 15, 2008, to acquire, construct and make improvements to the water supply system located at Possum Kingdom Lake, Graford, Texas. The bonds are secured by the net revenues of the waterworks system, together with any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States government, or any other public or private source. The bonds were issued in installments as construction costs were incurred, as determined by the project engineer. The bonds mature annually in various amounts beginning December 15, 2010 through December 15, 2029.

Notes Payable

USDA Rural Development Notes Payable

In 2006, the Corporation received financing from two notes payable from the United States Department of Agriculture Rural Development to fund the Phase IV distribution system. One note payable in the amount of \$450,000 is payable in monthly installments of \$2,007 starting in July 2007, including an interest rate of 4.375%. The second note payable in the amount of \$735,000 is payable in monthly installments of \$3,279 starting in July 2007, including an interest rate of 4.375%. Both notes payable mature in 2046 and are secured by promissory note(s), security instruments, and pledges of revenues.

POSSUM KINGDOM WATER SUPPLY CORPORATION
Notes to Financial Statements
December 31, 2019 and 2018

Note 7. Long-Term Debt (Continued)

The following is a summary of changes in long-term debt:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Revenue Bonds, Series 2002-A	\$ 1,330,000	\$ -	\$ 260,000	\$ 1,070,000
Revenue Bonds, Series 2002-B	3,527,000	-	91,000	3,436,000
Revenue Bonds, Series 2008	1,045,000	-	75,000	970,000
USDA Note Payable	248,986	-	13,458	235,528
USDA Note Payable	627,811	-	12,124	615,687
Total	<u>\$ 6,778,797</u>	<u>\$ -</u>	<u>\$ 451,582</u>	<u>\$ 6,327,215</u>

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
Revenue Bonds, Series 2002-A	\$ 1,590,000	\$ -	\$ 260,000	\$ 1,330,000
Revenue Bonds, Series 2002-B	3,614,000	-	87,000	3,527,000
Revenue Bonds, Series 2008	1,120,000	-	75,000	1,045,000
USDA Note Payable	261,870	-	12,884	248,986
USDA Note Payable	639,418	-	11,607	627,811
Total	<u>\$ 7,225,288</u>	<u>\$ -</u>	<u>\$ 446,491</u>	<u>\$ 6,778,797</u>

Long-term debt repayments due in each of the next five years and thereafter are as follows:

	Principal	Interest	Total
2020	\$ 466,725	\$ 245,270	\$ 711,995
2021	476,918	233,847	710,765
2022	487,164	221,926	709,090
2023	498,466	209,602	708,068
2024	239,826	196,776	436,602
Thereafter	4,158,116	1,719,994	5,878,110
Total	<u>\$ 6,327,215</u>	<u>\$ 2,827,415</u>	<u>\$ 9,154,630</u>

Interest expense totaled \$256,105 and \$264,042 for 2019 and 2018, respectively

POSSUM KINGDOM WATER SUPPLY CORPORATION
Notes to Financial Statements
December 31, 2019 and 2018

Note 8. Membership Fees

Membership fees are set by the Board of Directors and are treated as capital contributions for membership and impact fees and other revenue for the service investigation and administration fees. Initial membership fees were set at \$300. Over the years, as the cost of the project became more apparent, membership fees have accordingly been increased. As of December 31, membership fees were as follows:

<u>New Membership Standard Service Fees</u>	<u>2019</u>	<u>2018</u>
Membership	\$ 300	\$ 300
Impact	N/A	N/A
Impact (Hills Above)	5,900	5,900
Equity Buy-In	1,169	1,167
Service investigation	150	150
Service investigation (Hills Above)	Included with impact	Included with impact
Administration	30	30
Meter installation	800	800
Inspection of meter connection	40	40

As of December 31, 2019 and 2018 there were a total of 2,517 and 2,446 members, respectively.

Note 9. Contributed Capital

Contributed capital consists of contributions related to water system additions paid for by individuals or developers. As of December 31, 2019 and 2018, contributed capital without restrictions totaled \$8,098,277. In 2019, the Corporation received capital contributions with restrictions for expansion of the water supply system to the Reserve at Gaines Bend Phase I. As of December 31, 2019, contributed capital with restrictions totaled \$940,513.

Note 10. Retirement Plan

The Corporation sponsors a Simplified Employee Pension (SEP) Plan in accordance with Internal Revenue Code Section 408(k). The plan covers all full time employees who are at least 21 years old. The plan allows the Corporation to make discretionary contributions, subject to certain limitations. For fiscal years 2019 and 2018, the Corporation contributed 10% of annual compensation for eligible participants. The contribution for 2019 and 2018 was \$45,000 and \$37,340, respectively.

Note 11. Subsequent Events

The Corporation evaluated subsequent events through March 30, 2020, the date the financial statements were available to be issued, and noted nothing significant requiring disclosure.

Overall Compliance and Internal Controls Section



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Board of Directors
Possum Kingdom Water Supply Corporation
Graford, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Possum Kingdom Water Supply Corporation (a nonprofit organization), which comprise the balance sheet as of December 31, 2019, and the related statements of revenue and expenses, and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Possum Kingdom Water Supply Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Possum Kingdom Water Supply Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Possum Kingdom Water Supply Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Possum Kingdom Water Supply Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Possum Kingdom Water Supply Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Snow Garrett Williams". The script is cursive and fluid.

Snow Garrett Williams
March 30, 2020

Attachment E
PKWSC Current Tariff

Tariff

of the

Possum Kingdom
Water Supply
Corporation

Palo Pinto and Stephens Counties, Texas

CCN 12890

TCEQ 1820076

1170 Willow Rd, Graford, TX 76449
940-779-3100

Tariff of the Possum Kingdom Water Supply Corporation

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Section E	Service Rules and Regulations
Section F	Developer, Subdivision and Non-Standard Service Requirements
Section G	Rates and Service Fees
Section H	Water Conservation and Drought Contingency Plan
Appendix A	Application Packet <ol style="list-style-type: none">1. New Service Request2. Standard Application and Agreement Form3. General Type Right-of-Way Easement4. Non-Standard Application and Agreement
Appendix B	Transaction Forms <ol style="list-style-type: none">1. Alternate Billing Agreement for Rental Accounts2. Confidentiality of Utility Records Form3. Installment Agreement4. Line Extension Refund Agreement5. Membership Transfer Agreement6. Meter Test Authorization and Test Report7. Notice of Requirement to Comply with the Subdivision and Service Extension Policy8. Notice of Returned Check9. Notice of Returned Draft10. Request for Service Discontinuance11. Right-of-Way Easement Denial Form and Affidavit12. Acknowledgement of Refusal of Right-of-Way13. Reserve Service Request14. Equipment and Line Dedication Agreement

Section A Resolutions

RESOLUTION DECLARING UNOPPOSED CANDIDATES OF
POSSUM KINGDOM WATER SUPPLY CORPORATION ELECTED

WHEREAS, Possum Kingdom Water Supply Corporation posted notice of the opportunity for candidates to submit applications to run for three (3) positions on its Board of Directors pursuant to Texas Water Code Section 67.0052(b); and

WHEREAS, only three (3) people submitted applications for these open positions, thus creating an unopposed election for each position pursuant to Texas Water Code Section 67.0055;

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF
POSSUM KINGDOM WATER SUPPLY CORPORATION DECLARES ELECTED TO
THESE POSITIONS:

Mike Patton
Rosendo Ferrer
Richard Laske

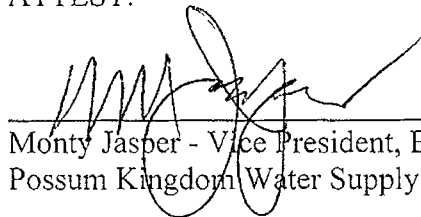
The Board of Directors so orders that this resolution be posted at the Corporation's main office and read into the record at the Corporation's annual meeting, pursuant to Texas Water Code Section 67.0055.

PASSED AND APPROVED this 9th day of March, 2019.



Ted Lewellen - President, Board of Directors
Possum Kingdom Water Supply Corporation

ATTEST:



Monty Jasper - Vice President, Board of Directors
Possum Kingdom Water Supply Corporation

RESOLUTION DECLARING UNOPPOSED CANDIDATES OF
POSSUM KINGDOM WATER SUPPLY CORPORATION ELECTED

WHEREAS, Possum Kingdom Water Supply Corporation posted notice of the opportunity for candidates to submit applications to run for five (5) positions on its Board of Directors pursuant to Texas Water Code Section 67.0052(b); and

WHEREAS, only five (5) people submitted applications for these open positions, thus creating an unopposed election for each position pursuant to Texas Water Code Section 67.0055;


NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF
POSSUM KINGDOM WATER SUPPLY CORPORATION DECLARES ELECTED TO
THESE POSITIONS:

Ted Lewellen
Monty Jasper
Rosendo Ferrer
~~Cheri Dipprey~~
Erika Carter

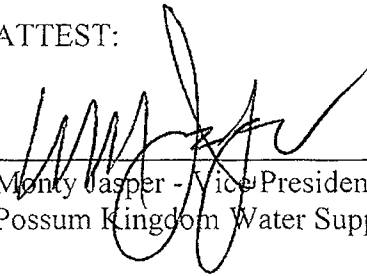
2.6.18 *Wm*

The Board of Directors so orders that this resolution be posted at the Corporation's main office and read into the record at the Corporation's annual meeting, pursuant to Texas Water Code Section 67.0055.

PASSED AND APPROVED this 17th day of March, 2018.


Ted Lewellen - President, Board of Directors
Possum Kingdom Water Supply Corporation

ATTEST:


Monty Jasper - Vice President, Board of Directors
Possum Kingdom Water Supply Corporation

RESOLUTION DECLARING UNOPPOSED CANDIDATES OF
POSSUM KINGDOM WATER SUPPLY CORPORATION ELECTED

WHEREAS, Possum Kingdom Water Supply Corporation posted notice of the opportunity for candidates to submit applications to run for four (4) positions on its Board of Directors pursuant to Texas Water Code Section 67.0052(b); and

WHEREAS, only four (4) people submitted applications for these open positions, thus creating an unopposed election for each position pursuant to Texas Water Code Section 67.0055;

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF
POSSUM KINGDOM WATER SUPPLY CORPORATION DECLARES ELECTED TO
THESE POSITIONS:

Mert Fewell
Ruth White
JoLynn Miller
Richard Laske

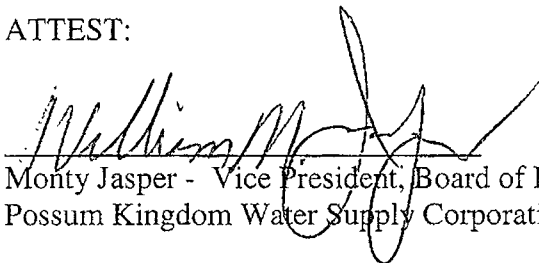
The Board of Directors so orders that this resolution be posted at the Corporation's main office and read into the record at the Corporation's annual meeting, pursuant to Texas Water Code Section 67.0055.

PASSED AND APPROVED this 18th day of March, 2017.



Ted Lewellen - President, Board of Directors
Possum Kingdom Water Supply Corporation

ATTEST:



Monty Jasper - Vice President, Board of Directors
Possum Kingdom Water Supply Corporation

RESOLUTION DECLARING UNOPPOSED CANDIDATES OF
POSSUM KINGDOM WATER SUPPLY CORPORATION ELECTED

WHEREAS, Possum Kingdom Water Supply Corporation posted notice of the opportunity for candidates to submit applications to run for three (4) positions on its Board of Directors pursuant to Texas Water Code Section 67.0052(b); and

WHEREAS, only three (4) people submitted applications for these open positions, thus creating an unopposed election for each position pursuant to Texas Water Code Section 67.0055;

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF POSSUM KINGDOM WATER SUPPLY CORPORATION DECLARES ELECTED TO THESE POSITIONS:

Mike Patton
Frank Neve
JoLynn Miller
Russell Madden

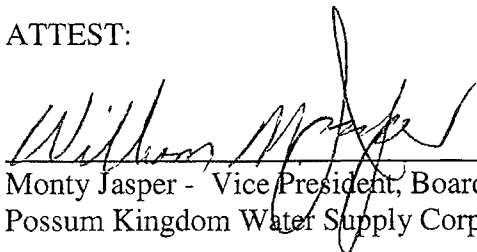
The Board of Directors so orders that this resolution be posted at the Corporation's main office and read into the record at the Corporation's annual meeting, pursuant to Texas Water Code Section 67.0055.

PASSED AND APPROVED this 19th day of March, 2016.



Ted Lewellen - President, Board of Directors
Possum Kingdom Water Supply Corporation

ATTEST:



Monty Jasper - Vice President, Board of Directors
Possum Kingdom Water Supply Corporation

RESOLUTION

ON AUGUST 17, 2011, THE BOARD OF DIRECTORS OF POSSUM KINGDOM WATER SUPPLY CORPORATION ESTABLISHED THE FOLLOWING RESOLUTION REGARDING CONFLICT OF INTEREST FOR THE BOARD OF DIRECTORS:

A director may not:

1. Solicit or accept or agree to accept a financial benefit that might reasonably tend to influence his or her performance of duties for the Corporation of that he or she would know is offered with intent to influence decisions
2. Accept employment or compensation that might reasonably induce him or her to disclose confidential information acquired in the performance of official duties
3. Accept outside compensation that might reasonably tend to impair independence of judgment in performance of duties for the Corporation
4. Make any personal investment that might reasonably be expected to create a substantial conflict between the directors private interest and duties for the Corporation
5. Solicit or accept or agree to accept a financial benefit from another person in exchange for having performed duties as a Corporation director in favor of that person

Should any potential conflict of interest exist in any decision or action by the Board of Directors, the director must make it known to the board and abstain from voting on any item under consideration

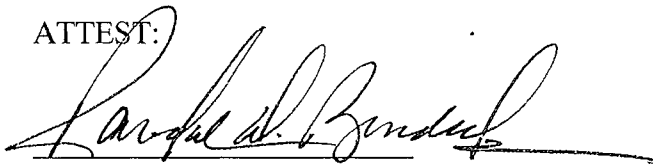
PASSED and APPROVED this 17th day of August, 2011.



Ted Lewellen
President, Possum Kingdom Water Supply Corporation

SEAL

ATTEST:



Randy Burdick
Secretary/Treasurer, Possum Kingdom Water Supply Corporation

RESOLUTION

A RESOLUTION OF
THE POSSUM KINGDOM WATER SUPPLY CORPORATION
AMENDING THE PREEXISTING
WATER CONSERVATION PLAN AND
DROUGHT CONTINGENCY PLAN
August 16, 2006

WHEREAS, the Board of Directors of the Possum Kingdom Water Supply Corporation (Corporation) has determined an urgent need in the best interest of the Corporation's Customers to amend its Water Conservation Plan and Drought Contingency Plan;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Possum Kingdom Water Supply Corporation that:

The Corporation hereby approves and adopts as the Possum Kingdom Water Supply Corporation Water Conservation Plan, the Water Conservation Plan attached hereto as Exhibit A and incorporated herein. The Corporation commits to implement the program according to the procedures set forth in the adopted Plan.

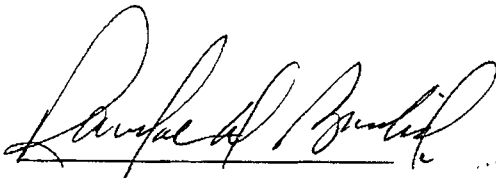
The Corporation hereby approves and adopts as the Possum Kingdom Water Supply Corporation Drought Contingency Plan, the Drought Contingency Plan attached hereto as Exhibit B and incorporated herein. The Corporation commits to implement the program according to the procedures set forth in the adopted Plans.

The Business Operations Manager of the Possum Kingdom Water Supply Corporation is hereby empowered to implement said Plans and shall take the necessary steps to put these Plans into effect by notifying and requesting the appropriate customers of the Corporation to meet the minimum requirements of these Plans.

READ, PASSED AND ADOPTED this the 16th day of August, 2006

ATTEST:

POSSUM KINGDOM WATER SUPPLY CORPORATION



SECRETARY/TREASURER



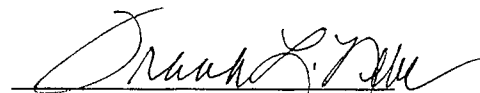
, President

RESOLUTION

ON DECEMBER 13, 2006, THE BOARD OF DIRECTORS OF POSSUM KINGDOM WATER SUPPLY CORPORATION ESTABLISHED THE FOLLOWING RESOLUTION REGARDING LOAN FOR PHASE V:

Resolution authorizing and providing for the incurrence of indebtedness in the principal amount of \$1,765,000 for the purpose of providing a portion of the cost of acquiring and constructing a water facility, providing for the collection, handling, and disposition of revenues therefrom and authorizing makings of promissory note(s), security instruments, and pledges of revenues to evidence and secure the payment of said indebtedness and for related purposes.

PASSED and APPROVED this 13th day of December, 2006.

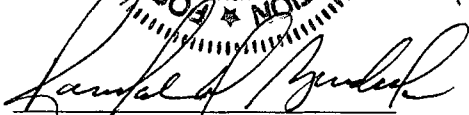


Frank Neve

Vice-President, Possum Kingdom Water Supply Corporation

SEAL

ATTEST



Randy Burdick

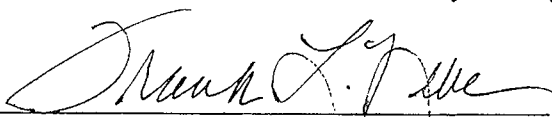
Secretary/Treasurer, Possum Kingdom Water Supply Corporation

RESOLUTIONS

THE BOARD OF DIRECTORS OF POSSUM KINGDOM WATER SUPPLY CORPORATION
ESTABLISHES THAT:

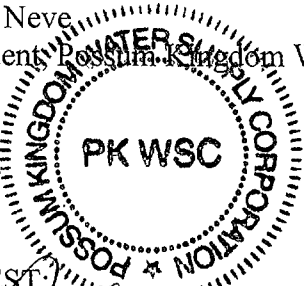
1. This Tariff of the Possum Kingdom Water Supply Corporation, serving in Palo Pinto and Stephens Counties consisting of Sections A. through H. and forms inclusive, is adopted and enacted as the current regulations and policies effective as of June 1, 2008.
2. Only those preexisting written contracts or agreements executed by the present or previous Board of Directors shall remain in effect, unless the contract or agreement requires compliance with changes of the tariff from time to time.
3. The adoption (or revisions) of this tariff does not prohibit or limit the Corporation from enforcing previous penalties or assessments from before the current effective date.
4. An official copy of this and all policies or records shall be available during regular office hours of the Corporation. The Secretary of the Corporation shall maintain the original copy as approved and all previous copies for exhibit.
5. Rules and regulations of state or federal agencies having jurisdiction shall supersede any terms of this policy. If any section, paragraph, sentence, clause, phrase, word, or words of this policy are declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.
6. This tariff has been adopted (revised) in compliance in Open Meeting in compliance with the Open Meeting Act, Chapter 551 of the Texas Government Code.

PASSED and APPROVED this 21th day of May, 2008

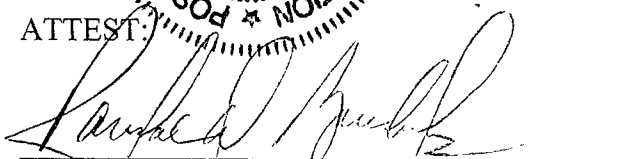


Frank Neve
President, Possum Kingdom Water Supply Corporation

SEAL



ATTEST:



Randy Burdick
Secretary, Possum Kingdom Water Supply Corporation

RESOLUTION

ON OCTOBER 18, 2006, THE BOARD OF DIRECTORS OF POSSUM KINGDOM WATER SUPPLY CORPORATION ESTABLISHED THE FOLLOWING RESOLUTION REGARDING CAPITAL EXPENDITURES:

Resolution that items purchased under \$5,000 will be charged to the appropriate expense account, items purchased over \$5,000 will be charged as a capital expenditure, and this is not to apply to monthly expense transactions.

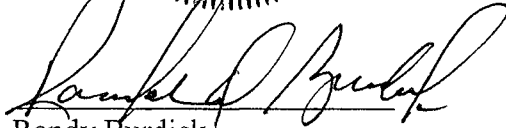
PASSED and APPROVED this 18th day of October, 2006.



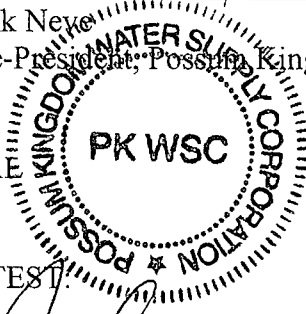
Frank Neve
Vice-President, Possum Kingdom Water Supply Corporation

SEAL

ATTEST:



Randy Burdick
Secretary/Treasurer, Possum Kingdom Water Supply Corporation

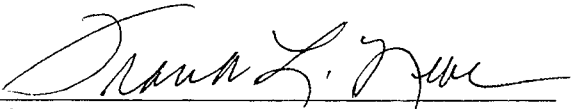


SECTION A. **RESOLUTIONS**

THE BOARD OF DIRECTORS OF POSSUM KINGDOM WATER SUPPLY CORPORATION
ESTABLISHES THAT:

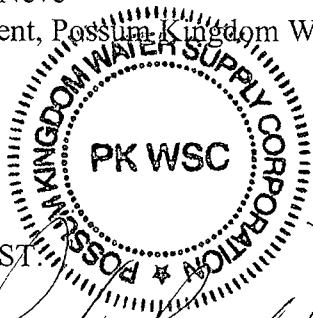
1. This Tariff of the Possum Kingdom Water Supply Corporation, serving in Palo Pinto and Stephens Counties consisting of Sections A. through H. and forms inclusive, is adopted and enacted as the current regulations and policies effective as of March 31, 2007.
2. Only those preexisting written contracts or agreements executed by the present or previous Board of Directors shall remain in effect, unless the contract or agreement requires compliance with changes of the tariff from time to time.
3. The adoption (or revisions) of this tariff does not prohibit or limit the Corporation from enforcing previous penalties or assessments from before the current effective date.
4. An official copy of this and all policies or records shall be available during regular office hours of the Corporation. The Secretary of the Corporation shall maintain the original copy as approved and all previous copies for exhibit.
5. Rules and regulations of state or federal agencies having jurisdiction shall supersede any terms of this policy. If any section, paragraph, sentence, clause, phrase, word, or words of this policy are declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.
6. This tariff has been adopted (revised) in compliance in Open Meeting in compliance with the Open Meeting Act, Chapter 551 of the Texas Government Code.

PASSED and APPROVED this 18th day of April, 2007



Frank Neve
President, Possum Kingdom Water Supply Corporation

SEAL



ATTEST



Randy Burdick
Secretary, Possum Kingdom Water Supply Corporation

RESOLUTION

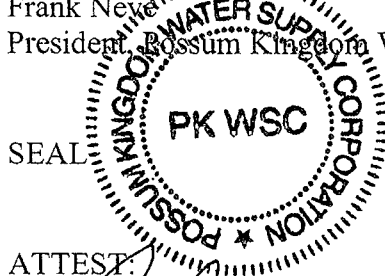
ON FEBRUARY 26, 2008, THE BOARD OF DIRECTORS OF POSSUM KINGDOM WATER SUPPLY CORPORATION ESTABLISHED THE FOLLOWING RESOLUTION REGARDING TWDB FUNDS FOR PLANT EXPANSION:

Resolution authorizing the issuance of Possum Kingdom Water Supply Corporation Revenue Bonds, Series 2008; prescribing the terms and provisions thereof; making provisions for the payment of interest thereon and the principal thereof; authorizing the sale thereof; authorizing the execution of a First Supplemental Deed of Trust and Security Agreement; and containing other provisions relating to the subject.

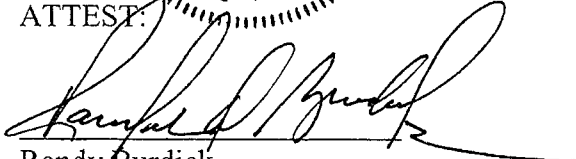
PASSED and APPROVED this 26th day of February, 2008



Frank Neve
President, Possum Kingdom Water Supply Corporation



ATTEST:



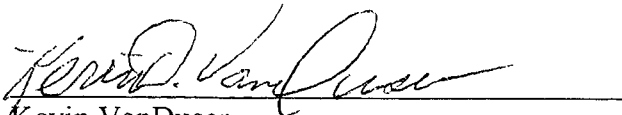
Randy Burdick
Secretary/Treasurer, Possum Kingdom Water Supply Corporation

SECTION A. **RESOLUTIONS**

THE BOARD OF DIRECTORS OF POSSUM KINGDOM WATER SUPPLY CORPORATION
ESTABLISHES THAT :

1. This Tariff of the Possum Kingdom Water Supply Corporation, serving in Palo Pinto and Stephens Counties consisting of Sections A. through H. and forms inclusive, is adopted and enacted as the current regulations and policies effective as of January 1, 2005.
2. Only those preexisting written contracts or agreements executed by the present or previous Board of Directors shall remain in effect, unless the contract or agreement requires compliance with changes of the tariff from time to time.
3. The adoption (or revisions) of this tariff does not prohibit or limit the Corporation from enforcing previous penalties or assessments from before the current effective date.
4. An official copy of this and all policies or records shall be available during regular office hours of the Corporation. The Secretary of the Corporation shall maintain the original copy as approved and all previous copies for exhibit.
5. Rules and regulations of state or federal agencies having jurisdiction shall supersede any terms of this policy. If any section, paragraph, sentence, clause, phrase, word, or words of this policy are declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.
6. This tariff has been adopted (revised) in compliance in Open Meeting in compliance with the Open Meeting Act, Chapter 551 of the Texas Government Code.

PASSED and APPROVED this 15th day of December, 2004.



Kevin VanDuser

President, Possum Kingdom Water Supply Corporation

SEAL

ATTEST:



Randy Burdick

Secretary, Possum Kingdom Water Supply Corporation

SECTION A.
RESOLUTIONS

THE BOARD OF DIRECTORS OF POSSUM KINGDOM WATER SUPPLY CORPORATION
ESTABLISHES THAT :

1. This Tariff of the Possum Kingdom Water Supply Corporation, serving in Palo Pinto and Stephens Counties consisting of Sections A. through H. and forms inclusive, is adopted and enacted as the current regulations and policies effective as of May 14, 2003.
2. Only those preexisting written contracts or agreements executed by the present or previous Board of Directors shall remain in effect, unless the contract or agreement requires compliance with changes of the tariff from time to time.
3. The adoption (or revisions) of this tariff does not prohibit or limit the Corporation from enforcing previous penalties or assessments from before the current effective date.
4. An official copy of this and all policies or records shall be available during regular office hours of the Corporation. The Secretary of the Corporation shall maintain the original copy as approved and all previous copies for exhibit.
5. Rules and regulations of state or federal agencies having jurisdiction shall supersede any terms of this policy. If any section, paragraph, sentence, clause, phrase, word, or words of this policy are declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.
6. This tariff has been adopted (revised) ^{AMR} ~~in compliance~~ in Open Meeting in compliance with the Open Meeting Act, Chapter 551 of the Texas Government Code.

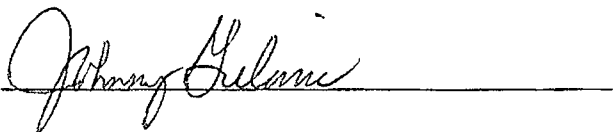
PASSED and APPROVED this 14th day of May, 2003.



President, Possum Kingdom Water Supply Corporation

SEAL

ATTEST:



Secretary, Possum Kingdom Water Supply Corporation

SECTION A. **RESOLUTIONS**

THE BOARD OF DIRECTORS OF POSSUM KINGDOM WATER SUPPLY CORPORATION
ESTABLISHES THAT :

1. This Tariff of the Possum Kingdom Water Supply Corporation, serving Palo Pinto and Stephens counties, Texas, and consisting of Sections A through H, and forms inclusive, is adopted and enacted as the current regulations and policies effective as of June 24, 1998.
2. Only those preexisting written contracts or agreements executed by the present or previous Board of Directors shall remain in effect, unless the contract or agreement requires compliance with changes of the tariff from time to time.
3. The adoption of this tariff does not prohibit or limit the Corporation from enforcing previous penalties or assessments from before the current effective date.
4. An official copy of this and all policies or records shall be available during regular office hours of the Corporation. The Secretary of the Corporation shall maintain the original copy as approved and all previous copies for exhibit.
5. Rules and regulations of state or federal agencies having jurisdiction shall supersede any terms of this policy. If any section, paragraph, sentence, clause, phrase, word, or words of this policy are declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.

PASSED and APPROVED this 24th day of June, 1998.

George N. Bailey, Jr., President
Possum Kingdom Water Supply Corporation

ATTEST:

Johnny Gilmore, Secretary
Possum Kingdom Water Supply Corporation

Declaration of No Objection to Third Party Contract

Whereas, Possum Kingdom Water Supply Corporation (PKWSC), a state-certificated retail public water utility operating along Possum Kingdom Lake, executed a non-standard service contract (NSSC) with Hill Country Harbor, LP (HCH), a developer inside PKWSC's service area, wherein PKWSC would provide retail water utility service to property HCH was developing.

Whereas, the NSSC has been formally amended once.

Whereas, the NSSC covers territory now within the boundaries of Palo Pinto County Water Control and Improvement District No. 1 (PPCWCID#1) and will require the construction of facilities and dedication of water service capacity that will benefit the District.

Whereas, HCH has requested PKWSC to modify and restate the NSSC simply to make references to potential opportunities for HCH to be reimbursed by PPCWCID#1 for developer-financed facilities and service capacities that benefit the District.

Whereas, these requested contractual modifications are not to make any material changes in the mutual duties and obligations of and between PKWSC and HCH.

Whereas, PKWSC declines to modify its NSSC to make modifications for the benefit of other parties without contractual consideration being exchanged benefitting PKWSC because such modifications might be found to invalidate the NSSC.

Whereas, PKWSC does not want to impede a lawful business agreement of HCH and PPCWCID#1 where such arrangement does not impact PKWSC.

Therefore, PKWSC declares that PKWSC has no objection to any lawful reimbursement agreements between HCH and PPCWCID#1 that do not involve PKWSC.

Executed this 17th day of November, 2010, after approval by a majority of the Board of Directors in a noticed public meeting.

Possum Kingdom WSC

By: 
Frank Neve, President
signed by Ted Lewellen, Vice President

RESOLUTION

ON April 15, 2009, THE BOARD OF DIRECTORS OF POSSUM KINGDOM WATER SUPPLY CORPORATION ESTABLISHED THE FOLLOWING:

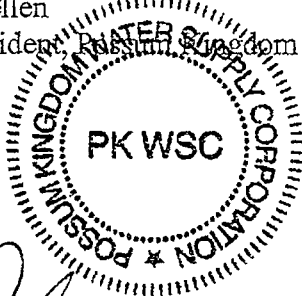
Resolution approving the Water Conservation and Drought Contingency Plan as revised April, 2009.

PASSED and APPROVED this 15th day of April, 2009.




Ted Lewellen
Vice-President, Possum Kingdom Water Supply Corporation

SEAL



ATTEST:



Randy Burdick
Secretary/Treasurer, Possum Kingdom Water Supply Corporation

RESOLUTION DECLARING UNOPPOSED CANDIDATES OF
POSSUM KINGDOM WATER SUPPLY CORPORATION ELECTED

WHEREAS, Possum Kingdom Water Supply Corporation posted notice of the opportunity for candidates to submit applications to run for three (3) positions on its Board of Directors pursuant to Texas Water Code Section 67.0052(b); and

WHEREAS, only three (3) people submitted applications for these open positions, thus creating an unopposed election for each position pursuant to Texas Water Code Section 67.0055;

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF POSSUM KINGDOM WATER SUPPLY CORPORATION DECLARES ELECTED TO THESE POSITIONS:

Ruth White
Frank Foster
Merton Fewell

The Board of Directors so orders that this resolution be posted at the Corporation's main office and read into the record at the Corporation's annual meeting, pursuant to Texas Water Code Section 67.0055.

PASSED AND APPROVED this 15th day of March, 2014.



Ted Lewellen - President, Board of Directors
Possum Kingdom Water Supply Corporation

ATTEST:



Russell Madden - Secretary, Board of Directors
Possum Kingdom Water Supply Corporation

Section B
Statements of Operation

SECTION B.

STATEMENTS OF OPERATION

1. **Organization.** The Possum Kingdom Water Supply Corporation is a member-owned, non-profit corporation incorporated pursuant to the Texas Water Code Chapter 67, Nonprofit Water Supply or Sewer Service Corporations and as supplemented by the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann., Article 1396-1.01, et seq. (West 1980, Vernon Supp. 1996 as amended) for the purpose of furnishing potable water and or sewer utility service. *This service is to be expanded to include the area supported by the Rock Creek Water Supply Corporation through a merger agreement during the first quarter of 2017. The main portion of this area is a development known as The Hills above PK Lake. (updated 7-1-17)* Corporation operating policies, rates, and regulations are adopted by the Board of Directors elected by the Members of the Corporation.
2. **Non-Discrimination Policy.** Membership in the Corporation and service is provided to all Applicants who comply with the provisions of this Tariff regardless of race, creed, color, national origin, sex, disability, or marital status.
3. **Policy and Rule Application.** These policies, rules, and regulations apply to the water and or sewer services provided by the Possum Kingdom Water Supply Corporation, also referred to as Corporation, or PKWSC. Failure on the part of the Member, Consumer, or Applicant to observe these policies, rules and regulations gives the Corporation the authority to deny or discontinue service according to the terms of this Tariff as amended from time to time by the Board of Directors of the Corporation.
4. **Corporation Bylaws.** The Corporation Members have adopted bylaws (see Article 1396-2.09) which establish the make-up of the Board of Directors and other important regulations of the Corporation. The bylaws are on file at the Corporation's office.
5. **Fire Protection Responsibility.** The Corporation does not provide nor imply that fire protection is available on any of the distribution system. All hydrants or flush valves are for the operation and maintenance of the system and may be used for refill only by authorized fire departments. The Corporation reserves the right to remove any hydrant, due to improper use or detriment to the system as determined by the Corporation, at any time without notice, refund, or compensation to the contributors unless such hydrants are installed pursuant to the terms of a Non-Standard Service Contract as provided for in Section F, in which event the terms and conditions of the Contract shall apply.
6. **Damage Liability.** The PKWSC is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures. The limits of liability of the PKWSC is the extent of the cost of service provided. By acceptance of Membership, Member consents to waiver of such liability.
7. **Information Disclosure.** The records of the Corporation shall be kept in the Corporation office at Possum Kingdom Lake, Graford, Texas. All information collected, assembled, or maintained by or for the Corporation shall be disclosed to the public in accordance with the Texas Public Information Act. An individual customer may request in writing that their name, address, telephone number, or social security number be kept confidential. Such confidentiality does not prohibit the utility from disclosing this information to an official or employee of the state or a political subdivision of the

state acting in an official capacity or an employee of the Corporation acting in connection with the employee's duties. Further, such confidentiality does not prohibit the Corporation from disclosing the name and address of each member on a list to be made available to the Corporation's voting members, or their agents or attorneys, in connection with a meeting of the Corporation's members. The Corporation shall give its applicants and customers notice of rights to confidentiality under this policy and all prevailing associated fees for such request.

8. ***Grievance Procedures.*** Any Member of the Corporation or individual demonstrating an interest under the policies of this Tariff in becoming a Member of the Corporation shall have an opportunity to voice concerns or grievances to the Corporation by the following means and procedures:
 - a. By presentation of concerns to the Corporation's manager or authorized staff member. If not resolved to the satisfaction of the aggrieved party then,
 - b. By presenting a letter to the Board of Directors stating the individual's grievance or concern and the desired result.
 - c. The Board of Directors shall respond to the complaint by communicating the Board's decision in writing.
 - d. Any charges or fees contested as a part of the complaint in review by the Corporation under this policy shall be suspended until a satisfactory review and final decision has been made by the Board of Directors.
9. ***Customer Service Inspections.*** The Corporation requires that a customer service inspection certification be completed prior to providing continuous water service to new construction and for all new members as part of the activation of standard and some non-standard service. Customer service inspections are also required on any existing service when the corporation has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to the members' water distribution facilities. This inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials. (30 TAC 290.46(i-j))
10. ***Submetering Responsibility.*** Submetering and Non-Submetering by Master Metered Accounts may be allowed in the Corporation's water distribution or sewer collection system provided the Master Metered Account customer complies with the ~~Texas Commission on Environmental Quality Chapter 291 Subchapter H~~ Public Utility Commission 16 TAC Chapter 24 Subchapter H rules pertaining to Submetering. The Corporation has no jurisdiction over or responsibility to the tenants. Tenants receiving water under a Master Metered Account are not considered customers of the Corporation. Any interruption or impairment of water service to the tenants is the responsibility of the Master Metered Account Customer. Any complaints regarding submetering should be directed to the ~~Texas Commission on Environmental Quality~~ Public Utility Commission (PUC). Revised 7-16

NOTE: The system should check with the Master Metered Account Customer to:

1. See if they have registered with the TCEQ, (Chapter 13 Texas Water Code Subchapter M.)
 2. See that they do not charge their tenants more than the total amount of charges that you have billed. If the aggregate bill is greater than the Corporation's charge, the Master Metered Account Customer is considered by the TCEQ to be a separate Public Water System and will be required to comply with all TCEQ regulations.
 3. Protect the System's CCN. Should the Master Metered Account Customer continue to violate these or other State regulations, the Corporation will need to request a Cease and Desist Order from the ~~TCEQ~~ PUC. (Texas Water Code Chapter 13.252 and ~~30 TAC Chapter 291.118~~ 16 TAC Chapter 24.118) Revised July 2016
11. ***Customer Notice Provisions.*** The Corporation shall give written notice of monthly rate changes by mail or hand delivery to all consumers at least 30 days prior to the effective date of the new rate. The notice shall contain the old rates, new rates, effective date of the new rate, date of Board authorization, and the name and phone number of the Corporation's contact person designated to address inquiries about the rate change. (*added 9-2014*)
12. ***Voluntary Contributions Policy.*** The Corporation's board has approved and set up guidelines for accepting Voluntary Contributions on Behalf of Emergency Service Providers in our service area. The policy adopted sets up the guidelines for collection, accounting, and distribution of funds to the respective local Emergency Service Response entities. References Texas Water Code Section 13.143 & Section 67.017 (See Voluntary Contribution Policy in Miscellaneous Section.) (*added 9-2014*)

Section C

Definitions

SECTION C.

DEFINITIONS

Active Service -- The status of any Member receiving authorized service under the provisions of this Tariff.

Apartment House -- A building or buildings containing five or more dwelling units that are occupied primarily for non-transient use, including a residential condominium whether rented or owner occupied, and if a dwelling unit is rented, having rental paid at intervals of one month or longer.

Applicant -- A person, partnership, cooperative corporation, corporation, agency, public or private organization of any type applying for service with the Possum Kingdom Water Supply Corporation.

Base Rate -- The monthly charge assessed each Member/Customer for the opportunity of receiving service. The Base Rate is a fixed rate based upon the meter size as set forth in the equivalency chart in Section G. (*Added 9-14*)

Board of Directors -- The governing body elected by the Members of the Possum Kingdom Water Supply Corporation. (Article 1396-1.02 (7))

Bylaws -- The rules pertaining to the governing of the Possum Kingdom Water Supply Corporation adopted by the Corporation Members. (Article 1396-1.02 (5))

Certificate of Convenience and Necessity (CCN) -- The authorization granted under Chapter 13 Subchapter G of the Texas Water Code for Possum Kingdom Water Supply Corporation to provide water and/or sewer utility service within a defined territory. Possum Kingdom Water Supply Corporation has been issued Certificate Number 12890. Territory defined in the CCN shall be the Certificated Service Area. (See Section D. Certificated Service Area Map)

Corporation -- The Possum Kingdom Water Supply Corporation. (Section B. 3 of this Tariff)

Commercial Business Service -- Service rate for member's business that has water as a component of their product, service or revenue. Example -- Restaurant, apartment / condo, commercial camp, car wash, non-transient master meter facilities, transient facilities. (Updated in Tariff 2/1/08)

Developer -- Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who subdivides land or requests two (2) or more water or sewer service connections on a single contiguous tract of land [as defined in Chapter 13.2502 (e)(1) of the Water Code].

Disconnection of Service -- The discontinuance of water or sewer service by the Corporation to a Member/Customer.

Dwelling Unit -- One or more rooms in an apartment house or condominium suitable for occupancy as a residence, and containing kitchen and bathroom facilities; a unit in a multiple use facility; or a

manufactured home in a manufactured home rental community.

Easement – A private perpetual dedicated right-of-way for the installation of water and or sewer pipelines and necessary facilities which allows access to property for future operation, maintenance, facility replacement, facility upgrades, and/or installation of additional pipelines (if applicable). This may also include restrictions on the adjacent area to limit the installation of sewer lines or other facilities that would restrict the use of any area of the easement. (See Sample Application Packet, Form-RUS-TX 442-8 (Rev. 6-06) or Form RUS-TX 442-9 (Rev. 6-06)) The easement will be filed in the real property records of the appropriate county or counties. *(Revised 9-14)*

Equity Buy-In Fee -- Each Applicant shall be required to achieve parity with existing Members. This fee shall be assessed prior to providing or reserving service on a per unit basis for each tap/lot and shall be assigned and restricted to the tap/lot for which the service was originally requested. (Section G. 5, also see Miscellaneous)

Final Plat – A complete plan for the subdivision of a tract of land showing or referencing Local Tax Appraisal Maps, access to public road(s), number and size of lots, location of dedicated water/sewer easements, and location(s) of lakes, streams, or rivers through the property. The Possum Kingdom Water Supply Corporation shall determine if a plat submitted for the purpose of this Tariff shall qualify as a final plat. For purposes of evaluating Sub-Division service requests under Section F. the Corporation may accept preliminary plats or plats awaiting final approval pending execution of agreement for service by the Corporation. *(Revised 9-14)*

Hazardous Condition -- A condition that jeopardizes the health and welfare of the Members/Consumers of the Corporation as determined by the Corporation or regulatory authority.

Indication of Interest Fee -- A fee paid by a potential Member of the Corporation for the purpose of determining the feasibility of a construction and /or expansion project. The Indication of Interest Fee may be converted to a Membership Fee upon determination that service to the Applicant is feasible and available. This also applies to applicants applying for, or receiving, Temporary Service. (Section E. 6. b., and Sample Application Packet - USDA RUS-TX Bulletin 1780-9 (Rev. 5/99))

Liquidated Membership -- A Membership that has been canceled due to delinquent charges exceeding the Membership Fee or for other reasons as specified in this Tariff.

Master Meter -- A meter used to measure, for billing purposes, all water usage of an apartment house, condominium, multiple use facility, or manufactured home rental community, including common areas, common facilities, and dwelling units.

Manufactured Home Rental Community -- A property on which spaces are rented for the occupancy of manufactured homes for non-transient residential use and for which rental is paid at intervals of one month or longer.

Member -- Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who holds a membership in the Corporation and who is a record owner of a fee simple title to the property served, that has qualified for service and been certified as a member in accordance with the Corporation's Tariff. (TX Water Code Chapter 13.0010, TX Water Code Chapter 67)

Membership -- A non-interest bearing stock purchased from the Corporation evidencing a Member's interest in the Corporation. (See Tariff Section E. 6 b and Article 1396-2.08 D)

Membership Fee -- A fee qualified as such under the terms of the tariff and the bylaws of the Corporation assigned to the real estate designated to receive service. The membership fee shall be refundable upon termination of service and surrendering the Membership. (30 TAC 291.3 Definitions, Texas Water Code 13.043(g))

Multiple Use Facility -- A commercial or industrial part, office complex, or marina with five or more units that are occupied primarily for non-transient use and are rented at intervals of one month or longer.

Public Utilities Commission of Texas (PUC) -- State regulatory agency having jurisdiction of water and sewer service utilities and appellate jurisdiction over the rates and fees charged by Nonprofit Water and Sewer Service Corporations. *Updated June, 2016*

Proof of Ownership -- For the purpose of this tariff, applicants for service and membership shall provide proof of ownership or long term interest in the property to be served by deed of trust, warranty deed, lease, or other recordable documentation of fee simple title to real estate to be served. (Texas Water Code 67.016 (d))

Rural Utilities Service (RUS) -- An Agency of the United States Department of Agriculture Rural Development Mission Area that provides loan and grant funds for development of rural water and sewer systems serving communities with a population of less than ten thousand (10,000) people.

Renter -- A consumer who rents or leases property from a Member or who may otherwise be termed a tenant. (See Tariff Section E. 7.)

Re-Service -- Providing service to an Applicant at a location for which service previously existed. Costs of such re-servicing shall be based on justifiable expenses. (See Tariff Section E. 3. b., E. 4. b., and Miscellaneous)

Reserved Service Charge -- A monthly charge for each active account at a specific location for which a meter has not been installed but for which the Corporation and the Applicant have entered into agreement and/or contract for reserving service. This monthly charge shall be based on the Corporation's fixed costs to service the Applicant's dedicated facilities on a per Service Unit basis. This charge reserves service to the Applicant's property designated to receive service. This fee is determined on a case by case basis but shall never exceed the Base Rate for Metered Service on a per Service Unit basis. (See Tariff Section F. 5. d., e) *(Revised 9-14)*

Rural Utilities Service (RUS) -- An Agency of the United States Department of Agriculture Rural Development Mission Area that provides loan and grant funds for development of rural water and sewer systems serving communities with a population of less than ten thousand (10,000) people. *(Added 9-14)*

Service Application and Agreement -- A written agreement between the Member/Applicant and the Corporation defining the specific type of service requirements requested on the current service application and agreement form, and the responsibilities of each party required before service is furnished. (See Sample Application Packet RUS-TX Bulletin 1780-9 (Rev. 5/99) or Non-Standard Service Contract) *(Revised 9-14)*

Service Unit -- The base unit of service used in facilities design and rate making. For the purpose of this Tariff, a service unit is a 5/8" X 3/4" water meter. Sewer facilities are designed and rates are based on the basis of population served or demand. (See Tariff Section G. 6. a., Miscellaneous)

Small Business Service -- Service rate for members business that does not have water as a component of their product, service or revenue. Example – real estate office, gift shop, construction office. Meter size would be 5/8" by 3/4". (Updated in Tariff 2/1/08)

Subdivide -- To divide the surface area of land into lots or tracts. (Local Government Code Chapter 232, Section 232.021 Definitions)

Sub-divider -- An individual, firm, corporation, or other legal entity that owns any interest in land and that directly or indirectly subdivides land into lots as a part of a common promotional plan in the ordinary course of business. (Local Government Code Chapter 232, Section 232.021 Definitions)

Subdivision -- An area of land that has been subdivided into lots or tracts. (Local Government Code Chapter 232, Section 232.021 Definitions)

Sub-metered Utility Service -- Water utility service that is master metered for the owner by the retail public utility and individually metered by the owner at each dwelling unit.

Tariff -- The operating policies, service rules, service extension policy, service rates, rationing policies, sample application packet, and miscellaneous transaction forms adopted by the Board of Directors. A copy of this Board approved tariff is on file at the Corporation office and as required at the State office of the PUC. *Updated from TCEQ June, 2016.*

Temporary Service -- The classification assigned an applicant that is in the process of construction. This could also apply to service for uses other than permanent (agricultural, road construction, drilling, livestock, etc.). The Board will set the length of time associated with this classification. This classification will change to permanent service after requirements in Section E. 1, E. 2, E. 3, and E. 5 are met. Applicant must have paid an Indication of Interest Fee.

~~**Texas Commission on Environmental Quality (TCEQ)** -- State regulatory agency having jurisdiction of water and sewer service utilities and appellate jurisdiction over the rates and fees charged by Non-Profit Water and Sewer Service Corporations. *Updated to remove July, 2016*~~

Transferee -- An Applicant receiving a PKWSC Membership by legal means from a person or entity desiring to forfeit and transfer current rights of Membership to another person or entity. (See Tariff Section E. 6 c., Miscellaneous Transaction Forms)

Transferor -- A Member who transfers Membership by legal means to another person or entity desiring to qualify for service at a property for which the Membership is currently issued or to the Corporation. (Texas Water Code, Chapter 67.016)

Water Conservation Penalty -- A penalty that may be assessed under Section H of this Tariff to enforce customer / member water conservation practices during drought contingency or emergency water demand circumstances. (Texas Water Code Section 67.011 (b)). *Added 9-14*

Section D
Geographic Area Served

SECTION D.
GEOGRAPHIC AREA SERVED

This section should include an area map that shows the Corporation's Certificated Service Area. Therefore, the Corporation must make sure that its current service area corresponds to the area and/or facilities as approved by the TCEQ in its Certificate of Convenience and Necessity. **It is the responsibility of the Corporation to properly file a map showing its service area with the TCEQ and to file for any changes in that service area. This copy of the Commission's official service map will serve as documentation in the event of future disputes over service areas.**

CERTIFICATE OF CONVENIENCE AND NECESSITY

To Provide (Water or Sewer) Service Under V.T.C.A., Water Code
and Texas Commission on Environmental Quality Substantive Rules

Certificate No. 12890

I. Certificate Holder:

Name: Possum Kingdom Water Supply Corporation

Address: 1170 Willow Road
Graford, Texas 76449

II. General Description and Location of Service Area:

See CCN Map

III. Certificate Maps:

The certificate holder is authorized to provide water service in the area identified on the Commission's official service area map, WRS-255, maintained in the offices of the Texas Commission on Environmental Quality, 12015 Park 35 Circle, Austin, Texas with all attendant privileges and obligations.

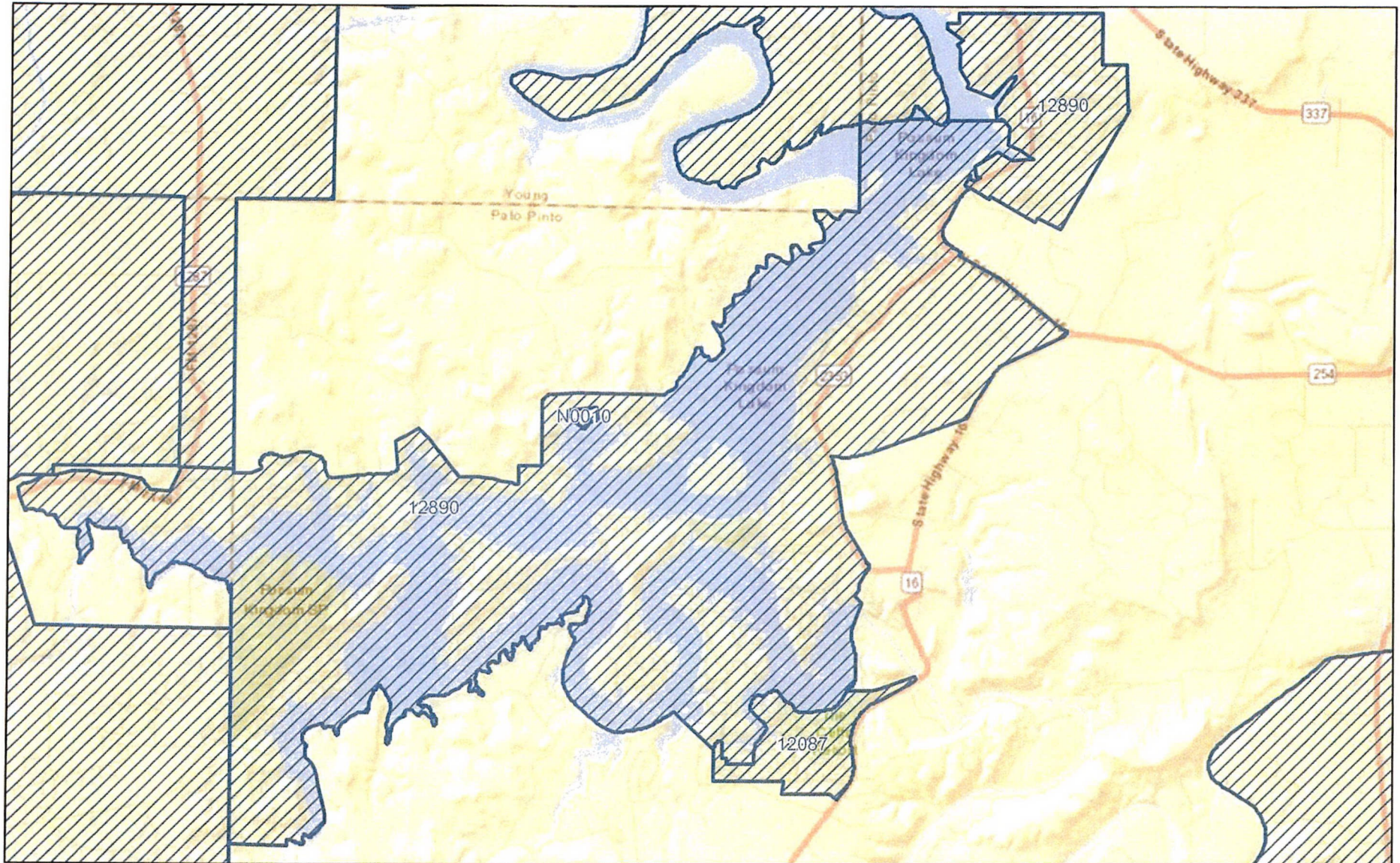
This certificate is issued under Application No. 33943-C and subject to the rules and orders of the Commission, the laws of the State of Texas, conditions contained herein and may be revoked for violations thereof. The certificate is valid until amended or revoked by the Commission.

Issued Dated: December 11, 2002

ATTEST: _____

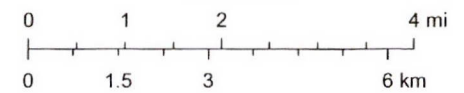
For the Commission

PKWSC (CCN 12890)



April 5, 2019

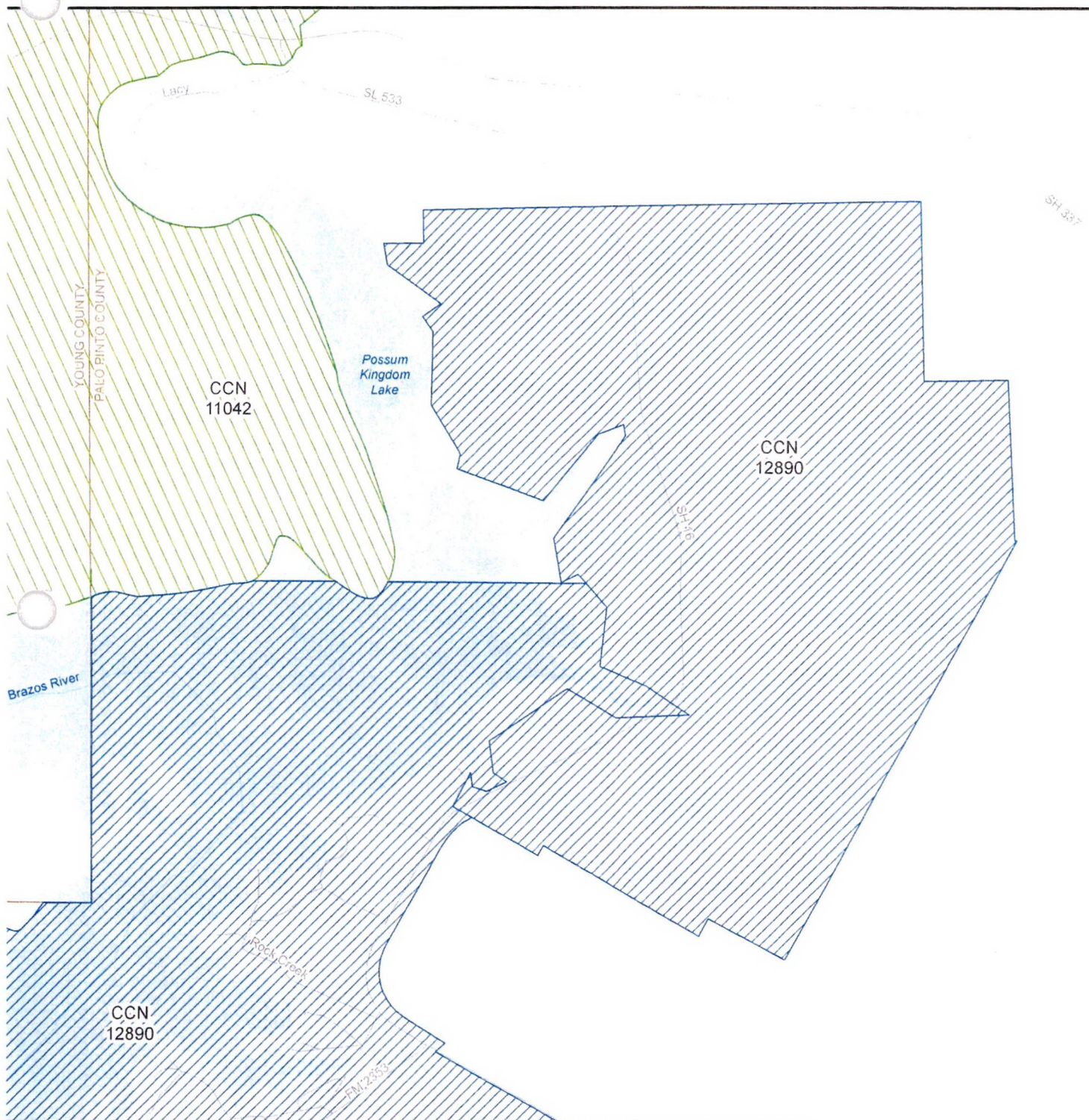
1:144,448





Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan,

Possum Kingdom Water Supply Corporation
Portion of Water CCN No. 12890
PUC Docket No. 46312

Transferred all of Rock Creek Water Supply Corporation, CCN No. 13139 in Palo Pinto County



Water CCN

-  12890 - Possum Kingdom WSC
-  11042 - Fort Belknap WSC

0 1,500 3,000
Feet



Section E

Service Rules and Regulations

SECTION E. SERVICE RULES AND REGULATIONS

1. **Service Entitlement.** An Applicant shall be considered qualified and entitled to water and or sewer utility service when proper application has been made, terms and conditions of Service and Membership have been met and continue to be met, and all fees have been paid as prescribed. (~~30 TAC 291.85 (a)~~) 16TAC24.85. *Revised June 2016.*
2. **Application Procedures and Requirements.** For the purposes of this Tariff, service requested by an Applicant shall be for real estate designated to receive the service provided by the Corporation and shall be divided into the following two classes:
 - a. **Standard Service** is defined as service on an existing pipeline where pipeline or service facility extensions are not required and special design and/or engineering considerations are not necessary. Typically, this would include 5/8" X 3/4" or 3/4" sized water meter services set on existing pipelines or 4" gravity sewer taps, pressure collection facilities installed or connected to collection lines no more than five feet in depth.
 - b. **Non-Standard Service** is defined as any service request which requires a larger meter service, service to a Master Metered Account (see E. 2. c. (4) of this section), or an addition to the supply, storage and/or distribution/collection system. The service requirements as prescribed by Section F of this Tariff shall be required of the Non-Standard Service Applicant prior to providing service.
 - (1) The applicant shall be responsible for the cost of any extension(s), including looping, from existing Corporation mains determined by the Corporation's engineer to be necessary to bring adequate water utility service to meet the anticipated service demands of a new customer or of a new meter for an existing customer.
 - (2) The Corporation shall be responsible for any over-sizing of the main necessary to meet the service needs of other members or system reliability.
 - c. **Requirements for Standard and Non-Standard Service.**
 - (1) The Corporation's Service Application and Agreement Form shall be completed in full and signed by the Applicant. (See Sample Application RUS-TX Bulletin 1780-9 (Rev. 5/99))
 - (2) A Right-of-Way Easement Form, Sanitary Control Easement, or other such easement form, required by the Corporation, must be completed by the Applicant for the purpose of allowing future facility additions. (See Sample Application - RUS-TX Bulletin 1780-9 (Rev. 5/99), 30 TAC 290.47 Appendix C.) **NOTE:** This requirement may be delayed for Non-Standard Service requests.
 - (3) The Applicant shall provide proof of ownership or other long term interest to property for which service has been requested in a manner acceptable to the Corporation. Proof of ownership or other long term interest shall consist of warranty deed, deed of trust, lease agreement, or other recordable documentation of fee simple title to the real estate designated to receive service. (Texas Water Code 67.016 (e), and 13.002 (11)).
 - (4) On the request by the property owner or owner's authorized agent, the Corporation shall install individual meters owned by the Corporation in an apartment house, manufactured home rental community, multiple use facility, or condominium on which construction begins after January 1, 2003, unless the Corporation determines that installation of

individual meters are not feasible. If the Corporation determines that installation of meters is not feasible, the property owner or manager shall install a plumbing system that is compatible with the installation of sub-meters or individual meters. The Corporation shall be entitled to the payment of costs, including the costs of individual meter installations, as provided in Section F.4. The cost of individual meter installation shall be prepaid by the property owner as well as the cost of any additional facilities or supply occasioned by the total water/sewer service demand represented by full occupancy of the property, as determined under applicable provisions of Section F. It shall be the responsibility of the property owner to obtain the memberships required for each individual meter. The Corporation shall consider master metering and/or non-standard sewer service to apartments, condos, trailer /RV parks, or business centers and other similar type enterprises at an Applicant's request provided the total number of units to be served are all:

- (a) owned by the same person, partnership, cooperative, corporation, agency, public or private organization of any type but not including a family unit,
 - (b) directly inaccessible to public right-of-way, and
 - (c) considered a commercial enterprise i.e. for business, rental, or lease purposes.
- (5) Notice of application approval and costs of service determined by the Corporation shall be presented to the Applicant in writing and shall remain in effect for a period not to exceed thirty (30) days. After that time the Applicant must re-apply for service. (30 TAC 291.81 (a) (1))
- (6) If the water main has been located in the public right-of-way and is adjacent to Applicant's property due to the current or previous landowner's refusal to grant easement to the Corporation for the purpose of installing the water main and appurtenances, and the Corporation has documentation of such refusal, the Applicant, prior to receiving the requested service, shall grant easement required under this Tariff and in addition to the normally required fees for new customer service, shall pay such sums as are reasonably necessary to cap the existing line in the ROW and construct the appropriate line or lines within that easement for the Corporation's system-wide service. (see Miscellaneous Transaction Forms)
- (7) Meter requirements larger than 1" will be considered Non-Standard Service and the engineer for the corporation will determine the size of meter to be installed.

3. *Activation of Standard Service.*

- a. **New Tap** -- The Corporation shall charge a non-refundable service installation fee as required under Section G of this tariff. The service installation fee shall be quoted in writing to the Applicant. All fees shall be paid or a deferred payment contract signed in advance of installation. ~~(30 TAC 291.86 (a)(1)(A))~~ 16 TAC 24.86 (a)(1)(A)). *Revised June 2016.*
- b. **Re-Service** -- On property where service previously existed, the Corporation shall charge the Membership Fee, where the Membership Fee has been liquidated, and costs necessary to restore service. In addition, the Corporation shall charge accumulated Reserved Service Fees that have been entered on the in-active account as monthly debits. This is allowing the Corporation to recover the costs of reserving capacity at the location for which re-service has been requested. If restoration of service is not requested, this fee will accumulate monthly until the total balance of Reserved Service Fees equals the amount of the Equity Buy-In Fee. After this time the service equipment may be removed by the Corporation and future request for service shall be treated as a new application. (see Miscellaneous Section) (*Revised 9-14*)
- c. **Performance of Work** -- After approval is granted by proper authorities, all tap and equipment

installations specified by the Corporation shall be completed by the Corporation staff or designated representative. The tap shall be completed within five (5) working days after approval and receipt of payment of quoted fees. This time may be extended for installation of equipment for Non-Standard Service Request. (see Section F. , ~~30 TAC 291.85~~) (*Added 9-14*) 16 TAC24.85. *Revised June 2016*

- d. **Inspection of Customer Service Facilities** -- The property of the Applicant/ Member shall be inspected to insure compliance with state required Minimum Acceptable Operating Practices For Public Drinking Water Systems as promulgated by the Texas Commission on Environmental Quality or successor agency. (30 TAC 290.46(j)) (*Added 9-14*)

4. **Ownership of equipment.** All water meters and equipment and materials required to provide water or wastewater service to the point of customer connection; water meter or service tap, is the property of the Corporation upon installation, and shall be maintained by the water system only.

5. **Changes in Service Classification.** If at any time the Corporation determines that the customer service needs changed from those originally applied for to a different service classification and the Corporation determines that additional or different facilities are necessary to provide adequate service, the Corporation shall require the Applicant/Member to re-apply for service under the terms and conditions of this Tariff. Applicant/Members failing to comply with this provision shall be subject to the Disconnection with Notice Provisions of this Tariff, Sub-Section 15.a.

6. **Membership.**

- a. **Eligibility** - Eligibility for Membership shall not guarantee service to the Applicant or Transferee; however, qualification for service is a prerequisite to Membership eligibility for new Applicants or continued Membership for Transferees.
- b. **Membership** - Upon qualification for service, qualification for Membership, and payment of the required fees, the Corporation shall certify the Applicant as a Member. The Membership shall entitle the Member to one (1) connection to the Corporation's water/sewer utility service and one share of Corporation Stock. The Membership entitles the Member to one (1) vote in the election of directors and in such other matters requiring the approval of the Corporation's Members at any Annual or Special Membership Meeting of the Corporation as prescribed by the Corporation Bylaws. Ownership of more than one (1) Membership shall not authorize the Member to cast more than one (1) vote at any annual or special meeting. Each Membership and Stock thereby represented may be assigned to the specified parcel of land originally designated to receive service at the time of application. (Texas Water Code 67.016) **NOTE (1):** In the event that the Corporation is conducting a potential Members survey for indications of interest in future service for the purpose of determining the feasibility of an initial construction or expansion project under RUS guidelines (see Sample Application Packet - RUS TX Bulletin 1780-8, Membership Survey Data Sheet), regular application procedures may be modified. An Indication of Interest Fee may be required prior to qualifications for receipt of service by the Applicant but shall only be used or applied as a Membership Fee for Membership purposes (upon issuance of a Membership) if service is ultimately received or reserved by the Applicant as a result of the planned project facilities. If service is not provided within the scope of this project, Indication of Interest Fees shall be refunded, less expenses, within sixty (60) days of the loan closing with the Rural Utilities Service. **NOTE (2):** In the event the applicant is in the process of construction the Membership will be considered TEMPORARY until such time as the final Customer Service Inspection is completed and the forms are returned as required. (See Section C., Section E. Sub-Section 1. Service Entitlement)

- c. **Transfers of Membership.** (Texas Water Code 67.016)
- (1) A Member is entitled to transfer Membership in the Corporation only under the following circumstances:
 - (a) The Membership is transferred by will to a person related to the Transferor within the second degree by consanguinity; or
 - (b) The Membership is transferred without compensation to a person related to the Transferor within the second degree by consanguinity; or
 - (c) The Membership is transferred without compensation or by sale to the Corporation; or
 - (d) The Membership is transferred as a part of the conveyance of real estate from which the Membership arose.
 - (2) In the event that Membership is transferred pursuant to the provisions of Sub-Section 6.c. (1) such transfer shall not be completed or recorded on the books and records of the Corporation until such time as the transferor has provided satisfactory evidence to the Corporation of such transfer. A transfer of Membership shall not be binding on the Corporation until such transfer has been approved as provided by Sub-Section 6.c. (3).
 - (3) Qualifications for service upon transfer of Membership set forth in Sub-Section 6.c.(1) and 6.c.(2) shall be subject to approval of the Corporation and shall be recorded on the books and records of the Corporation only upon the following terms and conditions:
 - (a) A Transfer Authorization Form has been completed by the Transferor and Transferee;
 - (b) The Transferee has completed the required Application Packet;
 - (c) All indebtedness due the Corporation has been paid; and
 - (d) The Transferee demonstrates satisfactory evidence of ownership of the property designated to receive service and from which the Membership originally arose.
 - (4) If the application packet and other information is not completed on the day transfer of membership is requested the corporation will give the transferee written notice of 10 additional days to produce completed documentation to the corporation office. Service will be disconnected on the day following the 10th day according to disconnection with notice requirements. Additional time may be allowed at the directions of the manager or board.
- d. **Cancellation of Membership** -- To keep a Membership in good standing, a Service Availability Charge or a Reserved Service Charge must be paid monthly to the Corporation, whether or not water is used. Failure to pay this monthly charge to the Corporation shall jeopardize the Member's Membership standing and give rise to liquidation of the Membership Fee and forfeiture of the Membership. A Member may be relieved of this obligation to pay by surrendering the Membership, properly documented, to the Corporation. The Member shall also complete a Service Discontinuance Request Form prior to termination of service. (See Misc. Transaction Forms.) However, a Member is not relieved of any obligations incurred prior to the date of surrender of a properly endorsed Membership prior to termination of service. Rights to future service at this tap shall be extended on an as-available basis and subject to the terms of the Activation of Service Sub-Section E.3.a. of this Tariff. (Texas Water Code 67.016)
- e. **Liquidation Due To Delinquency** -- When the amount of the delinquent charges owed by the Member equals the Membership Fee, the Membership Fee shall be liquidated and the Membership canceled and transferred back to the Corporation. In the event the Member leaves a balance due on an account guaranteed under the terms of a Service Application and Agreement, and the delinquent Member owns more than one Membership, the Corporation may liquidate as many of the Member Guarantor's Membership Fees as necessary to satisfy the balance due the Corporation, provided proper notice has been given (see Tariff Section E, Subsection 15.1a.(4)). The Corporation shall collect any remaining account balances by initiation of legal action. Re-instatement of service shall be subject to the terms of the Activation of Service Sub-Section E. 3.

- a. of this Tariff.
- f. **Cancellation Due To Policy Non-Compliance** -- The Corporation may cancel a Membership anytime a Member fails to comply with policies of the Corporation, including but not limited to Member's failure to provide proof of ownership of the property from which the Membership arose. (Texas Water Code 67.016)
- g. **Re-assignment of Canceled Membership.** (*Revised 9-14*)
- 1) The Corporation, upon cancellation of Membership under the provisions of this Tariff, may re-assign the canceled Membership to a person or entity that has legal title to the real estate from which the canceled membership arose and for which water or sewer service is requested (Texas Water Code Section 67.016). Membership will not be re-assigned unless the person or entity that has legal title to the real estate has complied with the corporation's current rates, charges, and conditions of service, including current membership fee, set forth in the tariff and service application package.
 - 2) The Corporation shall reassign a canceled Membership to a person or entity that acquires the real estate from which the Membership arose through judicial or nonjudicial foreclosure. The Corporation will require proof of ownership resulting from the foreclosure and compliance with the corporation's current rates, charges, and conditions of service, including current membership fee, set forth in the tariff and service application package. In the event of foreclosure by a mortgage institution, the Corporation may allow a property management company to acquire the Membership if the management company provides written documentation showing that the management company is legally responsible for the management of the property and it is not feasible for the mortgage institution to be the Member.
- h. **Mortgaging of Memberships** -- Nothing herein shall preclude a Member from mortgaging his/her Membership. However, notification to the holder of any security interest (mortgagee/lien-holder) of account status of Member/mortgagor will be provided only upon satisfactory completion of requirements for such conditions under the Membership Mortgage Agreement (See Miscellaneous Transaction Forms). Prior to the cancellation of any Membership as provided under Sub-Section E. 6.d. (Cancellation of Membership), the Corporation will notify the holder of any security interest in the Membership. The holder of the security interest also must hold a security interest in the real property at which water service is provided under the Membership. The Corporation may transfer the Membership to the holder of such security interest in lieu of cancellation, provided the holder of the security interest pays in full all delinquent and unpaid obligations and provided further that the holder of the security interest has secured title to the real property from which the Membership arose. The Corporation may withhold cancellation of a Membership pending the resolution of any foreclosure proceedings or similar legal proceedings by the holder of the security interest.
- i. **Cancellation and Re-Assignment of Membership as a Result of Bankruptcy Proceedings** -- Upon notice of the filing of a petition in bankruptcy, the Corporation may require the posting of a deposit or other form of security, acceptable to the Corporation, as a condition for continuing utility service. Unless special circumstances require otherwise, the amount of security shall equal the amount of charges for the month of greatest use during the preceding 12 months. The Corporation shall not require the payment of any security prior to the expiration of 20 days following the date on which the petition is filed. Failure to provide this security by the date specified by the Corporation may result in termination of service according to the Disconnection With Notice Provisions of Section E (15) (a) of this tariff, with a copy of the notice to the bankruptcy Trustee.

- j. **Cancellation and Re-Assignment of Membership as a Result of Divorce (or Dissolution of Joint Tenancy)** – The Corporation shall transfer the membership to a spouse (or joint tenant) who has been awarded the property designated to receive service. The Corporation must be provided adequate documentation of the ownership rights of the spouse (or joint tenant) requesting transfer, such as final divorce decree, temporary court order, or agreement. In no event shall any membership(s) be transferred if the transferee does not otherwise meet the qualifications for membership and for service. *(Added 9-14)*

7. **Owners and Renters.** Any Member, renting or leasing real estate property designated to receive service according to the terms of this tariff to other parties, is responsible for all charges due the Corporation. The Corporation may bill the renter or lessee for utility service (at Member Request) as a third party, but the Member is fully responsible for any and all unpaid bills left by the renter/lessee. The owner shall be required to sign an Alternate Billing Agreement. (See Miscellaneous Transaction Forms.) The Member shall take responsibility for any necessary deposits from the renter/lessee to ensure payment of a past due bill. The Corporation may notify the Member of the renter's past due payment status subject to service charges (see Section: Miscellaneous Transaction Forms). If at any time the member requests that membership be canceled thereby discontinuing service to an occupied rental property, the Corporation shall provide written notice to the tenant(s) a minimum of five (5) days prior to the scheduled disconnection date. *(Revised 9-14)*

8. **Denial of Service.** The Corporation may deny service for the following reasons:
- a. Failure of the Applicant or Transferee to complete all required easements, forms and pay all required fees and charges;
 - b. Failure of the Applicant or Transferee to comply with rules, regulations, policies, and bylaws of the Corporation;
 - c. Existence of a hazardous condition at the Applicant's property which would jeopardize the welfare of the Members/Users of the Corporation upon connection;
 - d. Failure of Applicant or Transferee to provide representatives or employees of the Corporation reasonable access to property, for which service has been requested;
 - e. Failure of Applicant or Transferee to comply with all governmental rules and regulations of the Corporation's tariff on file with the state regulatory agency governing the service applied for by the Applicant;
 - f. Failure of Applicant or Transferee to provide proof of ownership, to the satisfaction of the Corporation, of property for which the tap has been requested, and/or
 - g. Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided.

9. **Applicant's or Transferee's Recourse.** In the event the Corporation refuses to serve an Applicant under the provisions of these rules, the Corporation must notify the Applicant, in writing, on the basis of its refusal. The Applicant may file for an appeal, in writing, with the Board of Directors of the Corporation.

10. **Insufficient Grounds for Refusal of Service.** The following shall not constitute sufficient cause for the refusal of service to an Applicant:
- a. Delinquency in payment for service by a previous occupant of the premises to be served;
 - b. Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;

- c. Violation of the Corporation's rules pertaining to operation of non-standard equipment or unauthorized attachments which interferes with the service of others, unless the customer has first been notified and been afforded reasonable opportunity to comply with said requirements;
 - d. Failure to pay a bill of another customer as guarantor thereof unless the guarantee was made in writing to the Corporation as a condition precedent to service;
 - e. Failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill
 - f. Failure of the Applicant or Transferee to pay any previous outstanding delinquent account(s) in full. This could be delinquencies resulting from the same account location or other service location(s) within the system where the Applicant or Transferee received service.
- (Also see E 9.) (Revised 9-14)

11. Deferred Payment Agreement. The Corporation may offer a deferred payment plan to a Member or rental tenant who cannot pay an outstanding balance in full and is willing to pay the balance in reasonable installments as determined by the Corporation, including any Late Penalty Fees or interest on the monthly balance to be determined as per agreement. (See Miscellaneous Transaction Forms) Failure to make required and timely payments as provided in any deferred payment agreement will void that agreement and service will be discontinued. The Corporation may consider another deferred payment agreement provided payments will be made by automatic bank draft or credit/debit card. Non-payment of any amount under an additional deferred payment agreement will cause service to be disconnected immediately and service will not be restored until the account is paid in full and all other charges resulting from the disconnection of service are fully paid. In the event the requestor is a tenant of rental property the Corporation shall notify the owner/member of the deferred payment agreement. (Revised 9-14)

12. Charge Distribution and Payment Application.

- a. **The Service Availability Charge or the Reserved Service Charge** are payable just as any normal billing. All services shall be subject to this charge whether or not the service is in use by the Member.
- b. **Gallonge Charge** shall be billed at the rate specified in Section G and billing shall be calculated in one hundred (100) gallon increments. The new digital meters shall be calculated in of ten (10). Water charges are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the Corporation's employees or designated representative.
- c. **Posting of Payments** -- All payments shall be posted against previous balances prior to posting against current billings.
- d. **Forms of Payment:** The Corporation will accept the following forms of payment: cash, personal check, cashier's check, money order, credit card, automatic debit on customer's bank account, or draft on bank. The Corporation will not accept two-party checks, pay checks, or any other instrument of payment that is not made out to the Corporation. The Corporation reserves the right to require exact change and may refuse to accept payments made using more than \$1.00 in coins. The Corporation will not assess the credit card processing fee associated with Credit Card payments to those customers which make payment by credit card in accordance with consumer laws. (Added 9-14)

13. Due Dates, Delinquent Bills, and Service Disconnection Date. The Corporation shall mail all bills on or about the 20th day of the month. All bills shall be due and payable upon receipt and are past due beyond the date indicated on the bill (allowing approximately thirty (30) days to pay), after which

time a penalty shall be applied as described in Section G. A bill is delinquent if not paid on or before the past due date. Payments made by mail will be considered late if postmarked after the past due date. A five (5) day grace period may then be allowed for delayed payments prior to mailing of final notices. Final notices shall be mailed to customers with two (2) months unpaid allowing ten (10) additional days for payment prior to disconnection. The ten (10) additional days shall begin on the day the final notice is deposited with the U.S. Postal Service with sufficient postage. If the past due date for the regular or final billing is on a weekend or holiday, the past due date for payment purposes shall be the next day the Corporation office is open for business after said weekend or holiday. For all disputed payment deadlines, the date postmarked on each bill will determine the beginning of each billing cycle or final notice mailings. (updated May 18, 2005)

- a. Upon written request, any residential customer 60 years of age or older who occupies the entire premises of a dwelling receiving water utility service from the Corporation shall receive extension of the past due date, without penalty. The extension shall not exceed 10 days beyond the usual 30 day payment period for a total of no more than 40 days from the date the bill is issued. The request may specify extension of the late payment periods for current and subsequent billings. (*Revised 9-14*)
- b. Upon written request, any residential customer 60 years of age or older who occupies the entire premises of a dwelling receiving water utility service from the Corporation shall receive extension of the past due date, without penalty. The extension shall not exceed 10 days beyond the usual 15 day payment period for a total of no more than 25 days from the date the bill is issued. The request may specify extension of the late payment periods for current and subsequent billings. (Utilities Code Sections 182.001 - 182.005) If this request originates from a tenant at a rental property the owner / member will be notified in writing of any extension request. (*Added 9-14*)

14. Rules for Disconnection of Service. The following describes the rules and conditions for disconnection of service. For the purposes of disconnecting sewer service under these policies, water service will be terminated in lieu of disconnecting sewer service. In instances of nonpayment of sewer service or other violations by a Member who is not a water customer, the Corporation has the option to disconnect the sewer tap or take other appropriate actions.

- a. **Disconnection with Notice** -- Water utility service may be disconnected for any of the following reasons after proper notification has been given.
 - (1) Returned Checks -- The Corporation shall mail, via the U.S. Postal Service, a notice requiring redemption of the returned instrument within ten (10) days of the date of the notice to be made in the Corporation office. Redemption of the returned instrument shall be made by cash, money order, or certified check. Failure to meet these terms shall initiate disconnection of service. (see Miscellaneous Transaction Forms) Any such instruments returned as insufficient or non-negotiable for any reason for any two billing periods within a 12-month period shall be considered evidence of bad credit risk by the Corporation. The Member/Customer in violation shall be placed on a "cash-only" basis for a period of 12 months. **NOTE:** "cash only," means certified check, money order, or cash.
 - (2) Failure to pay a delinquent account for utility service, failure to timely provide a deposit or other security under Section E (6) (i), or failure to comply with the terms of a deferred payment agreement (Miscellaneous Transaction Forms);
 - (3) Violation of the Corporation's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Member and the Member is provided with a reasonable opportunity to remedy the situation;

- (4) Failure of the Member to comply with the terms of the Corporation's Service Agreement, Tariff, Bylaws, or Special Contract provided that the Corporation has given notice of said failure to comply, and Member has failed to comply within a specified amount of time after notification.
 - (5) Failure to provide access to the meter under the terms of this Tariff or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify.
 - (6) Misrepresentation by any Applicant or Transferee of any fact on any form, document, or other agreement required to be executed by the Corporation.
 - (7) Failure of Member to re-apply for service upon notification by the Corporation that Member no longer meets the terms of the service classification originally applied for under the original service application.
 - (8) Cancellation of membership by Member on an account that the Member holds for water/sewer service to the Member's renter/lessee, even if the renter/lessee has kept the account balance current under an Alternate Billing Agreement. (Note: The cancellation of membership must be in writing and signed by the Member. CORPORATION ASSUMES NO LIABILITY TO RENTER/LESSEE; MEMBER IS SOLELY RESPONSIBLE FOR COMPLIANCE WITH, AND LIABILITY UNDER ANY FEDERAL, STATE OR LOCAL LAW CREATING OR PROTECTING RIGHTS OF RENTERS/LESSEES.)
 - (9) Failure to pay charges arising from service trip fee as defined in Section G 14., meter re-read fee, or meter read fee when customer on self-read plan failed to submit their meter reading. *(Added 9-14)*
 - (10) Failure by a Customer/Member to pay for all repair or replacement costs resulting from the Customer/Member damaging system facilities including, but not limited to water or sewer lines, service taps, meter boxes, valves, or meters by engaging in activities such as property excavations, installment of a driveway or roadway requiring encasements, lowering or re-routing of lines or system components, or by any other action. The Corporation will provide the Customer/Member with notice detailing the extent of the damage, the location of the damage, the cost of repair, and whether the damage occurred on private property or on a public right-of-way. Failure to pay the cost of repair or replacement will result in the Customer's/Member's service being disconnected in accordance with the Disconnection with Notice Provisions in this Section. Service will remain disconnected until payment is received or an acceptable payment plan is approved. *(Added 9-14)*
 - (11) Failure to disconnect or secure additional service tap(s) for an RV or other service connection (See E 25. of this Section) after notification by the Corporation of violation of the Prohibition of Multiple Connections. *(Added 9-14)*
- a. **Disconnection Without Notice** -- Water utility service may be disconnected without notice for any of the following conditions: *(Revised 9-14)*
- 1) A known dangerous or hazardous condition exists for which service may remain disconnected for as long as the condition exists, including but not limited to a public health nuisance under Chapter 341.011 of the Health and Safety Code. If there is reason to believe a dangerous or hazardous condition exists, the Corporation may conduct a customer service inspection (CSI) to verify the hazardous condition and may notify the local county health office. The Corporation will disconnect without notice if the Member refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition (30 TAC 290.46(j) and 290.46(i)). Service will be restored when a CSI confirms no health hazard exists, the

health hazard has been removed or repaired, or the health hazard has been isolated from the Corporation's water system by the installation of a backflow prevention device.

(Revised 9-14)

- 2) A line leak on the member's side of the meter is considered a potential hazardous condition under b(1). If the Corporation conducts a CSI and discovers that the line leak has created a hazardous condition, the Corporation will provide the member up to five (5) business days, or another time period determined reasonable under the circumstances, to repair the line prior to disconnection of service. *(Added 9-14)*
- 3) Service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for nonpayment; and
- 4) In instances of tampering with the Corporation's meter or equipment, by-passing the meter or equipment, or other diversion of service.

NOTE: Where reasonable, given the nature of the reason for disconnection, a written statement providing notice of disconnection and the reason therefore shall be posted at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.

- c. **Disconnection Prohibited** -- Utility service may not be disconnected for any of the following reasons:
 - (1) Failure of the Member to pay for merchandise or charges for non-utility service provided by the Corporation, unless an agreement exists between the Applicant and the Corporation whereby the Member guarantees payment of non-utility service as a condition of service;
 - (2) Failure of the Member to pay for a different type or class of utility service unless a fee for such service is included in the same bill;
 - (3) Failure of the Member to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billing;
 - (4) Failure of the Member to pay the account of another Member as guarantor thereof, unless the Corporation has in writing the guarantee as a condition precedent to service;
 - (5) Failure of the Member to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under the Inoperative Meters subsection E. 19. of this tariff.
 - (6) Failure of the Member to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Corporation is unable to read the meter due to circumstances beyond its control;
 - (7) In response to a request for disconnection by an Owner/Member of rental property where the renter is billed directly by the Corporation as authorized by the owner, and the renter's account is not scheduled for disconnection under the Rules for Disconnection of Service in this Tariff.
- d. **Disconnection on Holidays and Weekends** -- Unless a dangerous condition exists or the Member requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the Corporation are not available to the public for the purpose of making collections and reconnecting service.
- e. **Disconnection Due to Utility Abandonment** -- The Corporation may not abandon a Member or a Certificated Service Area without written notice to its Members and all similar neighboring utilities and approval from the ~~Texas Commission on Environmental Quality~~ PUC. *Revised June 2016*
- f. **Disconnection for Ill and Disabled** -- The Corporation may not discontinue service to a delinquent residential Member or tenant permanently residing in an individually metered

dwelling unit when that Member or tenant establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. To avoid disconnection under these circumstances, the Member or tenant must provide a written statement from a physician to the Corporation prior to the stated date of disconnection. Service may be disconnected in accordance with Subsection (a) of this Section if the next month's bill and the past due bill are not paid by the due date of the next month's bill, unless the Member or tenant enters into a Deferred Payment Agreement (see Miscellaneous Transaction Forms). The Corporation shall provide notice to an owner of rental property in the event a tenant requests service not be discontinued due to illness as per this subsection. (*Revised 9-14*)

- g. **Disconnection of Master-Metered Accounts** -- When a bill for water utility services is delinquent for a master-metered service complex (defined as a complex in which a single meter serves two (2) or more residential dwelling units), the following shall apply: (~~30 TAC~~ ~~SUBCHAPTER H. 291.126~~ 16 TAC Chapter 24) *Revised June 2016*
- (1) The Corporation shall send a notice to the Member as required. This notice shall also inform the Member that notice of possible disconnection will be provided to the tenants of the service complex in five (5) days if payment is not rendered before that time.
 - (2) At least five (5) days after providing notice to the Member and at least five (5) days prior to disconnection, the Corporation shall post at notices, stating "Termination Notice" in public areas of the service complex notifying the residents of the scheduled date for disconnection of service.
 - (3) The tenants may pay the Corporation for any delinquent bill in behalf of the owner to avert disconnection or to reconnect service to the complex.
- h. **Disconnection of Temporary Service** -- When an applicant with a Temporary service fails to comply with the conditions stated in the Service Application and Agreement Form or other rules of this Tariff service may be terminated with notice.

15. Billing Cycle Changes. The Corporation reserves the right to change its billing cycles if the workload requires such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the Corporation.

16. Back-billing. The Corporation may back-bill a Member for up to four (4) years (48 months) for meter error, misapplied meter multiplier, incorrect meter readings, or error in computing a Member's bill. Failure to pay the most recent six (6) months billing will result in disconnection of service. Back-billing shall not extend beyond current Membership except in cases involving the transfer of a Membership conditioned upon payment of delinquent obligations by the Transferee, as provided in Section E. Sub-Section 6.h.

17. Disputed Bills. In the event of a dispute between the Member and the Corporation regarding any bill, the Corporation shall forthwith make and conduct an investigation as shall be required by the particular case, and report the results in writing thereof to the Member. All disputes under this Subsection must be submitted to the Corporation, in writing, prior to the due date posted on said bill except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Sub-Section 6.h. Disputed water usage will be investigated to determine meter accuracy. If the meter is found to be accurate the member will be responsible for any water that goes or has gone through the meter. (Updated 3/01/08)

18. Inoperative Meters. Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the Corporation shall make a charge for units used, but not metered, for a period not to exceed three (3) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.

19. Bill Adjustment Due To Meter Error. The Corporation shall test any Member's meter upon written request of the Member. In the event the meter tests within the accuracy standards of The American Water Works Association, a test fee as prescribed in Section G of this Tariff shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months but not extending beyond current Membership except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Sub-Section 6.h. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The Member shall complete a Meter Test Request Form prior to the test. (See Misc. Transaction Forms.)

20. Meter Tampering and Diversion. For purposes of these Sections, meter-tampering, by-passing, or diversion shall all be defined as tampering with the Corporation's service equipment, by-passing the same, or other instances of diversion, such as:

- a. removing a locking or shut-off device used by the Corporation to discontinue service,
- b. physically disorienting the meter,
- c. attaching objects to the meter to divert service or to by-pass,
- d. inserting objects into the meter, and
- e. other electrical and mechanical means of tampering with, by-passing, or diverting service.
- f. preventing the supply from being correctly registered by a metering device due to adjusting the valve so that flow is reduced below metering capability. (*Added 9-14*)

The burden of proof of meter-tampering, by-passing, or diversion is on the Corporation. Photographic evidence or any other reliable and credible evidence may be used; however, any evidence shall be accompanied by a sworn affidavit by the Corporation's staff when any action regarding meter-tampering as provided for in these Sections is initiated. A court finding of meter tampering may be used instead of photographic or other evidence, if applicable. Unauthorized users of services of the Corporation shall be prosecuted to the extent allowed by law under the Texas Penal Code 28.03.

- a. If the Corporation determines under subsection (a) that Tampering has occurred, the Corporation shall charge the offending party the total actual loss to the Corporation, including the cost of repairs, replacement of damaged facilities, and lost water revenues. (*Added 9-14*)
- b. In addition to actual damages charged under subsection (b), the Corporation may assess a penalty against the offending party. The penalty shall not exceed six (6) times the Base Rate. (*Added 9-14*)

Note: For purposes of this Section, "offending party" means the person who committed the Tampering. So, for example, in an owner/tenant situation where the tenant committed the Tampering, the Corporation cannot charge a penalty to the owner. (*revised 9-14*)

21. Meter Relocation. Relocation of services shall be allowed by the Corporation provided that:

- a. No transfer of Membership is involved;
- b. An easement for the proposed location has been granted to the Corporation;
- c. The Member pays the actual cost of relocation plus administrative fees, and
- d. Service capacity is available at proposed location.

22. *Prohibition of Multiple Connections To A Single Tap.* (Revised 9-14)

- a. No more than one (1) residential, commercial, or industrial service connection is allowed per meter or sewer tap. The Corporation may consider allowing an apartment building or mobile home/RV park to apply as a "Master Metered Account" and have a single meter or sewer tap (See Section E 26.) Any unauthorized sub-metering or diversion of service shall be considered a Multiple Connection and subject to disconnection of service. If the Corporation has sufficient reason to believe a Multiple Connection exists, the Corporation shall discontinue service under the Disconnection with Notice provisions of this Tariff for a first violation and for subsequent violations service will be disconnected without notice in accordance with E 17. b. (See Sample Application Packet RUS-TX Bulletin 1780-9 (Rev. 01/09))
- b. For purposes of this section, the following definitions shall apply:
 - 1) A "multiple connection" is the connection to any portion of a member's system that is connected to a primary delivery point already servicing one residence, one commercial or industrial facility of a water line serving another residence or commercial or industrial facility. Water lines to outbuildings, barns or other accessory structures shall not be consider a multiple connection if: (i) those structures are located on the same tract as the primary delivery point and (ii) such structures are not used as a residence or as a commercial or industrial facility.
 - 2) A "primary delivery point" shall mean the physical location of a meter or sewer tap that is installed in accordance with this Tariff and applicable law and which provides water or sewer service to the residence or commercial or industrial facility of a member.
 - 3) A "residence" shall mean any structure which is being used for human habitation, which may include kitchen and bathroom facilities or other evidence of habitation as defined by the Corporation.
 - 4) "Commercial" facility shall mean any structure or combination of structures at which any business, trade, occupation, profession, or other commercial activity is conducted. A member that utilizes water within their residence or property for commercial purposes may be required to obtain a separate meter. A business conducted within a member's residence or property that does not require water in addition to that provided to the member's residence shall not be considered a separate commercial facility.
- c. The corporation agrees to allow members in good standing to share water usage with a visitor on their property with a recreation vehicle (RV) or travel trailer for a period of no longer than three months. If the recreation vehicle/travel trailer is being used for a permanent residence, this Tariff requires that an additional meter installation and membership be purchased. If the member routinely has more than one visitor at a time with recreation vehicles or travel trailers or has multiple visitors throughout the year, the corporation may require that a second or additional meter(s) be purchased. The member must submit a written request to the corporation's business office at least 5 business days prior to sharing corporation water with a visitor. The corporation has the right to refuse or deny the shared usage for any reason. The corporation also has the right to inspect the premises for any potential cross-contamination issues as outlined in the Customer Service Inspection requirements and to ensure that the meter is properly sized for the additional

usage at the time of total peak water demand. These requirements pertain to visitors ONLY. No commercial usage where fees for water are charged is allowed. If a member is found to violate these conditions, the member will be sent a letter of notice stating that water service will be cut off in ten days if the situation is not corrected.

23. Member's Responsibility.

- a. The Member shall provide access to the meter as per the easement and service agreement. If access to the meter is hindered or denied preventing the reading of the meter, an estimated bill shall be rendered to the Member for the month; and a notice shall be sent to the effect that access could not be gained. If access is denied for three (3) consecutive months after proper notification to the Member, then service shall be discontinued and the meter removed with no further notice. (Section E. 3. d.)
- b. The Member shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.
 - (1) All connections shall be designed to ensure against back-flow or siphonage into the Corporation's water supply. In particular, livestock water troughs shall be plumbed above the top of the trough with air space between the discharge and the water level in the trough. (30 TAC 290.44)
 - (2) All outside water faucets must have an anti-siphon device on hose bib connections.
 - (3) Any irrigation system, pool, decorative fountain, or water to a dock installed on the potable water service is required to have a Reduced Pressure Zone Assembly (RPZA) installed. This must be installed by a licensed plumber or irrigation specialist between the system and the water meter. After installation it must be inspected by a certified Backflow Prevention Assembly Tester (BPAT) with the inspection report sent to PKWSC. Inspection is required annually thereafter with the report sent to PKWSC.
 - (4) The use of pipe and pipe fittings that contain more than 0.25% lead or solders and flux that contains more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the Corporation's facilities. Customer service pipelines shall be installed by the applicant. (30 TAC 290.44) (*Revised 6-2019 Per TCEQ Guidelines*)
 - (5) Service shall be discontinued without further notice when installations of new facilities or repair of existing facilities are found to be in violation of this regulation until such time as the violation is corrected. (*Revised 9-14*)
- c. A Member owning more than one (1) Membership shall keep all payments current on all accounts. Failure to maintain current status on all accounts shall be enforceable as per Service Application and Agreement executed by the Member.
- d. The Corporation's ownership and maintenance responsibility of water supply and metering equipment shall end at the meter or other service equipment. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and maintained by the Corporation shall be subject to charges as determined by the Corporation's Tariff as amended from time to time by the Board of Directors.
- e. The Corporation shall require each Member to have a cut-off valve on the Member's side of the meter for purposes of isolating the Member's service pipeline and plumbing facilities from the Corporation's water pressure. The valve shall meet AWWA standards (a ball valve is preferred). The Member's use of the Corporation's curb stop or other similar valve for such purposes is prohibited. Any damage to the Corporation's equipment shall be subject to service charges. (This cut-off valve may be installed as a part of the original meter installation by the Corporation.)
- f. The member is required to notify the system 48 hours prior to digging or excavation

activities along or near water/sewer lines and appurtenances. (*Revised 9-14*)

24. Master Meters / Sub-metering

- a. The Corporation will make master metered service available to qualified service applicants to enable sub-metering of dwelling units and multiple use facilities for water and sewer utility service. Reference Section B, paragraph 10.
- b. This section will apply to apartment houses, condominiums, multiple use facilities, and manufactured home rental communities billing for water and/or wastewater service on a sub-metered or allocated basis for non-transient residential use and for which rent is paid at intervals of one month or longer.
- c. The definitions of various services and facilities are included in Section C of this tariff.
- d. The size of the master meter will be based on the number of dwelling units or multiple use facilities to be served based on the commercial rate structure.
- e. After January 1, 2003, a manager or owner of an apartment house, manufactured home rental community, or multiple use facility must provide for the measurement of water, if any, consumed by the occupants of each unit through the installation of:
 - (1) Sub-meters, owned by the property owner or manager, for each dwelling or rental unit;
or
 - (2) Individual meters, owned by the Corporation, for each dwelling unit or rental unit.

Section F
Developer, Subdivision and
Non-Standard Service Requirements

SECTION F. DEVELOPER, SUBDIVISION AND NON-STANDARD SERVICE REQUIREMENTS

This Section revised September 2014 based on the TRWA sample tariff.

Part I. General Requirements.

This section details the requirements for all types of non-standard service requests.

1. **Purpose.** It is the purpose of this Section to define the process by which the specific terms and conditions for service to subdivisions and other kinds of Non-Standard Service are determined, including the Non-Standard Service Applicant's and the Corporation's respective costs.

For purposes of the Section, the term "Applicant" shall refer to the individual or entity that desires to secure Non-Standard Service from the Corporation. The Applicant must be the same person or entity that is authorized to enter into a contract with the Corporation setting forth the terms and conditions pursuant to which Non-Standard Service will be furnished to the property. In most cases, the Applicant shall be the owner of real property for which Non-Standard Service is sought. In the event that the Applicant is other than the owner of real property, the Applicant must furnish evidence to the Corporation that it is authorized to request Non-Standard Service on behalf of such owner, ~~or that it otherwise has authority to request Non-Standard Service for the real property.~~

2. **Application of Rules.** This Section is applicable to subdivisions, additions to subdivisions, developments, or whenever additional service facilities are required for a single tract of property. Examples of non-standard services for a single tract of land can include, but are not limited to, road bores, extensions to the distribution system, service lines exceeding 3/4" diameter and service lines exceeding ____ feet. Non-residential or residential service applications requiring a larger sized meter typically will be considered non-standard. For the purposes of this Tariff, Applications subject to this Section shall be defined as Non-Standard. This Section may be altered or suspended for planned facility expansions when the Corporation extends its indebtedness. The Board of Directors of the Corporation or their designee shall interpret on an individual basis whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section.

This Section sets forth the general terms and conditions pursuant to which the Corporation will process Non-Standard Service Requests. The specific terms and conditions pursuant to which the Corporation will provide non-standard service in response to any request will depend upon the nature of such request and may be set forth in a legally enforceable, contractual agreement to be entered into by the Corporation and the service Applicant. The agreement may not contain any terms or conditions that conflict with this Section.

4. **Non-Standard Service Application.** The Applicant shall meet the following requirements prior to the initiation of a Non-Standard Service Contract by the Corporation:

Revised June 2016

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