

Possible Kingdom Water Supply Corporation Rates and Services

Effective June 1, 2017

New Residential Service Fees Standard Installation		
	Standard	Road Bore
Membership	\$300.00	\$300.00
Impact To be used only for capital improvements to upgrade or extend the system	\$495.00	\$495.00
Service Investigation Engineer must approve all new service added to the system	\$150.00	\$150.00
Administration	\$30.00	\$30.00
Meter Installation Up to 30 foot service line - over 30 feet will require quote	\$800.00	\$800.00 + \$635.00 min. (quote required)
Inspection of Meter Connection	\$40.00	\$40.00
Total	\$1,815.00	\$2,450.00

\$150

Service Fees	
Residential Monthly Minimum 5/8 x 3/4	\$41.15
Residential Monthly Minimum 1"	\$102.88
Residential Monthly Minimum 1 1/2"	\$205.75
Residential Water per 1,000 Gallons	
1 to 10,000 gallons per month	\$3.32
10,000 to 20,000 gallons per month	\$5.00
20,000 to 50,000 gallons per month	\$8.00
50,000 + gallons per month	\$15.00
Small Business	\$57.50
Commercial 5/8 x 3/4"	\$150.15
Commercial 3/4"	\$225.22
Commercial 1"	\$375.37
Commercial 1 1/2"	\$750.75
Commercial 2"	\$1,201.20
Commercial 3" compound	\$2,402.40
Water for Commercial per 1,000 Gallons	\$5.55
Late Payment	\$15.00
Customer Service Inspection	\$40.00
Backflow Prevention Testing & Inspection	\$50.00
Returned Check	\$25.00
Reconnect	\$50.00
Service Trip	\$25.00
Customer History Report	\$15.00
Meter Test	\$25.00
Transfer (changed effective 2-1-15)	\$150.00
Non-Disclosure	\$5.00

Equipment damage or services outside the normal scope of Utility operations or at the request of a Member shall be charged to the member based on the cost of providing such service or repair.



May 11, 2021

Mr. Gary Ray
Crystal Bluff Goat Ranch, LLC
6300 Ridglea Place
Suite 920
Fort Worth, TX 76116

Dear Mr. Ray;

Attached is a draft Non-Standard Contract to enable potable water to be delivered to your development on Hummingbird Lane. The Texas Environmental Quality Commission declares any person that sub-divides property into more than two properties is considered a developer and, as such, is subject to the Non-Standard Contract for water service and must pay Capital in Aid of Construction (CIAC) to obtain or reserve water to the properties.

Possum Kingdom Water Supply Corporation (PKWSC) is a non-profit member owned organization. Developers pay CIAC to PKWSC to enable plant expansion to supply potable water to the development or to reserve water in the current available supply. The price is based on the cost of that portion of the available water to PKWSC or the cost to build additional capacity. The existing plant is at maximum capacity at this time and the cost for additional capacity is estimated at \$10,400,145.00 which will enable an additional 777 meters to be added to the system.

Your original development was for 12 lots. Two lot owners have paid for meters to be installed and they are members of the corporation. We will grandfather these meters and only apply the CIAC to the additional 10 lots on an exception basis and will not apply to any additional development you may have. This contract must have approval by the Board of Directors and be put in place within the next 90 days to insure potable water is available for the lots in your development. No additional meters will be installed until this transaction is completed.

Please review the contract and add the required information on the draft copy and return to my office for an original contract to be created in 90 days. We will also need a copy of the final plat and engineering drawings for our engineers to review and potentially approve.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Neal", is written over the printed name.

Bob Neal
General Manager
Possum Kingdom Water Supply Corporation

Attachment: 12 page Non-Standard Contract

NON-STANDARD SERVICE CONTRACT

THE STATE OF TEXAS
COUNTY OF PALO PINTO

THIS CONTRACT is made and entered into by and between **Crystal Bluff Goat Ranch, LLC** hereinafter referred to as "Developer", and Possum Kingdom Water Supply Corporation, hereinafter referred to as "PKWSC" or "Corporation".

WHEREAS, Developer is engaged in developing that certain _____ acres in Palo Pinto, County, Texas, more particularly known as the Hummingbird West subdivision, according to the plat thereof recorded at Vol. ____, Page ____ of the Plat Records of Palo Pinto County, Texas, said land being hereinafter referred to as "the Property"; and,

WHEREAS, PKWSC owns and operates a water system which supplies potable water for human consumption and other domestic uses to customers within its service area; and,

WHEREAS, the Property is located within PKWSC's state-certificated service area which obligates PKWSC to provide it with retail public water utility service subject to the terms and conditions of PKWSC's lawful tariff and the regulations of the Texas Commission on Environmental Quality ("TCEQ"); and,

WHEREAS, Developer has requested PKWSC to provide such water service to the Property through an extension of PKWSC's water system, such extension being hereinafter referred to as "the Water System Extension"; NOW THEREFORE:

KNOW ALL MEN BY THESE PRESENTS:

THAT for and in consideration of the mutual promises hereinafter expressed, and other good and valuable consideration, the sufficiency of which is hereby acknowledged by the parties, Developer and PKWSC agree and contract as follows:

1. Engineering and Design of the Water System Extension.

- (a) The Water System Extension shall be engineered and designed by a Texas Licensed Professional Engineer at Developer's expense and in accordance with the applicable specifications of PKWSC and all governmental agencies having jurisdiction. All plans and specifications must be reviewed and approved by PKWSC's consulting engineer, at Developer's expense, prior to the issuance of any request for bids for the construction of the Water System Extension. After such approval of the plans and specifications by PKWSC's consulting engineer, the plans and specifications shall become part of this Agreement by reference and shall more particularly define "the Water System Extension".
- (b) The Water System Extension must be sized to provide continuous and adequate water service to the Property based on plans for the development provided to PKWSC by the Developer. PKWSC may require the Water System Extension to be oversized in anticipation of the needs of other customers of PKWSC, subject to the obligation to reimburse the Developer for any such oversizing as provided below. If the Water System Extension proves to be insufficient for the long-term retail public water utility service demands of the Property, PKWSC shall have the continuing option, and Developer shall be under the continuing obligation, to construct such additional service capacities as may be needed to meet TCEQ Chapter 290 regulations plus meeting the local demands of the Property. PKWSC's right to seek additional capital contribution and/or physical retail water utility facilities from Developer shall commence on the date the original Water System Extension is placed into commercial operation and shall expire seven (7) calendar years

thereafter. This right to collect additional capital contributions shall be separate and apart from the obligation to pay contribution in aid of construction ("CIAC") as set forth in Section 6 below.

2. Required Sites, Easements or Rights-of-Way.

- (a) Developer shall be responsible for dedicating or acquiring any easements across privately owned land or sites (including off-site) which are necessary for the construction or operation of the Water System Extension and for obtaining any Governmental approvals necessary to construct the Water System Extension in public right-of-way. Public rights-of-way may be used only when private rights-of-way are not available or are necessitated by public roadway crossings. If private easements are not otherwise available, PKWSC agrees to exercise its powers of eminent domain to acquire such easements subject to Developer paying all expenses incurred in such actions.
- (b) Any easements acquired by the Developer shall be in a form approved by PKWSC's attorney (see Form of Easement, attached to this Contract and made a part hereof) and shall be assigned to PKWSC upon proper completion of the construction of the Water System Extension.
- (c) The validity of the legal instruments by which the Developer acquires any such easements and by which Developer assigns such easements to PKWSC must be approved by PKWSC's attorney.

3. Construction of the Water System Extension

- (a) Developer shall advertise for bids for the construction of the Water System Extension in accordance with such generally accepted bidding practices as maybe required by the United States Department of Agriculture, Rural Development and shall award the contract for the construction of the Water System Extension subject to the approval of PKWSC. PKWSC may reject any bid.
- (b) The Water System Extension shall be constructed in accordance with the approved plans and specifications. PKWSC shall have the right to inspect, at Developer's expense, all phases of the construction of the Water System Extension. Developer must give written notice to PKWSC of the date on which construction is scheduled to begin so that PKWSC may assign an inspector. PKWSC may charge reasonable inspection fees based on the actual costs of labor, travel and incidental expenses of the inspectors, plus 10% overhead.

4. Dedication of Water System Extension to PKWSC.

- (a) Upon proper completion of construction of the Water System Extension and final inspection and testing thereof by PKWSC, the Water System Extension shall be dedicated to PKWSC by an appropriate legal instrument approved by PKWSC's Attorney. The Water System Extension shall thereafter be owned and maintained by PKWSC subject to the warranties required of Applicant under Subsection (b). Any connection of individual customers to the Water System Extension shall be made by PKWSC.
- (b) Excepting only Developer's continuing obligation to guarantee adequate service capacities set forth in Section 1(b) above, upon dedication of the Water System Extension, Applicant shall warrant materials and performance of the Water System Extension constructed by Applicant for twelve (12) months following the date of dedication.

5. Cost of the Water System Extension.

- (a) Developer shall pay all costs associated with the Water System Extension as CIAC, including, without limitation, the cost of the following:
 - (1) engineering and design at cost plus 10%;
 - (2) easement or right -of-way acquisition, including, if necessary, condemnation costs;
 - (3) construction;
 - (4) inspection at cost plus 10%;
 - (5) attorneys' fees at cost plus 10%; and
 - (6) Water Treatment Plant expansion
 - (7) Governmental or regulatory approvals required to lawfully provide service.
- (8) Developer shall indemnify PKWSC and hold PKWSC harmless from all of the foregoing costs.
- (b) Provided, however, nothing herein shall be construed as obligating the Developer to maintain the Water System Extension subsequent to its dedication and acceptance for maintenance by PKWSC.
- (c) If PKWSC has required the Water System Extension to be oversized in anticipation of the needs of the other customers of PKWSC, PKWSC shall reimburse Developer for the additional costs of construction attributable to the oversizing, as determined by PKWSC's consulting engineer. As new PKWSC customers outside of the Property are connected to and served from the oversized facilities funded by Developer, PKWSC shall collect CIAC from each such customer equal to the cost of the surplus capacities that customer will use as determined by PKWSC's consulting engineer. This CIAC shall be paid to Developer within thirty (30) days of collection by PKWSC. This obligation to charge and this right to receive CIAC for the Developer-funded CIAC shall terminate at the earlier of:
 - (1) Developer's recovery of all costs incurred for the oversized utility facilities; or,
 - (2) five (5) calendar years of the placement of said facilities into commercial operation.

6. Contribution-in-aid-of-Construction.

- (a) The parties recognize the Developer's obligation to compensate PKWSC for service capacities that will be dedicated to serve the Property. The Developer and PKWSC have negotiated a mutually agreeable CIAC payment for the Developer to reimburse PKWSC for that portion of its existing service capacities being reserved for the Property plus increased capacity to be created by an upgrade(s) to the Water Treatment Plant ("WTP") to increase production in .5 MGD increments, a portion of which will be dedicated to the Developer's service area. The agreed CIAC amount is \$13,385.00 per lot. This CIAC payment scale will only cover the first 10 (ten) lots for which capacity the Developer will pay \$133,850.00 with the execution of this agreement. The cost of future expansions to PKWSC's WTP and distribution system will be apportioned between the Developer and PKWSC in proportion to the amount of the new service capacities that will be dedicated to each, and at construction costs then current to be determined by PKWSC at the time of the new expansion.
- (b) Additional service requests for future 100-lot phases shall be made not less than twelve (12) months before the time the Developer wants to commence accepting delivery of the additional water. PKWSC shall complete any necessary improvements and provide service within twelve (12) months after receiving a timely request and payment of the applicable CIAC. If the Developer does not

make a request for additional water at least twelve (12) months in advance, PKWSC shall make reasonable efforts to provide additional service capacity when requested but PKWSC makes no guarantee or covenant that such additional water will be available on the date requested.

- (c) No additional fees shall be paid except as stated in Sections 1(b), 7(a) and 7(b). As provided in PKWSC's lawful tariff, the owner of individual lots or tracts connected to or able to receive service from the Water System Extension within the Property with the installation of a properly sized meter will pay monthly service or reserve service fees effective on the closing date of the sale from the Developer to the buyer. These fees will be based on the rates in effect from the corporation's Tariff at the time of closing and will include the following fees: Membership, Administration, Meter Installation and Inspection of Meter Connection.
- (d) Water service to be used by the Developer will be subject to monthly service fees based on the rates in effect from the corporation's Tariff at the time that water service is available to the specified property. Developer shall not be entitled to a membership in PKWSC for any connection serving property owned or being developed for resale to the public. Developer may obtain and hold memberships for service connections to be held permanently by Developer, i.e., to sales offices, common area irrigation meters, and Property maintenance buildings.

7. Service from the Water System Extension.

- (a) After proper completion and dedication of the Water System Extension to PKWSC, PKWSC shall provide continuous and adequate water service to the Property for the initial 10 (ten) lots subject to all duly tariffed rules and regulations and bylaws of PKWSC. Any increase of service capacity beyond the 10 (ten) initial minimum shall be contingent upon the Developer paying CIAC for such additional service capacity.
- (b) Service Capacity Reservation. PKWSC's agreement to provide long-term water service capacity to the Developer and the cost to be paid for such capacity of materially conditioned upon the Developer's projections of the service area's demands. It is agreed that if the Developer is not taking and paying for at least 50% of the water capacity contracted for herein at the end of the first four (4) years of this Agreement and 100 % within seven (7) years, the parties shall renegotiate the terms of the Agreement or, at its option, the Developer shall surrender all unused reserved water service capacity so PKWSC may use it to serve other customers, wholesale or retail. The Developer shall not be reimbursed for any surrendered service capacity. Surrendering that capacity will only release the Developer from the continued payment of monthly reservation
- (c) The existing WTP and distribution lines of PKWSC do not support fire flow. "Fire hydrants" installed within PKWSC's water distribution system are provided at the convenience of PKWSC and do not imply any responsibility on the part of PKWSC to meet fire flow requirements of local, county, state, or federal governmental agencies. Such fire hydrants are support facilities only meant to be used as flush and control valves in the public drinking water system. State public health and safety regulations require public drinking water systems to be flushed on a routine basis and metallic flush valves (commonly referred to a "fire hydrant") are a preferred manner of complying with these regulations. PKWSC makes no representation that it is offering fire protection or fire flows under any fire code or firefighting standard. PKWSC has no obligation at law to provide water for fire related activities because this is not a public water PKWSC or potable domestic

water service as defined by the Texas Water Code and/or the Texas Health and Safety Code.

PKWSC, at its sole option, may permit local area fire departments to use water from its public drinking water system on an "AS IS, AS AVAILABLE" basis and will in no manner be liable for damages caused by its inability to supply sufficient water for the prevention or suppression of fire. Any fire department or other person using PKWSC's water system to take water for firefighting purposes shall be liable to PKWSC for damage caused to PKWSC's plant and equipment during such use, especially for, but not limited to, damage to pumps caused by improperly opening and closing hydrants/valves under pressure or damage for driving heavy vehicles over water lines. PKWSC reserves the right to remove any fire hydrant (metallic flush valve), due to improper use or detriment to the system as determined by PKWSC, at any time without notice, refund, or compensation to the contributors. Any water taken from PKWSC's water system for any purpose, including firefighting, without prior knowledge and consent of the Board of Directors and/or the General Manager shall be deemed to be theft and shall be prosecuted. Fire Departments may obtain advanced consent for emergency usage on an "AS IS, AS AVAILABLE" basis.

It is understood that the Developer anticipates providing fire flow service within the development. PKWSC does not accept liability for fire-related injuries or damages to persons or property caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies. PKWSC neither possesses nor claims to possess knowledge or expertise in firefighting or the requirements of firefighting. No statement or action of PKWSC shall ever be implied or meant to suggest that any facilities of PKWSC comply with any state or local fire code. On-site storage of water reserved for firefighting shall preferably be accomplished through elevated storage; however, if permitted to achieve Developer's desired ISO rating, reserved water may be stored in ground storage tanks with an emergency backup generator(s) if such water can be injected into the public drinking supply without contamination or significant degradation of drinking water quality during mixing.

- (d) It is understood and agreed by the parties that the obligation of PKWSC to provide water service in the manner contemplated by this Contract is subject to the issuance by the Texas Commission on Environmental Quality and all other governmental agencies having jurisdiction of all permits, certificates or approvals required to lawfully provide such service.
- (e) Unless the prior approval of PKWSC is obtained, the Developer shall not:
 - (1) construct or install additional water lines or facilities to service areas outside the Property;
 - (2) add any additional lands to the Property for which water service is to be provided pursuant to this Agreement; or
 - (3) Connect or serve any person or entity who, in turn, sells water service directly or indirectly to another person or entity.

8. Effect of Force Majeure.

In the event either party is rendered unable by force majeure to carry out any of its obligations under this Contract, in whole or in part, then the obligations of that party, to

the extent affected by the force majeure shall be suspended during the continuance of the inability, provided however, that due diligence is exercised to resume performance at the earliest practical time. As soon as reasonably possible after the occurrence of the force majeure relied upon to suspend performance, the party whose contractual obligations are affected thereby shall give notice and full particulars of the force majeure to the other party.

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

9. Notices.

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

Possum Kingdom Water Supply Corporation
1170 Willow Road
Graford, TX 76449

Any notice mailed to Applicant shall be addressed:

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

10. Breach of Contract and Remedies.

- (a) If either party breaches any term or condition of this Contract, the non-breaching party may, at its sole option, provide the breaching party with a notice of the breach within sixty (60) days of discovery of the breach by the non-breaching party. Upon notice of breach, the breaching party shall have sixty (60) days to cure the breach.

If the breaching party does not cure the breach within the sixty (60) days, the non-breaching party, below, shall have all rights at law and in equity including the right to enforce specific performance of this Contract by the breaching party, the right to perform the obligation in question and to seek restitution for all damages incurred in connection therewith. It should be noted that PKWSC's willingness to enter into this contract is expressly and materially dependent upon Developer's timely and full payments of all sums due hereunder. Developer's failure to perform under this agreement shall expressly be grounds for PKWSC to exercise its statutory right to refuse water utility service to the Property as provided by Texas Water Code §13.2502. Such an election by PKWSC shall not deprive it of any other rights or remedies it may have at law or in equity.

- (b) In the event of termination of this Contract by a non-breaching party, such action shall not affect any previous conveyance unless PKWSC has the statutory right to refuse service to such conveyed property under Texas Water Code §13.2502.
- (c) The rights and remedies of the parties provided in this Contract shall not be exclusive and are in addition to any other rights and remedies provided by law and under this Contract.

11. Third Parties.

It is the express intention of the parties that the terms and conditions of this Contract may be enforced by either party but not by any third party or alleged third-party beneficiary.

12. Captions.

Captions are included solely for convenience of reference and if there is any conflict between captions and the text of the Contract, the text shall control.

13. Context.

Whenever the context requires, the gender of all words herein shall include the masculine, feminine, and neuter, and the number of all words shall include the singular and the plural.

14. Mediation.

Prior to the institution of legal action by either party related to any dispute arising under this Contract, said dispute shall be referred to non-binding mediation by an independent mediator mutually agreed upon by both parties. The cost of the mediator shall be shared equally by both parties.

15. Litigation Expenses.

Either party to this Contract who is the prevailing party in any legal proceeding against the other party, brought in relation to this Contract, shall be entitled to recover court costs and reasonable attorneys' fees from the non-prevailing party.

16. Intent.

The parties hereto covenant and agree that they shall execute and deliver such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Contract.

17. Multiple Originals.

This Contract may be executed in multiple originals, any copy of which shall be

considered to be an original.

18. Authority.

The signatories hereto represent and affirm that they are authorized to execute this Contract on behalf of the respective parties hereto.

19. Severability.

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

20. Entire Agreement.

This Agreement, including any exhibits attached hereto and made a part hereof, constitutes the entire agreement between the parties relative to the subject matter of this Agreement. All prior agreements, covenants, representations, or warranties, whether oral or in writing, between the parties are merged herein.

21. Amendment.

No amendment of this Agreement shall be effective unless and until it is duly approved by each party and reduced to a writing signed by the authorized representatives of PKWSC and the Developer, respectively, which amendment shall incorporate this Agreement in every particular not otherwise changed by the amendment.

22. Governing Law.

This Agreement shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties are expressly deemed performable in Palo Pinto County, Texas.

23. Venue.

Any civil action at law or in equity brought to enforce or interpret any provision of this Contract shall be brought in a state court of competent jurisdiction with venue in Palo Pinto County, Texas. Any administrative action shall be brought before the TCEQ and the courts of competent jurisdiction in Travis County, Texas.

24. Successors and Assigns.

This Agreement shall be binding on and shall inure to the benefit of the heirs, successors and assigns of the parties.

25. Assignability.

The rights and obligations of the Developer hereunder may not be assigned without the prior written consent of PKWSC.

26. Effective Date.

This Agreement shall be effective from and after the date of due execution by all

parties.

IN WITNESS WHEREOF each of the parties has caused this Agreement to be executed by its duly authorized representative in multiple copies, each of equal dignity, on the date or dates indicated below.

Possum Kingdom Water Supply Corporation

DEVELOPER

By: _____

By: _____

Name: William M. Jasper

Name: _____

Title: President, Board of Directors

Title: _____

Date: _____

Date: _____

RIGHT OF WAY EASEMENT (General Type Easement)

KNOW ALL MEN BY THESE PRESENTS, that **Crystal Bluff Goat Ranch**, (hereinafter called "Grantors"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by Possum Kingdom Water Supply Corporation, (hereinafter called "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and convey to said Grantee, its successors, and assigns, a perpetual exclusive easement with the right to erect, construct, install, and lay and thereafter access and use, operate, inspect, repair, maintain, replace, upgrade, parallel and remove water distribution lines and appurtenances and any other facilities necessary to serve Grantors' property [including that property's water meter(s) if the easement is located at or near the property line] as well as the Grantee's current and future system-wide customers, under, over and across _____ acres of land, more particularly described in instrument recorded in Vol. _____, Page _____, Deed Records, Palo Pinto County, Texas, together with the right of ingress and egress over Grantor's adjacent lands for the purpose for which the above mentioned rights are granted. The easement hereby granted shall not exceed twenty feet (20') in width, and Grantee is hereby authorized to designate the course of the easement herein conveyed except that when the pipeline(s) is installed, the easement herein granted shall be limited to a strip of land 20' in width the center line thereof being the pipeline as installed.

During the period of construction of the water pipeline, the easement shall be extended an additional twenty feet (20') in width as shown on Exhibit A for a total of forty feet (40'). Upon conclusion of all construction and the restoration of the surface to its pre-construction condition, the construction easement (the extra 20') shall revert to Grantor and shall not be available to Grantee without future consent of Grantor, which consent shall not be unreasonably withheld if the easement is needed for future construction on the water utility facilities.

Grantee shall have such other rights and benefits necessary and/or convenient for the full enjoyment and use of the rights herein granted, including without limitation, (1) the reasonable right of ingress and egress over and across lands owned by Grantor which are contiguous to the easement for the purpose of accessing the easement in the most efficient and effective manner but not to use Grantor's contiguous property for other purposes; (2) the reasonable right from time to time to remove any and all paving, undergrowth and other obstructions that may injure Grantee's facilities and appurtenances or interfere with the construction, maintenance, inspection, operation, protection, repair, alteration, testing, replacement, upgrading, paralleling, relocation (as above limited), substitution or removal thereof; and (3) the right to abandon-in-place any and all water supply lines, service lines and associated appurtenances, such that Grantee shall have no obligation or liability to Grantor or their successors or assigns to move or remove any such abandoned lines or appurtenances.

In the event the easement hereby granted abuts on a public road and the county or state hereafter widens or relocates the public road so as to require the relocation of this water line as installed, Grantor further grants to Grantee an additional easement over and across the land described above for the purpose of laterally relocating said water line as may be necessary to clear the road improvements, which easement hereby granted shall be limited to a strip of land 20' in width the center line thereof being the pipeline as relocated.

Grantor shall have the right to construct and maintain a driveway across the easement so long as it crosses the easement at an approximate ninety-degree (90°) angle and does not cover the easement for a protracted or unreasonable distance. Grantor takes this action with the full knowledge and understanding that Grantee may, at some unknown date, without or without advance notice, have to excavate its water line for maintenance or repair. Thereafter, Grantee shall be charged only with a reasonable duty to restore the drive to a working condition without guarantee or warranty of aesthetic or pre-existing condition.

Grantor shall have the right to erect a fence(s) across the easement for the purpose of containing livestock and domesticated animals. However, if Grantor erects a fence(s), Grantor shall install a gate at each end of the easement (if the total easement exceeds 300 feet or if it crosses a watercourse). These gates may be locked but the locking combinations must be given to the Grantee and not changed without its prior knowledge. The Grantor's water meter shall be located in proximity to a gate for ease of reading if maintained behind the fence. One gate

may be replaced by a stile capable of bearing a 300-pound person to be located at the site of the water meter. This requirement for gates and fence stiles may be waived in writing by Grantee on a landowner-by-landowner basis as the property passes in chain of title in recognition of Grantee's above-recited right of access across Grantor's contiguous lands if the waiver does not place an undue burden on meter readers.

The consideration recited herein shall constitute payment in full for all damages sustained by Grantors by reason of the installation of the structures referred to herein and the Grantee will maintain such easement in a state of good repair and efficiency so that no unreasonable damages will result from its use to Grantors' premises. This agreement together with other provisions of this grant shall constitute a covenant running with the land for the benefit of the Grantee, its successors, and assigns. The Grantors covenant that they are the owners of the above described land and that said lands are free and clear of all encumbrances and liens except the following:

Grantor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND, all and singular, the easement herein granted to Grantee, or Grantee's successors and assigns, against every person whomsoever claiming, or to claim, the same or any part thereof.

The easement conveyed herein was obtained or improved through Federal financial assistance. This easement is subject to the provisions of the Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the easement continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the Grantee owns it, whichever is longer.

IN WITNESS WHEREOF the said Grantors have executed this instrument this ____ day of _____, 20____.

ACKNOWLEDGEMENT

STATE OF TEXAS
COUNTY OF

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____ known to me to be the person(s) whose name(s) is(are) subscribed to the foregoing instrument, and acknowledged to me that he (she) (they) executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE _____ day of _____, 20_____.

_____, County, Texas.
(Notary Public in and for)

(Seal)

**RIGHT OF WAY EASEMENT
(General Type Easement)**

“Exhibit A”

[CHECK APPROPRIATE DESCRIPTION]

1. _____ The easement shall be located parallel to and within the first twenty (20) feet of the property line of the encumbered tract based upon that side of the tract fronting _____ Road/Drive/Street/Lane.

or

2. _____ The easement shall be located across the encumbered tract based upon the following surveyed metes and bounds and attached sealed drawing prepared by _____:

Metes and Bounds Description:

Addendum 1

Detail of Fees

The following is a detail listing of fees to be paid by the Developer and the buyer of the Developer's property/ lot. Paragraph 5 of the Non-Standard Contract lists other costs that may apply.

- Developer will pay:
 - \$133,850.00 as Contribution in aid of Construction (CIAC) which will reserve capacity for the 10 (ten) meters to be installed at Crystal Bluff Goat Ranch
 - Service Investigation Fee of \$1,500.00

All fees listed below are subject to the PKWSC Tariff and are subject to change with 30 day notice. The amount billed will be the fee that is in effect at the time of closing and meter will be installed at that time and billing initiated.

- Buyers of all 10 (ten) properties / lots from the Developer will pay:
 - Membership in PKWSC of \$300.00
 - Meter Installation \$800.00
 - Inspection \$40.00
 - Administrative Fee \$30.00

Dorsett Johnson & Swift, LLP

Attorneys and Counselors at Law

Joseph Modric
Attorney

jmodric@dorsettjohnson.com • www.dorsettjohnson.com
407 Throckmorton Street, Suite 500, Fort Worth, Texas 76102
Office: (817) 900-8202 • Fax: (817) 882-8526

September 21, 2021

Via CMRRR and First-Class Mail

Possum Kingdom Water Supply Corporation
1170 Willow Road
Possum Kingdom Lake
Graford, TX 76449

Re: Crystal Bluff Goat Ranch, LLC – Proposed Non-Standard Contract Terms
Our File No.: 4612-00001

Dear Sirs or Madams:

Our office has the pleasure of representing Crystal Bluff Goat Ranch, LLC, in the above-referenced matter involving your proposed Non-Standard Service Contract to provide water to our client's land development consisting of 12 residential lots located in Graford, Palo Pinto County, Texas. As part of our representation, we are in receipt of your letter, dated May 11, 2021, wherein you proposed a "negotiated and mutually agreeable" contribution in aid of construction ("CIAC") payment which you now deem necessary for your company's continued delivery of residential water services to the subject property. Your proposed CIAC payment in the amount of \$13,385.00 per lot is unacceptable as it represents a nearly 500% increase over the amounts previously quoted to our client and based on the course of dealing by and between the parties over the past four years. Our client has reasonably relied upon such course of dealing while developing the remaining lots on the property.

In an effort to resolve this matter without the need for costly and unnecessary litigation, please provide the authority upon which you base this unprecedented fee increase or propose a CIAC payment more in line with the past course of dealing and trade between the parties. To this end, we suggest that you begin by reviewing the enclosed prior correspondence sent to our client in June 2017.

Sincerely,



Joseph Modric, Esq.

Cc: Client
Enclosure

PKWSC 000228



September 29, 2021

COPY

Joseph Modric, Esq.
407 Throckmorton St.
Suite 500
Fort Worth, TX 76102

Re: Crystal Bluff Goat Ranch, LLC – Proposed Non-Standard Contract Terms
File No.: 4612-0001

Dear Mr. Modric:

This letter is in response to your correspondence and request for information dated September 21, 2021.

Capital in Aid of Construction (CIAC):

In order to support a development over time, the developer must pay for water capacity based on the cost of the available capacity or capacity to be built. This is directed by the Public Utility Commission of Texas. Paragraph 5. "Cost of the Water System Extension" of the Non-Standard Contract details the developer's costs. Water Treatment Plant expansion is listed in paragraph 5. (a) and the CIAC is paragraph 6. (a).

The expansion affecting the Crystal Bluff Goat Ranch, LLC, is currently estimated to cost \$10,400,145.00 and will support 777 meters, thus the cost of \$13,385.00 per meter. Should the total cost of the expansion be less than what was approved by the board, it will be refunded on a proportional basis. Should there be additional costs it will be passed on to the developer on the same proportional basis.

This expansion, unlike previous expansions, will require extensive "brick and mortar" additions to the water treatment plant building. Additionally, it will require land acquisition, major electrical components at the plant and intake station with a 2 ½ mile pipeline from the lake to the plant. Previous upgrades or expansions have been within the footprint of the existing building and the cost has been substantially less. There is no additional capacity available under those expansions and any current contract will be supported by the upgrade explained above.

June 6, 2017, I provided Mr. Ray with a "Will-Serve" letter, copy attached, that clearly states in the third paragraph, "It will be your obligation to make formal application for service and to provide the water demand information per the non-standard service sections of PKWSC's tariff". Attached was a sample copy of the Non-Standard Contract that was in place at that time. Mr. Ray

did not act on this obligation that offered the capacity at \$2,300 to \$2,800 which was in effect four (4) years ago.

Various attempts have been made over time to reach Mr. Ray in order to provide the service required for the sale of the lots, but we have not been able to bring this to a successful conclusion for him. In actuality it is Mr. Ray's responsibility to contact the water supply to provide the necessary information to obtain water for the lots to be sold.

May 11, 2021, a letter was sent to Mr. Ray, copy attached, stating the current cost was \$13,385.00 per meter with a concession of applying it to only 10 meters instead of 12 with a 90-day response parameter. No action was taken by Mr. Ray within the 90 day window and your letter is the first correspondence received by this office. The contract for Mr. Ray will now include 12 meters at \$13,385.00 per meter or a total of \$160,620.00. No water service will be provided without the contract in place.

Hopefully this will provide the information you need. If you have questions, please do not hesitate to contact me.

Sincerely,

Sue Cathey
General Manager
Possum Kingdom Water Supply

c: Rosendo Ferrer
Monty Jasper
Gary Ray

Attachments

Dorsett Johnson & Swift, LLP

Attorneys and Counselors at Law

Timothy R. MacGorman

Attorney

tmacgorman@dorsettjohnson.com • www.dorsettjohnson.com
407 Throckmorton Street, Suite 500, Fort Worth, Texas 76102
Office:(817)900-8211 • Fax:(817)882-8526

January 6, 2022

Via CMRRR and First-Class Mail

Possum Kingdom Water Supply Corporation
1170 Willow Road
Possum Kingdom Lake
Graford, TX 76449

Re: Crystal Bluff Goat Ranch, LLC – Proposed Non-Standard Contract
Our File No.: 4612-00001

Dear Ms. Cathey:

As you know, our office represents Crystal Bluff Goat Ranch, LLC, in the above-referenced matter involving your proposed Non-Standard Service Contract to provide water to our client's land development consisting of 12 residential lots located in Graford, Palo Pinto County, Texas. We are in receipt of your letter, dated September 29, 2021, wherein you proposed a contribution in aid of construction ("CIAC") payment which you now deem necessary for your company's continued delivery of residential water services to the subject property. Your proposed CIAC payment is in the amount of \$13,385.00 per meter (per lot) for 12 meters. As mentioned in prior correspondence, this represents an unprecedented and exorbitant increase of nearly 500% over the amounts previously quoted to our client and is inconsistent with the past course of dealings by and between the parties. Furthermore, as you know, Possum Kingdom Water Supply Corporation ("PKWSC") sold our client meters for Lot 7 (June 2017), Lot 5 (January 2019), and Lot 3 (February 2019). Thereafter, Lots 5 and 7 were sold to new owners and PKWSC transferred the meters to said new owners who are now members of PKWSC. The buyer of Lot 5 also bought Lot 6 and does not require a water meter on Lot 6. As such, only 8 lots currently require water meters to be installed. To reiterate our position, it is unreasonable and unfair to require our client to pay such a substantial increase per meter based on your estimate of the CIAC. Moreover, it is egregious to now demand that our client pay CIAC for meters which have already been installed or are unnecessary in the case of Lot 6.

After consulting with the Texas Public Utility Commission, we request that you provide a new proposed Non-Standard Service Contract for our review along with the Consulting Engineer's plans, specifications, and itemized cost estimations which justify the proposed CIAC payment under PKWSC's tariff. Please understand, I am writing this letter in an effort to avoid unnecessary

and costly litigation. However, we will take any and all legal action necessary to protect our client's interests.

Sincerely,

Timothy R. MacGorman, Esq.

Cc: Client

A handwritten signature in black ink, appearing to read "Timothy R. MacGorman", written in a cursive style.



January 11, 2022

COPY

Timothy R. MacGorman, Esq.
407 Throckmorton St.
Suite 500
Fort Worth, TX 76102

*Scanned &
e-mail to
Monty*

Re: Crystal Bluff Goat Ranch, LLC – Proposed Non-Standard Contract Terms
File No.: 4612-0001

Dear Mr. MacGorman:

This letter is in response to your correspondence dated January 6, 2022, regarding the information provided in Possum Kingdom Water Supply Corporation's letter of September 29, 2021.

It appears the current issue is the "exorbitant increase of nearly 500% over amounts previously quoted". The prices quoted began in 2017 and have increased over the past 5 years as expansion projects have been completed. The latest expansion is currently under construction and no additional capacity is available in this upgrade.

Possum Kingdom Water Supply Corporation is a member-owned, non-profit water supply. The corporation cannot financially support additional requirements of developments and that cost must be passed.

The next plant expansion was estimated on January 21, 2021, and approved by the Board of Directors as the estimated cost for any developer contract put in place after that date. Attached is a copy of the estimate from our engineer that would allow additional capacity for 777 meters. This estimate was prior to the approximate 10% to 15% increase in material and labor inflation prevalent in 2021. A new estimate will be requested in the next 30 days that will probably increase this cost that will be passed on in current and future contracts. The price of \$13,385.00 is only presented for 30 days, with no guarantee that future requests would be at this price.

Previous correspondence with Mr. Ray has clearly detailed the requirements for a developer contract. The contract is to cover the entire platted development of 12 meters. Any future owner of lot 6 may request water in the future and this must be taken into account in the contract. The request for the first meter in 2017 was approved with the caveat that any additional meters would require a contract and CIAC. The other two meters installed in 2019 were approved without the manager's knowledge of previous communications.

The board made a concession in the May, 2021 letter to Mr. Ray for a payment of ten (10) water capacities. No response was received; thus, this offer was withdrawn. Several attempts have been made to resolve this over the years but Mr. Ray has not responded.

The cost is \$13,385.00 per meter or \$160,620.00 for this development. Previous contracts have been prepared and presented, and once Mr. Ray understands the financial requirement, a new contract will be prepared.

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

Sincerely,

Sue Cathey
General Manager
Possum Kingdom Water Supply

c: Monty Jasper ✓
Gary Ray

Attachment

PRELIMINARY

Possum Kingdom Water Supply Corporation 0.5 MGD WTP Expansion at Existing WTP						
Item Description	Qty.	Unit	Unit Cost	% Mark-Up	Line Total	Subtotals
Raw Water Pump Station and Pipeline						
Additional Raw Water Pump	1	LS	\$180,000	20%	\$216,000	
Piping, Valves, Appurtenances	1	LS	\$40,000		\$40,000	
New Pipeline to WTP in original easement (if allowed)	8500	FT	\$150	20%	\$1,530,000	
Category Total						\$ 1,786,000
MF System						
New AP-BX Skid	1	LS	\$800,000	20%	\$960,000	
Piping and Valves	1	LS	\$40,000		\$40,000	
Misc. Metals Fabrication	1	LS	\$15,000		\$15,000	
Category Total						\$ 1,015,000
New RO System						
New RO System	1	LS	\$900,000	20%	\$960,000	
Piping and Valves	1	LS	\$50,000		\$50,000	
Misc. Metals Fabrication	1	LS	\$15,000		\$15,000	
Category Total						\$ 1,025,000
New MF Blend Pump Station						
New Pumps	1	LS	\$150,000	20%	\$180,000	
Piping, valves, appurtenances	1	LS	\$20,000		\$20,000	
Category Total						\$ 200,000
New Waste Processing Basin						
New Pumps	1	LS	\$100,000	20%	\$120,000	
Mixer	1	LS	\$20,000	20%	\$24,000	
Piping, valves, appurtenances	1	LS	\$15,000		\$15,000	
Category Total						\$ 159,000
New Building Addition						
150' long x 30' wide	4500	SP	\$250		\$1,125,000	
HVAC	1	LS	\$200,000		\$200,000	
Blend Pump Station Structure	1	LS	\$100,000		\$100,000	
Waste Processing Structure	1	LS	\$100,000		\$100,000	
Chemical/Plant Water System Upgrade	1	LS	\$20,000	20%	\$24,000	
Category Total						\$ 1,549,000
Chemical Systems Modifications						
Upgrade ClO ₂ Generator - Retrofit to Increase Capacity	1	LS	\$30,000	20%	\$36,000	
Upgrade NaClO ₂ System - Additional Storage Tank, Piping	1	LS	\$30,000	20%	\$36,000	
Upgrade Cl ₂ Gas Systems - Cylinders, Scales, Eductors,	1	LS	\$30,000	20%	\$36,000	
Upgrade LAS System - Tanks & Pumps	1	LS	\$35,000	20%	\$42,000	
Upgrade NaOH System - Tanks & Pumps	1	LS	\$20,000	20%	\$24,000	
Upgrade FeCl ₃ Coagulant System - Tanks & Pumps	1	LS	\$20,000	20%	\$24,000	
Category Total						\$ 198,000
Yard Piping						
	1	LS	\$5,932,000	7%	\$416,240	
Category Total						\$ 416,240
Protective Coatings						
	1	LS	\$6,347,000	1%	\$63,470	
Category Total						\$ 63,470
Site Work, Paving, SWPPP						
Site work, Paving, & SWPPP	1	LS	\$6,410,000	3%	\$100,000	
Category Total						\$ 100,000
Electrical and SCADA Controls						
	1	LS	\$6,670,000	25%	\$1,842,500	
Category Total						\$ 1,842,500
Mobilization, Bonds & Insurance, OHP						
	10%	JOB	\$8,213,000		\$821,300	\$ 821,300
BASE SUBTOTAL						\$ 9,034,000
CONTINGENCY						\$ 1,356,000
CONSTRUCTION SUBTOTAL						\$ 10,390,000
DISCLAIMER: This opinion of probable project cost is rendered under the authority of Jordan S. Hibbs, Texas PE license number 116729, on January 12, 2021, and represents the design professional's best judgment. Enprotec / Hibbs & Todd, Inc. has no control over the cost of labor, materials, or equipment; over the Contractor's methods of determining bid prices; or over competitive bidding or market and industry conditions. Accordingly, Enprotec / Hibbs & Todd, Inc. cannot and does not guarantee that bids will not vary from this cost estimate.						

Possum Kingdom Water Supply Corporation

1170 Willow Road
Grafton, Texas 76449

Possum Kingdom Lake
940-779-3100 TDD 800-735-2989

**Board of Directors Regular Meeting
10:00 A.M. Wednesday, April 21, 2021**

MINUTES

1. Call to order, roll call and establish quorum

The meeting was called to order at 10:00 A.M., and a quorum was established with Jay Naylor absent.

2. Welcome and recognize visitors and guests

Visitors and guests attending were Carolyn Land, Kerri French, Sue Cathey, Lloyd Goodwin with Petey's RV Park, and attorney Anne Calabria representing Jordan Anderson Ventures.

3. Consent Schedule

- † Approval of minutes from March regular meeting
- † Approval of Treasurer's report and payment of bills for March

Monty Jasper said on the March Annual Meeting Minutes where he shared In July we produced 49 million gallons of water, highest single month in the history of the corporation was an error. In July 2020 it was about 20 million gallons.

The consent schedule was approved as presented.

4. Snow Garrett Williams audit results for 2020

Kathy Williams with Snow Garrett Williams presented the board of directors with the 2020 audit results. The financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles as of December 31, 2020 and 2019. She stated that's the clean opinion you want to see.

5. Discussion and possible decision on 2021 Equity Buy-in Fee

Rosendo Ferrer made a motion to accept the 2021 Equity Buy-In Fee of \$1,731.00 as submitted. This was seconded by Richard Laske and approved by all present.

6. Discussion and review of the staff report

Suzanne Castillo Flowers shared with the board the staff report. March water loss and leaks included Plateau Pump Station leak (due to weather) 600,000 gallons lost, Cedar Drive leak – 300,000 gallons lost. In March 2,533 meters

billed, 7 tap requests, 13 transfers, 6 new memberships (3 Gaines Bend Reserve), and 2 cancelled memberships.

7. Discussion and assign check signers for Community National Bank

Mike Patton made a motion to add Erika Carter, Stacy Fulford, and Russell Madden to the Community Bank check signing authority for Possum Kingdom Water Supply Corporation. This was seconded by Rosendo Ferrer and approved by all present.

8. Discussion and possible approval of Water Main Reroute Contract for Petey's RV Park

Jo Lynn Miller made a motion to approve and authorize Monty Jasper, board president, to sign the Water Main Reroute contract as presented. This was seconded by Richard Laske and approved by all present.

9. Discussion and possible approval of Water Supply Contract for Petey's RV Park

Rosendo Ferrer made a motion to modify Petey's RV Park Non-Standard Service Contract by including the fees in clause 5.A of the legal portion of the Water Pipeline Relocation Agreement that delineates all of the fees plus 10% and modify the admin fee on Attachment B from \$30.00 to \$30.00 x 8 totaling \$240.00. Once modifications are complete, the board president has authority to review the contract and make sure it complies, then sign. This was seconded by Erika Carter and approved by all present.

10. Discussion of hiring General Manager and possible approval

11. Closed Session

The board of directors went into closed session at 11:11 A.M.

At any time during the meeting and in compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, the Possum Kingdom Water Supply Corporation Board of Directors may meet in executive session on any of the above agenda items or other lawful items for: private consultation with its attorney to seek the legal advice of its attorney about pending or contemplated litigation, a settlement offer, or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code (§551.071); deliberation regarding the purchase, exchange, lease, or value of real property (§551.072); deliberation regarding prospective gift (§551.073); deliberation regarding personnel matters (§551.074); and deliberation regarding security devices (§551.076). Any subject discussed in executive session may be subject to action during an open meeting.

12. Reconvene Open Session

The board of directors reconvened open session at 12:43 P.M.

13. Consider items discussed in Closed Session, if needed.

Rosendo Ferrer made a motion to follow the recommendation of the HR Committee in the hiring of a General Manager. This was seconded by Russell Madden and approved by all present.

14. Review and possible approval of Tariff language for RPZA

Monty Jasper discussed with the board proposed Tariff language for RPZA's.

Jo Lynn Miller made a motion to approve the presented changes for Section E regarding RPZA requirements. This was seconded by Richard Laske and approved by all present.

15. Presentation and possible approval of CIAC calculation for Subdivisions

The board discussed the CIAC calculation for subdivisions.

Russell Madden made a motion to charge developers \$13,385 for the foreseeable future. This was seconded by Mike Patton and approved by all present.

16. Discussion and possible approval of Subdivision service requests currently pending

The board discussed subdivision and commercial water service requests currently pending.

Russell Madden made a motion that the Patterson Constantin Partners, LLC request for 5 meters be treated as a developer not as individual meters. PKWSC will refund their money because he is developing the 5 lots. This was seconded by Mike Patton and approved by all present.

Russell Madden made a motion to table H&S Livestock and David Johnson Trust meter request until next month and investigate point of service. Lakeshore Lodge will be treated as a developer. This was seconded by Mike Patton and approved by all present.

Jo Lynn Miller made a motion to table the 12 meters for Hummingbird West, Crystal Bluff Goat Ranch LLC until we have more information. This was seconded by Russell Madden and approved by all present.

Russell Madden made a motion to table the rest of the pending subdivision requests until next month. This was seconded by Richard Laske and approved by all present.

17. Discussion of ad-hoc committee for Subdivision issues

Monty Jasper presented a draft charter for an ad-hoc subcommittee on subdivisions.

Richard Laske, Rosendo Ferrer, and Stacy Fulford were appointed to this subcommittee.

18. New Board Member updates per Russell Madden request

The board updated Russell Madden on his information request regarding legal, obligation/contracts, service issues, and projects.

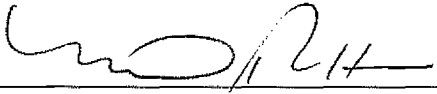
19. Discussion of any items of interest, including topics for future board meetings.

System Model

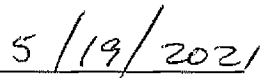
20. Establish time, date, and location of the next meeting of the board – proposed for May 19, 2021 at 10:00 A.M.

21. Adjourn

The meeting was adjourned at 3:12 P.M.



Mike Patton/Secretary-Treasurer



Date

Possum Kingdom Water Supply Corporation						
0.5 MGD WTP Expansion at Existing WTP						
Item Description	Qty.	Unit	Unit Cost	% Mark-Up	Line Total	Subtotals
Raw Water Pump Station and Pipeline						
Additional Raw Water Pump	1	LS	\$180,000	20%	\$216,000	
Piping, Valves, Appurtenances	1	LS	\$40,000		\$40,000	
New Pipeline to WTP in original easement (if allowed)	8500	FT	\$150	20%	\$1,530,000	
Category Total						\$ 1,786,000
MF System						
New AP-6X Skid	1	LS	\$800,000	20%	\$960,000	
Piping and Valves	1	LS	\$40,000		\$40,000	
Misc. Metals Fabrication	1	LS	\$15,000		\$15,000	
Category Total						\$ 1,015,000
New RO System						
New RO System	1	LS	\$800,000	20%	\$960,000	
Piping and Valves	1	LS	\$50,000		\$50,000	
Misc. Metals Fabrication	1	LS	\$15,000		\$15,000	
Category Total						\$ 1,025,000
New MF Blend Pump Station						
New Pumps	1	LS	\$150,000	20%	\$180,000	
Piping, valves, appurtenances	1	LS	\$20,000		\$20,000	
Category Total						\$ 200,000
New Waste Processing Basin						
New Pumps	1	LS	\$100,000	20%	\$120,000	
Mixer	1	LS	\$20,000	20%	\$24,000	
Piping, valves, appurtenances	1	LS	\$15,000		\$15,000	
Category Total						\$ 159,000
New Building Addition						
150' long x 30' wide	4500	SF	\$250		\$1,125,000	
HVAC	1	LS	\$200,000		\$200,000	
Blend Pump Station Structure	1	LS	\$100,000		\$100,000	
Waste Processing Structure	1	LS	\$100,000		\$100,000	
Chemical/Plant Water System Upgrade	1	LS	\$20,000	20%	\$24,000	
Category Total						\$ 1,549,000
Chemical Systems Modifications						
Upgrade ClO ₂ Generator - Retrofit to Increase Capacity	1	LS	\$30,000	20%	\$36,000	
Upgrade NaClO ₂ System - Additional Storage Tote, Piping	1	LS	\$30,000	20%	\$36,000	
Upgrade Cl ₂ Gas Systems - Cylinders, Scales, Eductors, etc.	1	LS	\$30,000	20%	\$36,000	
Upgrade LAS System - Tanks & Pumps	1	LS	\$35,000	20%	\$42,000	
Upgrade NaOH System - Tanks & Pumps	1	LS	\$20,000	20%	\$24,000	
Upgrade FeCl ₃ Coagulant System - Tanks & Pumps	1	LS	\$20,000	20%	\$24,000	
Category Total						\$ 198,000
Yard Piping	1	LS	\$5,932,000	7%	\$415,240	
Category Total						\$ 415,000
Protective Coatings	1	LS	\$6,347,000	1%	\$63,470	
Category Total						\$ 63,000
Site Work, Paving, SWPPP						
Site work, Paving, & SWPPP	1	LS	\$6,410,000	3%	\$160,000	
Category Total						\$ 160,000
Electrical and SCADA Controls	1	LS	\$6,570,000	25%	\$1,642,500	
Category Total						\$ 1,643,000
Mobilization, Bonds & Insurance, OHP	10%	JOB	\$8,213,000		\$821,300	\$ 821,000
BASE SUBTOTAL						\$ 9,034,000
CONTINGENCY				15.0%		\$ 1,356,000
CONSTRUCTION SUBTOTAL						\$ 10,390,000
DISCLAIMER: This opinion of probable project cost is released under the authority of Jordan S. Hibbs, Texas PE license number 115729, on January 12, 2021, and represents the design professional's best judgment. Enprotec / Hibbs & Todd, Inc. has no control over the cost of labor, materials, or equipment; over the Contractor's methods of determining bid prices; or over competitive bidding or market and industry conditions. Accordingly, Enprotec / Hibbs & Todd, Inc. cannot and does not guarantee that bids will not vary from this cost estimate.						

PKWSC - Future Expansion Costs

The numbers in the table are calculated from the incremental expansion costs provided by eHT in their March 7 email except that the cost of the 3.0 MGD expansion is from their January 12, more detailed estimate. All costs, presumably, are in 2021 dollars.

This table shows the cost per meter if cumulative costs are averaged over 1, 2, 3, and 4 increments						
A 0.5 MGD Increment	B Description	C Incremental Cost	D Cumulative Cost	E Cumulative Meters	F \$ / Meter (D / E)	G \$ / Meter Reduction
1	Expansion to 3.0 MGD	\$ 10,390,000	\$ 10,390,000	777	\$ 13,372	\$ -
2	Expansion to 3.5 MGD	\$ 3,500,000	\$ 13,890,000	1554	\$ 8,938	\$ 4,434
3	Expansion to 4.0 MGD	\$ 5,250,000	\$ 19,140,000	2331	\$ 8,211	\$ 5,161
4	Expansion to 4.5 MGD	\$ 4,000,000	\$ 23,140,000	3108	\$ 7,445	\$ 5,927

\$13,385 per meter is the most financially responsible, objective cost per meter. Total lack of County or regional planning information renders the need for future increments of expansion very speculative.

Arguments for cost averaging are that higher costs per meter will retard development within the CCN, and a one-time spike in meter costs is unfair for near term developers.

The middle ground is to average a number of increments based on a conservative forecast of future demand. One factor to consider is that recent, off-lake development (Hills, Ranch, Gaines Bend) have produced many multi-acre lots, suggesting that the remaining acreage in our CCN will require fewer meters than existing developed acreage. Therefore, almost doubling our capacity by 3108 meters seems inconceivable. A second factor is the uncertain availability of raw water to support even the second increment.

This table shows the cost per meter if costs are not averaged						
A 0.5 MGD Increment	B Description	C Incremental Cost		E Number of Meters	F \$ / Meter (C / E)	
1	Expansion to 3.0 MGD	\$ 10,390,000		777	\$ 13,372	
2	Expansion to 3.5 MGD	\$ 3,500,000		777	\$ 4,505	
3	Expansion to 4.0 MGD	\$ 5,250,000		777	\$ 6,757	
4	Expansion to 4.5 MGD	\$ 4,000,000		777	\$ 5,148	

Inflation will probably increase the cost of future increments significantly.

This table shows the cost per meter if cumulative costs are averaged over 2 increments and incremental costs are inflated by 3% per year						
A 0.5 MGD Increment in year	B Description	C Incremental Cost	D Inflated Cost 3%/year	E Meters	F \$ / Meter (D /E)	G \$ / Meter Reduction
2021	Expansion to 3.0 MGD	\$ 10,390,000	\$ 10,390,000	777	\$ 8,938	\$ -
2024	Expansion to 3.5 MGD	\$ 3,500,000	\$ 3,824,545	777	\$ 9,356	
2027	Expansion to 4.0 MGD	\$ 5,250,000	\$ 6,268,775	777	\$ 8,068	
2030	Expansion to 4.5 MGD	\$ 4,000,000	\$ 5,375,666	777	\$ 6,918	

PUC DOCKET NO. 53299

CRYSTAL BLUFF GOAT RANCHES	§	BEFORE THE PUBLIC UTILITY
LLC'S APPEAL OF THE COST OF	§	
OBTAINING SERVICE FROM	§	COMMISSION OF TEXAS
POSSUM KINGDOM WATER SUPPLY	§	
CORPORATION	§	

AFFIDAVIT OF SUE CATHEY

STATE OF TEXAS §
 §
 COUNTY OF PALO PINTO §

BEFORE ME, the undersigned authority, on this day personally appeared Sue Cathey, whose identity is known to me. Upon being duly sworn he stated:

1. My name is Sue Cathey. I am capable of making this Affidavit. The facts stated in this Affidavit are within my personal knowledge and are true and correct.

2. I am the President of the Board of Directors for Possum Kingdom Water Supply Corporation ("Possum Kingdom"). I have held that position since March 2022. Prior to that, from 2006 to 2015, I was the General Manager of Possum Kingdom. From 2015 to 2018 I was the Business Operations Manager for Possum Kingdom. From July 2021 to February 2022 I was the Acting General Manager. I am authorized to sign on its behalf.

3. The facts contained in Possum Kingdom's Plea to the Jurisdiction, Motion to Dismiss, and Response to Appeal ("Plea") are true and correct.

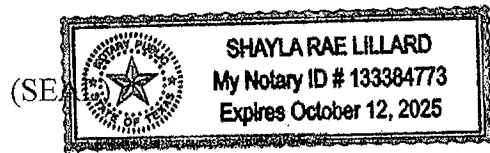
4. I am also attaching hereto as **Attachment 1** a timeline of events leading up to the application in this proceeding that includes some of the facts discussed in the Plea to assist the presiding Administrative Law Judge and the Commission. The timeline is also true and correct.

Further affiant sayeth not.

Sue Cathey
Sue Cathey
President, Board of Directors
Possum Kingdom Water Supply Corporation

SWORN TO and SUBSCRIBED before me by Sue Cathey on May 16, 2022.

Shayla Lillard
Notary Public in and for the State of Texas



My commission expires: 10/12/25

Crystal Bluff Goat Ranch Timeline

1. June 6, 2017, Sue Cathey e-mailed Mr. Ray a boiler plate of the non-standard contract that would need to be put in place for a development of more than two meters.
2. June 6, 2017, a "will serve letter was issued to Mr. Ray indicating that PKWSC would service the property, but stating that a contract must be put in place.
3. July 19, 2017, e-mail received from Mr. Ray that construction was to begin on the one lot he had planned.
4. July 19, 2017, Sue Cathey responded to the e-mail of 7-19-17, and provided a draft of the non-standard agreement and detailed the cost of CIAC and meter installation.
5. July 26, 2017, Mr. Ray contacted PKWSC . Sue Cathey spoke with him and informed him if he was developing or subdividing more than 2 lots he would need a non-standard contract and CIAC would be required. Mr. Ray stated that he only needed one to see if there was demand for the property and the house he was building.
6. August 2, 2017, PKWS's engineer approved the installation of one meter which was installed based on the cost for a residential meter in the tariff, \$1,815.00.
7. A second meter was installed January 2019, as requested by the person that purchased the property from Mr. Ray.
8. A third meter was installed in February 2019, without a non-standard contract as the Office Manager, in place at the time, was not aware of the previous communications with Mr. Ray.
9. The cost of CIAC at the time we started discussing water to the Mockingbird property was around \$2,500 in 2017 which would have reserved the capacity he was eventually going to need, but no contract was ever put in place.
10. Many attempts were made to get in touch with Mr. Ray, but we were not successful. He committed to coming to the office on at least one occasion, but never showed up.
11. April 21, 2021, Jordan Hibbs from eHT Engineering Firm, presented the cost estimate for the plant expansion at \$10.2M. PKWSC approved the CIAC of \$13,385.00 for future plant expansion.
12. May 11, 2021, PKWSC sent Mr. Ray a letter, again with a draft of the non-standard contract, detailing the current CIAC cost per meter with a concession of applying it to only 10 meters instead of 12 with a 90 day response parameter.
13. No action was taken by Mr. Ray until the September 21, 2021 letter from Mr. Modric.
14. September 21, 2021, Mr. Joseph Modric, Esq. responded to a letter PKWSC sent to Mr. Ray, May 11, 2021, regarding the CIAC for water to his development.
15. September 29, 2021, Sue Cathey responded to Mr. Modric with the explanation of the increased CIAC from 2017 to 2021, and withdrawing the concession that was offered in the May 11, 2021 letter to Mr. Ray.
16. January 2, 2022, PKWSC received a letter from Mr. Timothy R. MacGorman, Esq. requesting details on the cost of CIAC.
17. January 11, 2022, Sue Cathey responded to Mr. Timothy R. MacGorman, Esq. January 6, 2022 letter with answers to his questions regarding the cost of CIAC and Mr. Ray's lack of response to previous requests for a contract. A copy of the engineering quote was provided with the letter.

18. The plant expansion that CIAC was to contribute to is anticipated to be completed by the end of March 2022 and all of that capacity has been reserved by other developers since 2017.
19. The next expansion of capacity is anticipated to be \$10,300,000 for 777 meters. This quote is now over one (1) year old and there is concern that it may be even higher over the next couple of years. Capacity for approximately 70 of the 777 meters has been reserved by developers.
20. This expansion will require substantial brick and mortar construction, land acquisition and additional intake capacity. Our current water treatment plant has been built to capacity since 2003 and there is no space for another expansion.
21. February 22, 2022, Mr. Timothy R. MacGorman, Esq. filed a formal appeal with the PUC regarding the cost of obtaining service from a water supply corporation