



## Filing Receipt

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**SOAH DOCKET NO. 473-23-01064  
PUC DOCKET NO. 53299**

<b>CRYSTAL BLUFF GOAT RANCHES,</b>	<b>§</b>	<b>BEFORE THE STATE OFFICE</b>
<b>LLC’S APPEAL OF THE COST OF</b>	<b>§</b>	<b>OF</b>
<b>OBTAINING SERVICE FROM POSSUM</b>	<b>§</b>	<b>ADMINISTRATIVE HEARINGS</b>
<b>KINGDOM WATER SUPPLY CORP.</b>	<b>§</b>	

**DIRECT TESTIMONY**

**OF**

**GARY RAY**

**ON BEHALF OF**

**CRYSTAL BLUFF GOAT RANCHES, LLC**

**DECEMBER 15, 2022**



## **ATTACHMENTS**

**Exhibit CB-1** - Special Warranty Deed

**Exhibit CB-2** - Plat of Hummingbird West

**Exhibit CB-3** - Application for Service

**Exhibit CB-4** - “Will Serve” Letter

**Exhibit CB-5** - June 6, 201, Email

**Exhibit CB-6** - July 19, 2017 Email

**Exhibit CB-7** – PKWSC Tariff

**Exhibit CB-8** - May 11, 2021 Letter

**Exhibit CB-9** - September 29, 2021 Letter

**Exhibit CB-10** - *See* January 11, 2022 Letter

**Exhibit CB-11** - Patterson Constantin Partners, LLC, Non-Standard Service Agreement

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**PREFILED TESTIMONY OF  
GARY RAY**

1   **Q.    WHAT IS YOUR NAME?**

2    A.    Gary Ray.

3

4   **Q.    WHAT IS YOUR BUSINESS ADDRESS?**

5    A.    6300 Ridglea Place, Suite 210, Fort Worth, Texas 76116.

6

7   **Q.    WHO ARE YOU HERE REPRESENTING?**

8    A.    I am the corporate representative of Crystal Goats Ranches, LLC (“Crystal Bluff”).

9

10   **Q.    WHAT IS CRYSTAL BLUFF GOAT RANCHES, LLC?**

11   A.    Crystal Bluff is an LLC seeking to develop 12 home sites within the service area of  
12       Possum Kingdom Water Supply Corporation.

13

14   **Q.    WHAT ARE YOUR DUTIES AS MEMBER AND CORPORATE**  
15       **RESPRESENTATIVE OF CRYSTAL BLUFF?**

16   A.    I oversee the daily operations of Crystal Bluff, including pursuing business  
17       opportunities, reviewing and maintaining financial records, and ensuring compliance

1 with local, state, and federal laws and regulations. For purposes of my testimony today,  
2 I am the face and voice of Crystal Bluff.

3

4 **Q. WHEN DID YOU FIRST PURCHASE THE PROPERTY THAT IS THE**  
5 **SUBJECT OF CRYSTAL BLUFF’S COMPLAINT?**

6 A. CBGR first purchased the 18.070-acre tract from Patterson Constantin Partners in 2016.  
7 See Special Warranty Deed, marked as **Exhibit CB-1**.

8

9 **Q. WHAT WAS THE INTENT IN PURCHASING THE PROPERTY?**

10 A. CBGR sought to subdivide the property into twelve lots and to sell each in a desirable  
11 residential community. We platted the property in 2017. See Plat of Hummingbird  
12 West, marked as **Exhibit CB-2**.

13

14 **Q. AT WHAT POINT DID YOU SEEK WATER SERVICE FROM POSSUM**  
15 **KINGDOM WATER SUPPLY CORPORATION (“PKWSC”)?**

16 A. In June 2017 CBGR contacted PKWSC requesting information regarding applying for  
17 service for the lots in Hummingbird West. On July 26, 2017, CBGR submitted its  
18 application for water service. See Application for Service, marked as **Exhibit CB-3**.

19

20 **Q. PLEASE DESCRIBE WHAT OCCURRED REGARDING RATES TO THE**  
21 **JUDGE.**

22 A. On June 6, 2017, CBGR received an email from PKWSC including a “Will Serve”  
23 letter marked as **Exhibit CB-4** stating that PKWSC was ready, willing, and able to provide

1 Hummingbird West with retail public water utility service. PKWSC first quoted CGBR a fee  
2 ranging from \$2,300.00 to \$2,800.00 per lot in capital in aid of construction (“CIAC”) to  
3 provide said water service and represented that “other fees or meter installation would be billed  
4 as meters are required excluding the equity buy in fee.” See June 6, 2017, email marked as  
5 **Exhibit CB-5**. Later, in an email exchange on July 19, 2017, PKWSC represented that  
6 “[n]othing beyond the \$2,300 per lot will be billed until the purchaser of the property requires  
7 a meter.” See July 19, 2017, email marked as **Exhibit CB-6**.

8 CBGR purchased a meter connection from PKWSC on Lot 7 of Hummingbird West in  
9 2017 for \$1,850.00 and an additional \$150.00 engineering survey. From my understanding  
10 from conversations with PKWSC’s general manager at that time, PKWSC did not assess a  
11 CIAC fee because PKWSC’s engineer and general manager agreed that no further  
12 infrastructure was necessary, thus allowing standard service to Hummingbird West. Per the  
13 terms of PKWSC’s own tariff, marked as **Exhibit CB-7**, the Then, on January 30, 2019,  
14 PKWSC sold CBGR a connection on Lot 5 for \$2,337.00 (from my recollection, the  
15 engineering survey fee was included in this price). Finally, on February 15, 2019, PKWSC  
16 sold CBGR a meter on Lot 3 for \$2,337.00 plus a \$150.00 engineering survey (it appears  
17 CBGR may have been charged twice for the engineering survey on Lot 3).

18 CBGR has sold Lots 5 and 7 have been sold and PKWSC transferred the water service  
19 to the new owners, who are now members of PKWSC. The owner of Lot 5 also purchased Lot  
20 6 and does not require a separate connection on Lot 6. As such, three lots in Hummingbird  
21 West already have a connection, and Lot 6 no longer requires a connection. CBGR currently  
22 requires only eight connections.

1           On May 11, 2021, CBGR received a letter from Bob Neal, PKWSC’s then-general  
2     manager, stating that the existing water treatment plant was at maximum capacity and the cost  
3     of additional capacity was estimated at \$10,400,145.00, which would enable an additional 777  
4     meters to be added to the system. *See* May 11, 2021, email marked as **Exhibit CB-8**. In the  
5     same letter, PKWSC acknowledged that two meters had been purchased (although in truth  
6     three meters had been purchased and installed by this time), and that these meters would be  
7     “grandfathered in” on an “exception basis.” *Id.* Enclosed in this letter was PKWSC’s proposed  
8     Non-Standard Service Contract for CBGR which included a staggering \$13,385.00 CIAC per  
9     meter. This was not only a shocking reversal of PKWSC’s previous position that CBGR did  
10    not require non-standard service, it was also an exorbitant increase from their previously-  
11    established CIAC of \$2,300.00 to \$2,800.00 per lot.

12           Such an unprecedented and unreasonable increase in CIAC rendered the remaining lots  
13    in Hummingbird West unmarketable even during a strong real estate market, which stifled  
14    development. Numerous attempts to negotiate a reasonable CIAC fee for Hummingbird West  
15    have failed, and PKWSC has only threatened to increase their proposed CIAC amount. On  
16    September 29, 2021, CBGR received another letter from PKWSC’s General Manager stating  
17    that, as of that time, the contract covering Hummingbird West will include 12 meters, instead  
18    of 10, at \$13,385.00 per meter for a total of \$160,620.00, stating that “[n]o water service will  
19    be provided without the contract in place.” *See* September 29, 2021, letter marked as **Exhibit**  
20    **CB-9**.

21           CBGRs attempts to negotiate were rejected by PKWSC. On January 11, 2022, CBGR  
22    received a final letter from PKWSC’s General Manager stating that PKWSC’s previous  
23    September 29, 2021, offer was withdrawn, and that any future service contract will include

1 meters and CIAC on all 12 lots, as “[t]he other two meters installed in 2019 were approved  
2 without the manager’s knowledge of previous communications” and “[a]ny future owner of lot  
3 6 may request water in the future...” *See* January 11, 2022, letter marked as **Exhibit CB-10**.  
4 PKWSC’s new January 11, 2022, offer was “only presented for 30 days,” after which PKWSC  
5 threatened to increase CIAC further if the offer was not accepted. *Id.*

6  
7 **Q. ARE YOU FAMILIAR WITH THE PRELIMINARY ORDER THAT WAS**  
8 **EXECUTED FOR THIS CASE?**

9 A. Yes.

10  
11 **Q. MR. RAY, WE WILL NOW WORK TO ADDRESS THE PRELIMINARY**  
12 **ORDER ISSUES ON WHICH YOU HAVE KNOWLEDGE FOR THE**  
13 **COMMISSION.**

14 A. Ok.

15  
16 **Q. MR. RAY, THE FIRST ISSUE TO ADDRESS IS WHETHER PKWSC IS A**  
17 **WATER AND SEWER UTILITY, UTILITY, OR PUBLIC UTILITY AS**  
18 **DEFINED IN 16 TAC §24.3(38). DO YOU HAVE AN OPINION ON THE**  
19 **ISSUE?**

20 A. Because that definition excludes water supply corporations and with the information  
21 available to me now, it doesn’t appear that PKWSC is a water and sewer utility, utility,  
22 or public utility as defined in 16 TAC §24.3(38).

1   **Q.   MR. RAY, THE SECOND ISSUE TO ADDRESS IS WHETHER PKWSC IS**  
2       **WATER SUPPLY OR SEWER SERVICE CORPORATION AS DEFINED IN**  
3       **16 TAC §24.3(39). DO YOU HAVE AN OPINION ON THE ISSUE?**

4   A.   In discovery, PKWSC produced in its tariff in which it admits to being a water supply  
5       corporation. See **Exhibit CB-7**.

6

7   **Q.   MR. RAY, DO YOU HAVE ANY INFORMATION RELATED TO**  
8       **PRELIMINARY ORDER ISSUE NO. 3?**

9   A.   Other than charging rates to CBGR which are neither just nor reasonable, I do not have  
10      sufficient information to form an opinion as to this issue.

11

12   **Q.   MR. RAY, PLEASE DESCRIBE FOR THE JUDGE WHAT YOU DID TO**  
13      **APPLY FOR SERVICE WITH PKWSC.**

14   A.   We submitted an application for service marked as **Exhibit CB-3** and described above.  
15       We have also attempted to negotiate a waiver of the CIAC as PKWSC has sold CBGR  
16       three connections without charging this fee.

17

18   **Q.   WAS A DECISION MADE BY PKWSC THAT AFFECTS THE AMOUNT TO**  
19      **BE PAID BY CBGR TO OBTAIN SERVICE, OTHER THAN REGULAR**  
20      **MEMBERSHIP OR TAP FEES?**

21   A.   Yes. PKWSC decided in 2021 to provide CBGR with non-standard service only, thus  
22      subjecting CBGR to an exorbitant CIAC.

23

1   **Q.     WHAT DID PKWSC COMMUNICATE TO YOU WOULD BE THE FEE TO**  
2       **CONNECT?**

3   A.    PKWSC’s communications about the cost of obtaining service, as well as what we have  
4       already paid to PKWSC for service, have been inconsistent. In 2017 and in addition to  
5       the cost of the meters themselves and the engineering fees, PKWSC stated the CIAC  
6       would be \$2,300.00. *See Exhibit CB-6.* PKWSC then waived the CIAC for the three  
7       meters CBGR purchased in 2017 and 2019 upon a determination that non-standard  
8       service was unnecessary. Since 2021, PKWSC demands CBGR pay a CIAC of  
9       \$13,385.00 in addition to the cost of the meters and, presumably, the engineering fee.  
10      *See Exhibits CB-8, CB-9, and CB-10.*

11

12   **Q.     WHAT DID YOU DO AT THAT TIME?**

13   A.    When we realized PKWSC would not honor their original price nor waive the CIAC  
14       as unnecessary for standard service as they had done with us in the recent past, we  
15       appealed. We did this within 90 days of the offer dated January 11, 2022, in which  
16       PKWSC had withdrawn all previous offers. *See Exhibit CB-10.*

17

18   **Q.     MR. RAY, DID POSSUM KINGDOM PROVIDE A TOTAL CONNECTION**  
19       **COST TO YOU?**

20   A.    Yes. The January 11, 2022, letter marked as **Exhibit CB-10** states that the cost is  
21       \$160,620.00 “for the development.”

22



1   **Q.   MR. RAY, PLEASE DETAIL THE COSTS THAT YOU HAVE PAID TO**  
2       **PKWSC.**

3   A.   In 2017, CBGR purchased a meter on Lot 7 for \$1,850.00 and a \$150.00 engineering  
4       fee. In 2019, CBGR purchased a meter on Lot 5 for \$2,337.00. Later in 2019, CBGR  
5       purchased a meter for Lot 3 for \$2,337.00 and a \$150.00 engineering fee.

6

7   **Q.   TO YOUR UNDERSTANDING, WHAT DID THOSE COSTS COVER?**

8   A.   To my understanding, these were the full costs of establishing a connection for water  
9       service for Lots 3, 5-6, and 7.

10

11   **Q.   WERE YOU EVER INFORMED BY PKWSC THAT COSTS FOR YOU**  
12       **DEVELOPMENT WOULD INCREASE OVER TIME?**

13   A.   In PKWSC's letter dated May 11, 2021, and marked as **Exhibit CB-8**, PKWSC  
14       enclosed a non-standard service contract which included a CIAC of \$13,385.00. This  
15       same letter offered to "grandfather in" meters we had already purchased, an offer  
16       PKWSC has since revoked.

17

18   **Q.   HAS PKWSC INDICATED WHAT SERVICE IS NEEDED TO SERVE YOUR**  
19       **DEVELOPMENT?**

20   A.   Yes. They indicate we need non-standard service. However, there is an existing line  
21       in the area. Standard service is defined by PKWSC as "service on an existing pipeline  
22       where pipeline or facility extensions are not required and special design and/or  
23       engineering considerations are not necessary." In this case, line capacity is not an issue.

1 PKWSC is trying to hold CBGR responsible for a new water treatment plant which, by  
2 PKWSC's own admission, benefits all members. However, the definition of standard  
3 service in PKWSC's own tariff does not mention water treatment plants. Thus, we  
4 should only be offered standard service, not nonstandard service.

5  
6 **Q. MR. RAY, DO YOU HAVE AN OPINION REGARDING PRELIMINARY**  
7 **ORDER ISSUE NO. 7? IF SO, PLEASE EXPLAIN.**

8 A. The answer to the question is no. As stated above, we are seeking standard service  
9 from PKWSC. PKWSC wants us to pay the costs of a new water treatment plant.  
10 Based on previous representations of the cost of receiving service, now getting service  
11 that is 5 times as pricey is inequitable and unjust.

12  
13 **Q. BASED ON YOUR EXPERIENCE, IS THE AMOUNT THAT PKWSC**  
14 **PROPOSED TO CHARGE YOU TO OBTAIN WATER SERVICE CLEARLY**  
15 **UNREASONABLE? IF SO, WHY DO YOU SAY THAT?**

16 A. It is not reasonable. As described above, the costs are unreasonable. In my years of  
17 experience, I have never been asked, nor have I ever encountered a developer being  
18 required to pay for a new water treatment plant. As a developer, I have never been asked  
19 to pay for a water treatment upgrade.

20 Also, in addition to being unreasonable and unwarranted, PKWSC's rate is clearly  
21 inconsistent not only in the differing arrangements PKWSC has proposed to CBGR,  
22 the CIAC is inconsistently applied to other applicants. After PKWSC approved the  
23 CIAC increase in April 2021, PKWSC executed a non-standard service contract with

1 Patterson Constantin Partners, LLC, on September 15, 2021, in which the applicant  
2 was charged a CIAC of only \$3,765.00 per meter. *See* Patterson Constantin Partners,  
3 LLC, non-standard service agreement, marked as **Exhibit CB-11**.

4

5 **Q. IS THE AMOUNT PKWSC PROPOSES TO CHARGE YOU TO PROVIDE**  
6 **SERVICE TO YOUR PROPERTY JUST AND REASONABLE?**

7 A. No. As described above, we are seeking standard service. Now, PKWSC wants to  
8 charge us exponentially more for something other than standard service – service we  
9 did not request and do not require.

10

11 **Q. IS THE AMOUNT POSSUM KINGDOM PROPOSES TO CHARGE CRYSTAL**  
12 **BLUFF TO PROVIDE SERVICE TO ITS PROPERTY UNREASONABLY**  
13 **PREFERENTIAL, PREJUDICIAL, OR DISCRIMINATORY?**

14 A. Yes, it is discriminatory. In addition, the water treatment plant benefitting all members  
15 of PKWSC, Patterson Constantin Partners, LLC, was granted a special reduced CIAC.  
16 *See Exhibit CB-11.*

17

18 **Q. IS THE AMOUNT POSSUM KINGDOM PROPOSES TO CHARGE CRYSTAL**  
19 **BLUFF TO PROVIDE SERVICE TO ITS PROPERTY SUFFICIENT,**

1           **EQUITABLE, AND CONSISTENT IN APPLICATION TO EACH CLASS OF**  
2           **CUSTOMERS?**

3    A.     Yes, it is discriminatory. In addition, the water treatment plant benefitting all members  
4           of PKWSC, Patterson Constantin Partners, LLC, was granted a special reduced CIAC.  
5           *See Exhibit CB-11.*

6

7    **Q.     WILL FUTURE CUSTOMERS BENEFIT FROM THE UPGRADE THAT**  
8           **POSSUM KINGDOM INDICATES IS REQUIRED TO PROVIDE SERVICE**  
9           **TO CRYSTAL BLUFF’S PROPERTY?**

10   A.     Yes. To my knowledge, future applicants and existing members will benefit from a  
11           new water treatment plant.

12

13   **Q.     IF THE FACILITIES NECESSARY TO PROVIDE SERVICE TO CRYSTAL**  
14           **BLUFF ARE CAPABLE OF BENEFITTING OTHER OR FUTURE**  
15           **CUSTOMERS, SHOULD CRYSTAL BLUFF’S COST TO OBTAIN SERVICE**  
16           **BE REDUCED TO REFLECT BENEFITS THAT INURE TO ALL**  
17           **CUSTOMERS OF THE UTILITY?**

18   A.     Yes. Moreover, as the water treatment plant will benefit all PKWSC customers, the  
19           cost should be allocated among all customers – not just future customers.

20

21   **Q.     ARE THE AMOUNTS POSSUM KINGDOM PROPOSES TO CHARGE**  
22           **CRYSTAL BLUFF TO OBTAIN WATER SERVICE PART OF A**

1           **DISTRIBUTION-SYSTEM UPGRADE THAT SHOULD BE REFLECTED IN**  
2           **RATES?**

3    A.     Precisely, but they are not. As described above, they are masking a new water treatment  
4           plant which will benefit all customers as an expansion merely to accommodate CBGR  
5           and others similarly situated. Because all customers will benefit, the cost of the facility  
6           should be allocated among all existing customers.

7

8    **Q.     SHOULD THIS CASE BE DISMISSED AS ASKED IN INTERIM ORDER**  
9           **ISSUE NO. 12?**

10   A.     No.

11

12   **Q     WHY NOT?**

13   A.     For the foregoing reasons as explained in my testimony. PKWSC's CIAC is  
14           unreasonable, arbitrary, inconsistently applied, and unduly preferential. PKWSC  
15           demonstrates favoritism among other "developers" by offering a reduced CIAC,  
16           demonstrates inconsistency and retaliation in its negotiations with CBGR, and seeks to  
17           hold one class of customers responsible for a major system upgrade from which all  
18           customers will benefit.

19

20   **Q.     DO YOU HAVE AN OPINION ON ISSUE NO. 13 FROM THE COMMISSION'S**  
21           **PRELIMINARY ORDER, MR. RAY?**

22   A.     Yes. Our position is that we are seeking non-standard service and should be responsible  
23           for the cost of the meter and the engineering fee. However, should the Commission

1           decide that CBGR requires non-standard service, we respectfully request that PKWSC  
2           be required to honor the fee quoted in our 2017-2019 negotiations.

3

4   **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

5   A.    Yes. However, with the Judge's permission, I reserve the right to amend my testimony  
6           as required.

# EXHIBIT CB-1



Fidelity National GF#

4412208164-LF

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

### Special Warranty Deed

THE STATE OF TEXAS §

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF PALO PINTO §

§

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged, and the further consideration of a certain promissory note of even date herewith in the principal amount of \$412,500.00 (the *Note*), executed by Grantee (hereinafter defined) and payable to the order of VISTA BANK (*Lender*), the payment of which Note is secured by the vendor's lien retained herein, and is additionally secured by a deed of trust of even date herewith, executed by Grantee to Toby Cecil, Trustee, for the benefit of Lender, PATTERSON CONSTANTIN PARTNERS I, LLC, a Texas limited liability company (*Grantor*), hereby grants, bargains, sells and conveys to CRYSTAL BLUFF GOAT RANCHES, LLC, a Texas limited liability company (*Grantee*), that certain real property located in the County of Palo Pinto, State of Texas, as more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference (the *Land*), together with all of Grantor's right, title and interest in and to the fixtures and improvements located on the Land (the *Improvements*), and together with all rights, privileges and easements appurtenant to the Land, all water, wastewater and other utility rights relating to the Land and any and all easements, rights-of-way and other appurtenances used in connection with the beneficial use and enjoyment of the Land, in each case to the extent assignable (the *Appurtenances*) (the Land, Improvements and Appurtenances collectively referred to as the *Property*).

**PROVIDED, HOWEVER,** there is expressly reserved to Grantor, and Grantor's successors and assigns forever, all of Grantor's interest in and to the oil, gas, and other minerals of every nature on, in and under or that may be produced from the Property (the *Mineral Estate*). If the Mineral Estate is subject to existing production or an existing lease, this reservation includes the production, the lease and all benefits from it. On termination of any or all such leases, the interest of the lessee shall revert to Grantor, its successors and assigns. Grantor waives and conveys to Grantee the right of ingress and egress to the surface of the Property for any reason, including ingress and egress relating to the portion of the Mineral Estate owned by Grantor. Nothing herein, however, restricts or prohibits the pooling or unitization of the Mineral Estate owned by Grantor with land other than the Property; or the exploration or production of the oil, gas, and other minerals by means of wells that are drilled or mines that open on land other than the Property but enter or bottom under the Property, provided that these operations in no manner interfere with the surface or subsurface support of any improvements constructed or to be constructed on the Property.

Grantee by its acceptance of this Deed acknowledges that, except for the special warranty of title contained in this Deed and specific warranties provided in the Purchase and Sale Contract for Real Property dated effective October 2, 2015 between Grantor and Grantee (the *Contract*), neither Grantor nor its representatives have made any representations or warranties as to the Property or its environmental or physical condition, upon which Grantee has relied. Grantee further acknowledges and agrees that it is purchasing the Property as set forth in the Contract in its "as is" condition as set forth in Section Error! Reference source not found. of the Contract, and that without Grantee agreeing to such conditions and terms this conveyance would not be made. Further, by acceptance of this Deed, Grantee agrees to and reaffirms its promises, obligations and acknowledgements, in the Contract.

This deed is executed and delivered subject to property taxes for the current year and subsequent years, the payment of which Grantee assumes, and those permitted exceptions listed on Exhibit "B" attached hereto and made a part hereof for all purposes (the *Permitted Exceptions*), as well as any other validly existing encumbrances, conditions,



easements, covenants, and restrictions relating to the Property and recorded in the Official Public Records of Palo Pinto County, Texas.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, by Grantee, Grantee's successors or assigns forever; and Grantor does hereby bind Grantor, Grantor's successors or assigns to WARRANT AND FOREVER DEFEND all and singular the said premises unto the said Grantee, Grantee's successors or assigns against every person whomsoever claiming or to claim the same or any part thereof, by, through, or under Grantor, but not otherwise.

Ad valorem taxes for the year of this deed have been prorated; accordingly, by its acceptance of this Deed, Grantee assumes responsibility to pay all ad valorem taxes on the Property for such year and all subsequent years.

*Signature Page Follows*

EFFECTIVE the 15<sup>th</sup> day of January, 2016.

GRANTOR:

PATTERSON CONSTANTIN PARTNERS I, LLC,  
a Texas limited liability company

By: [Signature]  
Name: Michael H. Patterson  
Title: Manager

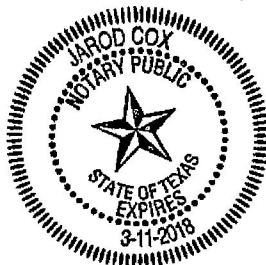
STATE OF TEXAS           §  
                                     §  
COUNTY OF TARRANT   §

This instrument was acknowledged before me on January 15, 2016 by Michael Patterson  
the Manager of Patterson Constantin Partners I, LLC, a Texas limited liability company, on  
behalf of said limited liability company.

[Signature]  
Notary Public in and for  
The State of Texas

[NOTARY SEAL]

Grantee's Address:  
Crystal Bluff Goat Ranches, LLC  
6300 Ridglea Place, Suite 920  
Fort Worth, Texas 76116



return to:  
Fidelity National Title  
4541 Bellaire Drive South, Ste. 101  
Fort Worth, TX. 76109

**EXHIBIT "A"**  
**Legal Description**

BEING an 18.070 acre tract in the J. D. Alston Survey, Abstract 2, and the E. R. Harris Survey, Abstract 234, and being part of a tract described in deed to Nita Porter Brooks, recorded in Volume 680, Page 148, of Deed Records, Palo Pinto County, Texas, and part of a tract of land that is described in a deed to Forum Et Cetera, Inc., recorded in Volume 1263, Page 687, said Deed Records and described by metes and bounds as follows;

BEGINNING at a found 3/8 inch iron rod [N:7012080.88, E:1986801.61] for the West corner and the Southeast corner of Lot 12-A, Lease Block R003, Area 12, as described in a deed to Patterson PK Land Partnership, recorded in Volume 1739, Page 446, said Deed Records, said point also being the West corner of said Alston Survey, and the South corner of the B. B. & C. RR Survey, Abstract 104;

THENCE North 29 deg. 21 min. 41 sec. East, with the Southeast line of said Lease Block R003, a distance of 653.61 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087", in Southwest right of way line of Hummingbird Road, for the North corner;

THENCE South 37 deg. 28 min. 29 sec. East, with the Southwest line of said Hummingbird Road a distance of 194.80 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087";

THENCE South 41 deg. 28 min. 53 sec. East, with the Southwest right of way line of said road, a distance of 97.12 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087";

THENCE South 47 deg 55 min. 01 sec. East, with Southwest right of way line of said road, a distance of 110.01 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087";

THENCE South 56 deg. 46 min. 46 sec. East, with Southwest right of way line of said road, a distance of 183.46 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087";

THENCE South 53 deg. 24 min. 32 sec. East, with Southwest right of way line of said road, a distance of 163.34 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087";

THENCE South 38 deg. 44 min. 21 sec. East, with Southwest right of way line of said road, a distance of 131.43 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087";

THENCE South 17 deg. 39 min. 34 sec East, with Southwest right of way line of said road, a distance of 107.79 feet, to a 5/8 inch capped iron rod marked "RPLS 5087";

THENCE South 04 deg. 49 min. 46 sec. East, with Southwest right of way line of said road, a distance of 275.56 feet, to a 5/8 inch capped iron rod marked "RPLS 5087", for a corner;

THENCE South 16 deg. 25 min. 41 sec. East, with Southwest line of said road, a distance of 152.70 feet, to a 5/8 inch capped iron rod marked "RPLS 5087", for the intersection of the Southwest right of way line of said Hummingbird Road and the North right of way line of Park Road 36, for the Southeast corner;

THENCE South 75 deg. 28 min. 17 sec. West, with said North right of way line, a distance of 28.20 feet, to a 5/8 inch capped iron rod marked "RPLS 5087";

THENCE South 80 deg. 48 min. 29 sec. West, with said North right of way line, a distance of 116.99 feet, to a 5/8 inch capped iron rod marked "RPLS 5087";

THENCE South 81 deg. 44 min. 09 sec. West, with said North right of way line, a distance of 136.01 feet, to a 5/8 inch capped iron rod marked "RPLS 5087";

THENCE South 82 deg. 38 min. 39 sec. West, with said North right of way line, a distance of 169.09 feet, to a 5/8 inch capped iron rod marked "RPLS 5087";

THENCE South 80 deg. 50 min. 56 sec. West, with said North right of way line, a distance of 196.79 feet, to a 5/8 inch capped iron rod marked "RPLS 5087";

THENCE South 73 deg. 56 min. 22 sec. West, with said North right of way line, a distance of 42.81 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087", in the North right of way line of said Park Road 36 and the Northeast right of way line of Forum Circle, for the South corner;

THENCE North 52 deg. 24 min. 49 sec. West, with the Northeast right of way line of said Forum Circle, a distance of 415.41 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087", for a corner;

THENCE North 26 deg. 17 min. 17 sec. East a distance of 190.44 feet, to a spike found for a corner;

THENCE South 63 deg. 34 min. 45 sec. East a distance of 40.00 feet, to a 5/8 inch capped iron rod marked "RPLS 5087", for a corner;

THENCE North 26 deg. 17 min. 17 sec. East a distance of 103.15 feet, to a 5/8 inch capped iron rod marked "RPLS 5087", for a corner;

THENCE North 64 deg. 36 min. 15 sec. West a distance of 40.00 feet, to a 5/8 inch capped iron rod marked "RPLS 5087", for a corner;

THENCE North 26 deg. 17 min. 17 sec. East a distance of 68.60 feet, to a found 1/2 inch iron rod in the Northeast line of said Harris Survey and the Southwest line of said Alston Survey, for an interior corner;

THENCE North 60 deg. 20 min. 25 sec. West, with the Northeast line of said Harris Survey and the Southwest line of said Alston Survey, a distance of 178.29 feet to the Point of Beginning for a total of 787,144.14 square feet, or 18.070 Acres, more or less.

#### **TRACT TWO:**

BEING a 2.442 acre tract in the E. R. Harris Survey, Abstract 234, being a part of that certain tract described in deed to Patterson Constantin Partners I, LLC, Volume 1908, Page 408, Real Records, Palo Pinto County, Texas, and described by metes and bounds as follows:

BEGINNING at a fence corner found [N:7011543.57, E: 1986876.86] for the North corner of Tract 6-C and East corner of Lot 145 of the E. Constantin, Jr. Subdivision of Lands on Possum Kingdom Lake, Volume 1859, Page 23, Deed Records, Palo Pinto, County, Texas, and in the Southwest right of way line of Forum Circle, from which the Brazos River Authority GPS Control Monument No. 6 as recorded in, Volume 1697, Page 8, Official Public Records, Palo Pinto County, Texas, bears North 07 deg. 17 min. 18 sec. East, 3246.37 feet;

THENCE South 52 deg. 24 min. 49 sec. East, with said Southwest right of way line, a distance of 245.03 feet, to a 5/8 inch capped iron rod found marked "RPLS 5087" in the intersection of said Southwest right of way line of Forum Circle and the Northwest right of way line of Park Road 36, for the East corner;

THENCE South 64 deg. 33 min. 37 sec. West, with the Northwest right of way line of said Park Road 36, a distance of 100.53 feet, to a 5/8 inch capped iron rod found marked "RPLS 5087";

THENCE South 54 deg. 31 min. 13 sec. West, continuing with said Northwest right of way line, a distance of 148.08 feet, to a 5/8 inch capped iron rod found marked "RPLS 5087";

THENCE South 45 deg. 49 min. 09 sec. West, continuing with said Northwest right of way line, a distance of 204.93 feet, to a 5/8 inch capped iron rod found marked "RPLS 5087";

THENCE South 40 deg. 54 min. 22 sec. West, continuing with said Northwest right of way line, a distance of 67.61 feet, to a 5/8 inch capped iron rod found marked "RPLS 5087" in the intersection of the Northwest right of way line of said Park Road 36 and the Northeast right of way line of Cedar Crest Loop, for the South corner;

THENCE North 37 deg. 52 min. 34 sec. West, with the Northeast right of way line of said Cedar Crest Loop, a distance of 133.99 feet, to a 5/8 inch capped iron rod found marked "RPLS 5087", for the P.C. of a curve to the left;

THENCE with the arc of said curve to the left, an arc length of 82.44 feet, having a radius of 182.87 feet, and being subtended by a chord of North 53 deg. 17 min. 01 sec. West, a distance of 81.75 feet, to a 5/8 inch capped iron rod found marked "RPLS 5087", for the South corner of Lot 112, for the West corner;

THENCE North 31 deg. 14 min. 52 sec. East, passing a 5/8 inch capped iron rod found marked "RPLS 5087", at a distance of 106.71 feet, for the East corner of said Lot 112 and the South corner of said Lot 111, and continuing in all a total distance of 149.21 feet, to a 5/8 inch capped iron rod found marked "RPLS 5087", for the East corner of said Lot 111 and the South corner of that certain tract described in deed to said Patterson Constantin Partners I, Volume 1908, Page 408, Real Records, Palo Pinto County, Texas;

THENCE North 45 deg. 42 min. 42 sec. East, a distance of 59.96 feet, to a 5/8 inch capped iron rod found marked "RPLS 5087", for the South corner of Lot 163;

THENCE North 34 deg. 00 min. 34 sec. East, a distance of 74.10 feet, to a 5/8 inch capped iron rod found marked "RPLS 5087", for an angle point of said Lot 163 and the West corner of Lot 145;

THENCE South 62 deg. 46 min. 43 sec. East, a distance of 128.83 feet, to a fence corner found for the South corner of said Lot 145;

THENCE North 28 deg. 41 min. 47 sec. East, a distance of 166.37 feet, to the Point of Beginning for a total of 106,362.752 square feet, or 2.442 acres more or less.

### **TRACT THREE:**

BEING a 1.950 acre tract in the E. R. Harris Survey, Abstract 234 and being a part of a tract described in deed to Forum Et Cetera, Inc., recorded in Volume 1263, Page 687, of Official Public Records, Palo Pinto County, Texas, and described by metes and bounds as follows:

BEGINNING at a set 5/8 inch capped iron rod marked "RPLS 5087" [N: 7011040.24, E: 1986641.73] in the intersection of the West right of way line of Park Road 36, and the South right of way of Cedar Crest Loop from which the Brazos River Authority GPS Control Monument No. 6 as recorded in, Volume 1697, Page 8, Official Public Records, Palo Pinto County, Texas, bears N 09 deg. 51 min. 25 sec. East, 3779.25 feet;

THENCE South 40 deg. 54 min. 22 sec. West, with said right of way of Park Road 36, a distance of 147.07 feet to a set 5/8 inch capped iron rod marked "RPLS 5087" for a corner;

THENCE South 35 deg. 13 min. 16 sec. West, with said right of way of Park Road 36, a distance of 69.46 feet to a set 5/8 inch capped iron rod marked "RPLS 5087" for the South corner of said tract and the North corner of a tract described in deed to Paul A. Lockhart, Jr., recorded in Volume 579, Page 407, of Deed Records;

THENCE North 55 deg. 28 min. 25 sec. West, with the North line of said Lockhart, Jr. tract, a distance of 412.97 feet to a set 5/8 inch capped iron rod marked "RPLS 5087" for the West corner of said 1.950 acre tract;

THENCE North 61 deg. 54 min. 40 sec. East, with the South right of way line of Cedar Crest Loop, a distance of 162.82 feet to a set 5/8 inch capped iron rod marked "RPLS 5087" for a corner;

THENCE North 81 deg. 57 min. 02 sec. East, with the South right of way line of Cedar Crest Loop, a distance of 115.83 feet to a set 5/8 inch capped iron rod marked "RPLS 5087" for a corner;

THENCE with the South right of way line of Cedar Crest Loop, a curve to the right with an arc length of 147.21 feet, with a radius of 142.83 feet, with a chord bearing of South 69 deg. 53 min.40 sec. East, with a chord length of 140.78 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087" for a corner;

THENCE South 37 deg. 52 min. 34 sec. East, with the South right of way line of Cedar Crest Loop, a distance of 140.18 feet to the Point of Beginning for a total of 84,924.02 square feet, or 1.950 Acres, more or less.

**TRACT FOUR;**

BEING Lot 112, a 0.327 acre tract in the E. R. Harris Survey, Abstract 234, being a part of the E. Constantin Jr. Subdivision of Lands, recorded in Plat No. 1, Volume 2, Page 3, Slide 130, of Plat Records, Palo Pinto County, Texas, and part of a tract described in deed to Forum Et Cetera, Inc., as recorded in Volume 1263, Page 689, Deed Records. Palo Pinto County, Texas, and described by metes and bounds as follows:

BEGINNING at an iron rod found [N:7011256.B5, E:1986465.42] at the original Southwest corner of Lot 112, from which the Brazos River Authority GPS Control Monument No. 6 as recorded in, Volume 1697, Page 8, Official Public Records, Palo Pinto County, Texas, bears North 13 deg. 12 min. 42 sec. East a distance of 3602.20 feet;

THENCE North 19 deg. 30 min.55 sec. West, a distance of 126.25 feet to a spike found for the Northwest corner of Lot 112, being on the 1000 foot contour line;

THENCE with said 1000 foot contour the following courses and distance ...

THENCE South 79 deg. 25 min. 18 sec. East, a distance of 11.68 feet to a point for a corner;

THENCE North 72 deg. 27 min.56 sec. East, a distance of 10.62 feet to a point for a corner;

THENCE North 33 deg. 16 min. 14 sec. East, a distance of 7.88 feet to a point for a corner;

THENCE North 01 deg. 07 min.27 sec. East, a distance of 14.87 feet to a point for a corner;

THENCE North 08 deg. 44 min. 10 sec. East, a distance of 7.56 feet to a set 5/8 inch capped iron rod marked "RPLS 5087" for the North corner of Lot 112;

THENCE South 54 deg. 39 min. 34 sec. East, a distance of 153.70 feet to a set 5/8 inch capped iron rod marked "RPLS 5087" for the East corner of Lot 112;

THENCE South 31 deg. 14 min. 52 sec. West, a distance of 106.71 feet to a set 5/8 inch capped iron rod marked "RPLS 5087" for the Southeast corner of Lot 112, being in the North right of way line of Cedar Crest Circle;

THENCE, with said right of way line, a curve turning to the left with an arc length of 51.19 feet, with a radius of 182.87 feet, with a chord bearing of North 74 deg. 13 min. 05 sec. West, with a chord length of 51.02 feet, to a 5/8 inch capped iron rod marked "RPLS 5087" for a corner;

THENCE North 19 deg. 30 min.55 sec. West, a distance of 18.33 feet to the Point of Beginning for a total of 14,26935 square feet, or 0.327 Acres, more or less..

**TRACT FIVE:**

BEING Tract 6A, a 1.429 acre tract in the E. R. Harris Survey, Abstract 234, being a part of that certain tract described in deed to Forum Et Cetera, Inc., Volume 1263, Page 689, Official Public Records, Palo Pinto County, Texas, and described by metes and bounds as follows:

BEGINNING at a chain link fence corner found [N:7011634.29; E:1986769.90] for the East corner of Lot 162 of the E. Constantin Jr. Subdivision of Lands on Possum Kingdom Lake, Volume 1859, Page 23, Deed Records, Palo Pinto County, Texas, and in the Southwest right of way line of Forum Circle, from which the Brazos River Authority GPS Control Monument No. 6 as recorded in, Volume 1697, Page 8, Official Public Records, Palo Pinto County, Texas, bears North 09 deg. 24 min. 47 sec. East, 3172.13 feet;

THENCE North 45 deg. 24 min.43 sec. West, with said Southwest right of way line, a distance of 73.13 feet, to a 60d nail set for the P.C. of a curve to the left;

THENCE with the arc of said curve to the left, an arc length of 109.12 feet, having a radius of 96.59 feet, and being subtended by a chord of South 73 deg. 54 min. 19 sec. West, a distance of 103.41 feet, to a 60d nail set in the East right of way line of said Forum Circle;

THENCE South 05 deg. 52 min. 35 sec. West, with said East right of way line, a distance of 93.36 feet, to a 60d nail set for the West corner of said Lot 162 and the North corner of Lot 163;

THENCE South 05 deg. 51 min. 45 sec. West, with said East right of way line, a distance of 18.03 feet, to a 60d nail set for an angle point for said Lot 163;

THENCE South 19 deg. 27 min. 58 sec. East, continuing with said East right of way line, a distance of 55.73 feet, to a 60d nail set for an angle point for said Lot 163;

THENCE South 08 deg. 50 min. 47 sec. East, continuing with said East right of way line, a distance of 99.66 feet, to a 5/8 inch capped iron rod set marked "RPLS 5087" for the South corner of said Lot 163 and in the Northwest line of that certain tract described in deed to Forum Et Cetera, Inc., Volume 1263, Page 687, Official Public Records, Palo Pinto County, Texas;

THENCE South 45 deg. 42 min. 42 sec. West, with the Northwest line of said tract described in Volume 1263, Page 687, a distance of 59.96 feet, to a 5/8 inch capped iron rod set marked "RPLS 5087", for the East corner of Lot 111 and the South corner of said Form Circle;

THENCE North 08 deg. 49 min.07 sec. West, with the West right of way line of said Forum Circle, a distance of 124.61 feet, to a 60d nail set, for the Northeast corner of said Lot 111 and the Southeast corner of Lot 110;

THENCE North 19 deg. 47 min. 14 sec. West, continuing with said West right of way line, a distance of 32.65 feet, to a 60d nail set for an angle point;

THENCE North 19 deg. 23 min.22 sec. East, continuing with said West right of way line, a distance of 27.07 feet, to a 60d nail set;

THENCE North 05 deg. 52 min.35 sec. East, continuing with said West right of way line, a distance of 124.99 feet, to a 60d nail set for the Northeast corner of Lot 108 and the Southeast corner of Lot 156;

THENCE North 11 deg. 43 min.47 sec. West, continuing with said West right of way line, a distance of 32.85 feet, to a 60d nail set for the Northeast corner of Lot 156 and the Southeast corner of Lot 155;

THENCE North 14 deg. 26 min.38 sec. West, continuing with said West right of way line, a distance of 3.94 feet, to a 60d nail set;

THENCE North 04 deg. 15 min.06 sec. West, continuing with said West right of way line, a distance of 12.29 feet, to a 60d nail set;

THENCE North 07 deg. 49 min.06 sec. East, continuing with said West right of way line, a distance of 21.91 feet, to a 60d nail set;

THENCE North 21 deg. 27 min.31 sec. East, continuing with said West right of way line, a distance of 21.08 feet, to a 60d nail set;

THENCE North 31 deg. 38 min.32 sec. East, continuing with said West right of way line, a distance of 59.87 feet, to a 60d nail set;

THENCE North 43 deg. 54 min.29 sec. East, continuing with said West right of way line, a distance of 37.22 feet, to a 60d nail set;

THENCE North 26 deg. 24 min.25 sec. East, continuing with said West right of way line, a distance of 21.72 feet, to a 60d nail set;

THENCE North 06 deg. 03 min.47 sec. East, continuing with said West right of way line, a distance of 31.14 feet, to a 60d nail set;

THENCE North 13 deg. 49 min.28 sec. West, a distance of 18.51 feet to a 60d nail set for the East corner of Lot 151;

THENCE North 39 deg. 26 min.29 sec. West, with the Northeast line of said Lot 151, a distance of 4.27 feet, to a 60d nail set;

THENCE North 69 deg. 59 min. 36 sec. West, continuing with the Northeast line of said Lot 151, a distance of 127.40 feet, to a 5/8 inch capped iron rod set marked "RPLS 5087" for the North corner of said Lot 151, said point being on the 1000 foot contour;

THENCE with said 1000 foot contour, the following courses and distances:

North 11 deg. 38 min. 47 sec. West, a distance of 19.87 feet, to a point for a corner;

North 33 deg. 52 min. 19 sec. West, a distance of 2.58 feet, to a point for a corner;

North 27 deg. 39 min. 12 sec. West, a distance of 7.82 feet, to a point for a corner;

North 07 deg. 55 min. 12 sec. West, a distance of 11.80 feet, to a 5/8 inch capped iron rod set marked "RPLS 5087" for the West corner of Lot 150;

THENCE South 66 deg. 27 min. 36 sec. East, a distance of 161.60 feet, to a 60d nail set, for an angle point;

THENCE South 51 deg. 24 min. 09 sec. East, a distance of 52.55 feet, to a 60d nail set for the South corner of said Lot 150, and in the West right of way line of said Forum Circle;

THENCE North 32 deg. 09 min. 27 sec. East, continuing with the West right of way line of said Forum Circle, a distance of 13.81 feet, to a 60d nail set;

THENCE North 06 deg. 12 min. 29 sec. East, continuing with said West right of way line, a distance of 218.69 feet, to a 5/8 inch capped iron rod set marked "RPLS 5087", for the East corner of Lot 146, and in the Southwest line of Lot 12-C, Lease Block R003, Area 12, as described in deed to Patterson PK Land Partnership, Volume 1739, Page 446, Official Public Records, Palo Pinto County, Texas, for the North corner;

THENCE South 61 deg. 31 min. 05 sec. East, at a distance of 7.90 feet, pass a 1/2 inch capped iron rod found for the South corner of said Lot 12-C and the West corner of Lot 12-A, said Lease Block R003, and continuing in all a total of 32.42 feet, to a 5/8 inch capped iron rod set marked "RPLS 5087", for the North corner of Lot 160, said E. Constantin Jr. Subdivision, and a corner of said Forum Circle;

THENCE South 06 deg. 12 min. 29 sec. West, with the East right of way line of Forum Circle, a distance of 99.10 feet, to a 60d nail set for the West corner of said Lot 160;



THENCE North 88 deg. 29 min. 11 sec. East, a distance of 22.55 feet, to a spike found for an angle point in the Southwest line of said Lot 160;

THENCE South 64 deg. 36 min. 15 sec. East, with the Southwest line of said Lot 160, a distance of 84.58 feet, to a 5/8 inch capped iron rod set marked "RPLS 5087", for the North corner of Lot 159;

THENCE South 26 deg. 22 min. 06 sec. West, a distance of 101.15 feet, to a spike found for the West corner of said Lot 159 and in the Northeast line of Lot 158;

THENCE North 63 deg. 35 min. 17 sec. West, a distance of 5.06 feet, to a 5/8 inch capped iron rod set marked "RPLS 5087", for the North corner of said Lot 158, and in the East right of way line of said Forum Circle;

THENCE South 35 deg. 35 min. 17 sec. West, with the East right of way line of said Forum Circle, a distance of 30.25 feet, to a 60d nail set;

THENCE South 58 deg. 32 min. 46 sec. West, continuing with said East right of way line, a distance of 66.22 feet, to a 60d nail set for the West corner of said Lot 158 and the North corner of Lot 157;

THENCE South 33 deg. 13 min. 15 sec. West, continuing with said East right of way line, a distance of 28.36 feet, to a 60d nail set;

THENCE South 03 deg. 13 min. 01 sec. East, continuing with said East right of way line, a distance of 58.39 feet, to a 60d nail set in the Northeast right of way line of Forum Circle, for the West corner of said Lot 157;

THENCE South 03 deg. 13 min. 01 sec. East, continuing with said East right of way line, a distance of 58.39 feet, to a 60d nail set in the Northeast right of way line of Forum Circle, for the West corner of said Lot 157;

THENCE South 45 deg. 24 min. 43 sec. East, with the Northeast right of way line of said Forum Circle, a distance of 96.74 feet, to a 5/8 inch capped iron rod set marked "RPLS 5087" for the South corner of said Lot 157 and in the Northeast line of said Forum Et Cetera, Inc., tract, Volume 1263, Page 687;

THENCE South 26 deg. 17 min. 17 sec. West, crossing said Forum Circle, a distance of 46.40 feet, to a 5/8 inch capped iron rod set marked "RPLS 5087" in the Southwest right of way line of said Forum Circle;

THENCE North 52 deg. 24 min. 49 sec. West, with said Southwest right of way line, a distance of 8.95 feet, to a 5/8 inch capped iron rod set marked "RPLS 5087", in the Southeast line of said Lot 162;

THENCE North 27 deg. 36 min. 57 sec. East, with the Southeast line of said Lot 162, a distance of 6.75 feet to the Point of Beginning for a total of 62,254.263 square feet or 1.429 acres, more or less.

**TRACT SIX:**

BEING all of Lot 160, a 0.343 acre survey in the E. R. Harris Survey, Abstract No. 234, Palo Pinto County, Texas and being part of the E. Constantin Jr., Subdivision of Lands, recorded in Volume 1859, Page 23, Official Public Records Palo Pinto County, Texas, and a tract of land described in deed to Forum Et Cetera, Inc., as recorded in Volume 1263, Page 689, Deed Records, Palo Pinto County, Texas, and described by metes and bounds as follows:

BEGINNING at a spike found [N:7011998.20, E: 1986784.93] at the original West corner of said Lot 160, from which the Brazos River Authority GPS Control Monument No. 6 as recorded in, Volume 1697, Page 8, Official Public Records, Palo Pinto County, Texas, bears North 10 deg. 19 min. 28 sec. East, a distance of 2810.98 feet;

THENCE South 88 deg. 29 min. 11sec. West, a distance of 22.55 feet to a 60d nail set for a corner;

THENCE North 06 deg. 12 min. 29 sec. East, a distance of 99.10 feet to a set 5/8 inch capped iron rod marked "RPLS 5087" for a corner;

THENCE South 61 deg. 52 min. 16 sec. East, a distance of 32.33 feet to a 3/8 inch iron rod found for the Southwest corner of the J. D. Alston Survey, Abstract 2, for a corner;

THENCE South 60 deg. 20 min. 25 sec. East, a distance of 178.29 feet to a 1/2 inch capped iron rod for the East corner of Lot 160;

THENCE South 26 deg. 17 min. 17 sec. West, a distance of 68.60 feet to a set 5/8 inch capped iron rod marked "RPLS 5087" for the South corner of said Lot 160, and the East corner of Lot 159;

THENCE North 64 deg. 36 min. 15 sec. West, at 71.76 feet, passing a set 5/8 inch capped iron rod marked "RPLS 5087", for the North corner of said Lot 159, and continuing in all a total distance of 156.34 feet to the Point of Beginning for a total of 14,915.86 square feet, or 0.343 Acres more or less.

**TRACT SEVEN:**

BEING a variable width right of way in the E. R. Harris Survey, Abstract No. 234, Palo Pinto County, Texas, and being a portion of a tract described in deed to Forum Et Cetera, Inc., recorded in Volume 1263, Page 687, of Deed Records, Palo Pinto County, Texas, and described by metes and bounds as follows:

BEGINNING at a capped 5/8 inch iron rod set marked "RPLS 5087" (N:7011040.24, E: 1986641.73) in the Southeast line of said tract, and the Northwest right of way line of Park Road 36, from which the Brazos River Authority GPS Control Monument No. 6 as recorded in Volume 1697, Page 8, Official Public Records of Palo Pinto County, Texas, bears North 09 deg. 51 min. 25 sec. East, a distance of 3618.79 feet;

THENCE North 37 deg. 52 min. 34 sec. West, a distance of 140.18 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087" at the P.C. of a curve to the left;

THENCE with said curve to the left, having a radius of 142.83 feet, an arc length of 147.21 feet, and being subtended by a chord of North 69 deg. 53 min. 40 sec. West a distance of 140.78 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087" for the P. T. of said curve;

THENCE South 81 deg. 57 min. 02 sec. West, a distance of 115.83 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087" for a corner;

THENCE South 61 deg. 54 min. 40 sec. West, a distance of 162.82 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087" and being in the Southwest line of said tract and in the Northeast line of a tract described in deed to Paul A. Lockhart, Volume 579, Page 407 said Deed Records;

THENCE North 55 deg. 28 min. 25 sec. West, with Northeast line of said Lockhart, a distance of 21.07 feet to a set 60D nail, for a corner of said 13.589 acre tract;

THENCE North 47 deg. 58 min. 09 sec. East, a distance of 19.40 feet, to a set 60D nail, for a corner of said tract;

THENCE North 41 deg. 28 min. 09 sec. East, passing a found 3/8 inch iron rod at a distance of 15.46 feet, and continuing in all a total distance of 47.58 feet, to a found 60D nail, for a corner;

THENCE North 61 deg. 54 min. 40 sec. East, passing a found 60D nail for the Southwest corner of Lot 116 of the E. Constantin, Jr. Subdivision of Lands, recorded in Volume 2, Page 1 of Plat Records of Palo Pinto County, Texas, at a distance of 45.14 feet, and passing the Southeast corner of said Lot 116 and the Southwest corner of Lot 115 at a distance of 45.10 feet, and continuing in all a total distance of 116.17 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087" in the Southeast line of said Lot 115;

THENCE North 81 deg. 56 min. 17 sec. East, a distance of 121.94 feet, to a 5/8 inch capped iron rod set marked "RPLS 5087" of the P. c. of a curve to the right;

THENCE with said curve to the right, having a radius of 182.87 feet, an arc length of 188.48, and being subtended by a chord of South 69 deg. 53 min. 40 sec. East, a distance of 180.25 feet, to a set 5/8 inch capped iron rod marked "RPLS 5087", for the P. T. of said curve;

THENCE South 37 deg. 52 min. 34 sec. East, a distance of 133.99 feet to a 5/8 inch capped iron rod marked "RPLS 5087", in the Southeast line of said 13.589 acre tract, and in the existing Northwest right of way line of said Park Road 36, for the Southeast corner;

THENCE South 40 deg. 54 min. 22 sec. West, with said existing Northwest right of way line of Park Road 36, a distance of 40.78 feet to the Point of Beginning for a total of 23,184.51 square feet or 0.532 acres, more or less.

**Exhibit "B"**  
**Permitted Exceptions**

1. Reservation of all oil, gas and other minerals in Warranty Deed dated November 14, 2011, by Nita Porter Brooks, Wayland A. Brooks, Georgia B. Porter, J. C. Porter, Jr., Forum Et Cetera, Inc. and NKC, Inc Wayland A. Brooks, Nita Porter Brooks, Georgia B. Porter by her Attorney in Fact, Nita Porter Brooks, J. C. Porter, Jr., Forum Et Cetera, Inc. and NKC, Inc., and by all predecessors in title, to Patterson Constantin Partners I, LLC recorded in Volume 1908, Page 408, Official Public Records of Palo Pinto County, Texas.
2. Resolution of the Commissioners' Court of Palo Pinto County Confirming Exemption from Palo Pinto County Platting Requirements for the E. Constantin Jr. Subdivision of lands on Possum Kingdom Lake, dated June 27, 2011, filed on June 28, 2011, and recorded in Volume 1859, Page 23, Official Public Records of Palo Pinto County, Texas.
3. Oil, Gas and Mineral Lease dated May 21, 1948, from E. Constantin, Jr. and Ruth F. Constantin to C. R Austin, recorded in Volume 216, Page 419, Deed Records of Palo Pinto County, Texas.
4. Oil, Gas and Mineral Lease dated November 1, 1955, from E. Constantin, Jr. to Roy Corbett, Frank Pilchard and George H. Elliott, recorded in Volume 251, Page 435, Deed Records of Palo Pinto County, Texas.
5. Oil and Gas Lease dated October 4, 1929, from John Doan to A. A. Haubert, recorded in Volume 149, Page 354, Deed Records of Palo Pinto County, Texas.
6. Oil, Gas and Mineral Lease dated June 11, 1940, from Mrs. Jessie Harmon and Ed Harmon to Georgian Oil Corporation, recorded in Volume 185, Page 177, Deed Records of Palo Pinto County, Texas.
7. Oil, Gas and Mineral Lease dated May 21, 1948, from E. Constantin, Jr. and Ruth F. Constantin to C.R. Austin, recorded in Volume 216, Page 419, Deed Records of Palo Pinto County, Texas.
8. Oil, Gas and Mineral Lease dated November 1, 1955, from E. Constantin, Jr. to Roy Corbett, Frank Pilchard and George H. Elliott, recorded in Volume 251, Page 437, Deed Records of Palo Pinto County, Texas.
9. Right of Way dated August 4, 1971, from W. H. Rogers, Jr., Trustee of the Constantin Trust, to the County of Palo Pinto County, Texas, recorded in Volume 396, Page 29, Deed Records of Palo Pinto County, Texas.
10. Easement dated March 31, 1975, from J. C. Porter and E. J. Cummins, Jr., Independent Executors of the Estate of E. Constantin, Jr., to Palo Pinto Telephone Company, recorded in Volume 464, Page 696, Deed Records of Palo Pinto County, Texas.
11. Easement for Ingress and Egress dated June 3, 1993 (last date) from Paul A. Lockhart, Jr., Wayland A. Brooks, Nita Porter Brooks, J. C. Porter, Jr., and Georgia B. Porter, to All Lessees, recorded in Volume 790, Page 590, Deed Records of Palo Pinto County, Texas.
12. Right of Way and Easement dated April 28, 1976, from J. C. Porter and E. J. Cummins, Jr., Independent Executors of the Estate of E. Constantin, Jr., Deceased; J.C. Porter; Doris M. Brooks; and Paul A. Lockhart, Jr., to P. K. Gas Service, Inc., recorded in Volume 857, Page 641, Official Public Records of Palo Pinto County, Texas.
13. Water Line Easement dated August 14, 2001, from Wayland A. Brooks to Possum Kingdom Water Supply Corporation, recorded in Volume 1100, Page 197, Official Public Records of Palo Pinto County, Texas.
14. Notice of Addition of Land and Road Easement dated December 29, 2011, from Patterson Constantin Partners I, LLC, to Patterson PK Land Partnership, Ltd., recorded in Volume 1918, Page 307, Official Public Records of Palo Pinto County, Texas.

15. Notice of Addition of Land and Road Easement (Supplement and Correction) dated January 6, 2012, from Patterson Constantin Partners I, LLC, to Affiliated Bank, recorded in Volume 1919, Page 377, Official Public Records of Palo Pinto County, Texas.

16. Notice of Addition of Land and Road Easement (Supplement and Correction) dated January 11, 2012, from Patterson Constantin Partners I, LLC, to The Public, recorded in Volume 1920, Page 498, Official Public Records of Palo Pinto County, Texas

**CERTIFIED FILED AND RECORDED  
OFFICIAL PUBLIC RECORDS**



*Janette K. Green*

Janette K. Green Palo Pinto County Clerk  
Palo Pinto County, TX  
01/20/2016 01:00 PM  
Fee: \$78.00

**2016-00000219 WD**

B: OR V: 2131 P: 30

# EXHIBIT CB- 2

LAYOUT OF "HUMMINGBIRD WEST"

B.B.B. & C. RR. CO.  
SURVEY  
ABSTRACT NO. 104

LOT 1

LOT 2

LOT 3

LOT 4

LOT 5

LOT 6

LOT 7

LOT 8

6.65 ACRES

LOT 9

LOT 10

LOT 11

LOT 12

GREENBELT AREA

J.D. ALSTON SURVEY  
ABSTRACT NO. 2

CRYSTAL BLUFF GOAT  
RANCHES, LLC  
18.070 ACRES  
V. 2131, P. 30

E.R. HARRIS SURVEY  
ABSTRACT NO. 234

FORUM CIRCLE

PARK ROAD 36



JN17206





# EXHIBIT CB- 3

**Possum Kingdom Water Supply Corporation****Service Application and Agreement**

940-779-3100

Fax 940-779-3137

TDD 800-735-2989

1170 Willow Road, Graford, Texas 76449

*Easement on  
fill under Brooks  
at Dayton*  
*656*

Please Print:

DATE

7-26-17

APPLICANT'S NAME

CBGR, LLC

CO-APPLICANT'S NAME

Chris Beeson &amp; Gary Ray

APPLICANT'S BILLING ADDRESS

6300 Ridglen Place #920

APPLICANT'S SERVICE ADDRESS

Hummingbird West Lot 7

Fort Worth TX 76116

Graford TX 76449

PHONE NUMBER - Home

817-994-4617

Other

E-MAIL ADDRESS

GARY@MODCBINS.COM

PROOF OF OWNERSHIP PROVIDED BY: (Check applicable box) Lease ☐ Sub-Lease ☐ Warranty Deed ☒TYPE OF SERVICE: (Check applicable box) Single Family Residence ☒ Business ☐ Apt. Building ☐

LEGAL DESCRIPTION OF PROPERTY (Include subdivision with lot and block number from lease or warranty deed)

Lot 7 Hummingbird West Div.

NOTE: FORM MUST BE COMPLETED BY APPLICANT ONLY.

By execution hereof, the Applicant agrees that non-compliance with the terms of this agreement, pages two through four, by said Applicant shall constitute denial or discontinuance of service until such time as the violation is corrected to the satisfaction of the Corporation.

Any misrepresentation of the facts by the Applicant on any of the four pages of this agreement shall result in discontinuance of service pursuant to the terms and conditions of the Corporation's tariff.

Initial to confirm receipt of pages 2-4 \_\_\_\_\_

Applicant Signature

Approved and Accepted by PKWSC

PKWSC Date Approved

## TERMS AND CONDITIONS

**AGREEMENT** made on approval date between Possum Kingdom Water Supply Corporation, a corporation organized under the laws of the State of Texas (hereinafter called the Corporation) and the Applicant and/or Co-Applicant.

Witnesseth:

The Corporation shall sell and deliver water and/or wastewater service to the Applicant and the Applicant shall purchase, receive, and/or reserve service from the Corporation in accordance with the by-laws and tariff of the Corporation as amended from time to time by the Board of Directors of the Corporation. Upon compliance with said policies, including payment of a Membership Fee, the Applicant qualifies for Membership as a new applicant or continued Membership as a transferee and thereby may hereinafter be called a Member.

The Member shall pay the Corporation for service hereunder as determined by the Corporation's tariff and upon the terms and conditions set forth therein, a copy of which has been provided as an information packet, for which Member acknowledges receipt hereof by execution of this agreement. A copy of this agreement shall be executed before service may be provided to the Applicant.

The Board of Directors shall have the authority to discontinue service and cancel the Membership of any Member not complying with any policy or not paying any utility fees or charges as required by the Corporation's published rates, fees, and conditions of service. At any time service is discontinued, terminated or suspended, the Corporation shall not re-establish service unless it has a current, signed copy of this agreement.

If this agreement is completed for the purpose of assigning utility service as a part of a rural domestic water and/or wastewater system loan project contemplated with the Rural Development, an Applicant shall pay an Indication of Interest Fee in lieu of a Membership Fee for the purposes of determining:

- a) The number of taps to be considered in the design and
- b) The number of potential ratepayers considered in determining the financial feasibility of constructing
  - 1) A new water system or
  - 2) Expanding the facilities of an existing water system.

The Applicant hereby agrees to obtain, utilize, and/or reserve service as soon as it is available. Applicant, upon qualification for service under the terms of the Corporation's policies, shall further qualify as a Member and the Indication of Interest Fee shall then be converted by the Corporation to a Membership Fee. Applicant further agrees to pay, upon becoming a Member, the monthly charges for such service as prescribed in the Corporation's tariff. Any breach of this agreement shall give cause for the Corporation to liquidate, as damages, the fees previously paid as an indication of interest. In addition to any Indication of Interest Fees forfeited, the Corporation may assess a lump sum of \$300.00 as liquidated damages to defray any losses incurred by the Corporation. If delivery of service to said location is deemed infeasible by the Corporation and the Indication of Interest Fee, less expenses, shall be refunded. The Membership in the Corporation and the Indication of Interest Fee, less expenses shall be refunded. The Applicant may re-apply for service at a later date under the terms and conditions of the Corporation's policies. For the purposes of this agreement, an Indication of Interest Fee shall be of an amount equal to the Corporation's Membership Fee.

All water shall be metered by meters to be furnished and installed by the Corporation. The meter and/or wastewater connection is for the sole use of the Member or customer and is to provide service to only one (1) dwelling or one (1) business. Extension of pipe(s) to transfer utility service from one property to another, to share, resell, or sub-meter water to any other persons, dwellings, businesses, or property, etc., is prohibited.

The Corporation shall have the right to locate a water service meter and the pipe necessary to connect the meter on the Member's property at a point to be chosen by the Corporation, and shall have access to its property and equipment located upon Member's premises at all reasonable and necessary times for any purpose connected with or in the furtherance of its business operations, and upon discontinuance of service the Corporation shall have the right to remove any of its equipment from the Member's property. The Member shall install, at their own expense, any customer service isolation valves, backflow prevention devices, clean-outs, and other equipment as may be specified by the Corporation. The Corporation shall also have access to the Member's property for the purpose of inspecting for possible cross-connections, potential contamination hazards, and illegal lead materials.

The Corporation is responsible for protecting the drinking water supply from contamination or pollution which could result from improper plumbing practices. This service agreement serves as notice to each customer of the plumbing restrictions which are in place to provide this protection. The Corporation shall enforce these restrictions to ensure the public health and welfare. The following undesirable practices are prohibited by state regulations:

- a) No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air gap or an appropriate backflow prevention assembly in accordance with state regulations.
- b) No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the proper installation of an air gap or a reduced pressure-zone backflow prevention assembly and a service agreement must exist for annual inspection and testing by a certified backflow prevention device tester.
- c) No connection which allows condensing, cooling, or industrial process water to be returned to the public drinking water supply is permitted.
- d) No pipe or pipe fitting which contains more than 8.0 % lead may be used for the installation or repair of plumbing on or after July 1, 1988, at any connection which provides water for human consumption.
- e) No solder or flux which contains more than 0.2 % lead may be used for the installation or repair plumbing on or after July 1, 1988, at any connection which provides water for human consumption.

The Corporation shall maintain a copy of this agreement as long as the Member and/or premises are connected to the public water system. The Member shall allow their property to be inspected for possible cross-connections, potential contamination hazards, and illegal lead materials. These inspections shall be conducted by the Corporation or its designated agent prior to initiating service and periodically thereafter. The inspections shall be conducted during the Corporation's normal business hours.

The Corporation shall notify the Member in writing of any cross-connections or other undesirable practices which have been identified during the initial or subsequent inspection. The Member shall immediately correct any undesirable practice on their premises. The Member shall, at their expense, properly install, test, and maintain any backflow prevention device required by the Corporation. Copies of all testing and maintenance records shall be provided to the Corporation as required. Failure to comply with the terms of this service agreement shall cause the Corporation to either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Member.

In the event the total water supply is insufficient to meet all of the Members, or in the event there is a shortage of water, the Corporation may initiate the Emergency Rationing Program as specified in the Corporation's Tariff. By execution of this agreement, the Applicant hereby shall comply with the terms of said program.

By execution hereof, the Applicant shall hold the Corporation harmless from any and all claims for damages caused by service interruptions due to waterline breaks by utility or like contractors, tampering by other Member/users of the Corporation, normal failures of the system, or other events beyond the Corporation's control.

The Member shall grant to the Corporation, now or in the future, any easements of right-of-way for the purpose of installing, maintaining, and operating such pipelines, meters, valves, and any other equipment which may be deemed necessary by the Corporation to extend or improve service for existing for future Members, on such forms as are required by the Corporation.

By execution hereof, the Applicant shall guarantee payment of all other rates, fees, and charges due on any account for which said Applicant owns a Membership Certificate. Said guarantee shall pledge any and all Membership Fees against any balance due the Corporation. Liquidation of said Membership Fees shall give rise to discontinuance of service under the terms and conditions of the Corporation's tariff.

The following information is requested by the Federal Government in order to monitor compliance with Federal laws prohibiting discrimination against applicants seeking to participate in this program. You are not required to furnish this information, but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, we are required to note the race/national origin of individual applicants on the basis of visual observation or surname.

☐ White, Not of Hispanic Origin    ☐ Black, Not of Hispanic Origin    ☐ American Indian or Alaskan Native    ☐ Hispanic    ☐ Asian or Pacific Islander    ☐ Other (Specify)    ☐ Male    ☐ Female





August 2, 2017

Possum Kingdom Water Supply Corporation  
1170 Willow Road  
Graford, Texas 76449  
Attn: Cathy Pearson

**Re: Meter Request Evaluation**

Dear Cathy:

We have performed a meter request evaluation for the new service meter request worksheets provided by PKWSC. Based on that analysis, the following meter **is approved** for addition to the PKWSC system:

1. Glover, Larry & Shirley, 2281 Sage Circle, Lot 1-D, 1 Meter, Phase 1
2. CBGR, LLC, Lot 7 Hummingbird West, 1 Meter, Phase 1

I appreciate the opportunity to be of service to the PKWSC. Please do not hesitate to call me at (325) 698-5560 if you have any questions.

Sincerely,

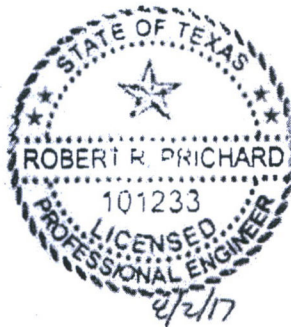
Enprotec / Hibbs & Todd, Inc.

BJ Prichard, P.E.

BJP/jd

Enclosure: Invoice

c: Project File # 06-3651B



P:\Projects\Possum Kingdom\Meter Requests\2017 Meter Requests\20170802\_Meter Response Letter (Glover-CBGR).docx

*Environmental, Civil & Geotechnical Engineers*

**Abilene Office**  
402 Cedar  
Abilene, Texas 79601  
P.O. Box 3097  
Abilene, Texas 79604  
325.698.5560 | 325.691.0058 fax

**Lubbock Office**  
6310 Genoa Avenue, Suite E  
Lubbock, Texas 79424  
806.794.1100 | 806.794.0778 fax  
[www.e-ht.com](http://www.e-ht.com)

**Granbury Office**  
2901 Glen Rose Hwy, Suite 107  
Granbury, Texas 76048  
817.579.6791 | 817.579.8491 fax  
PE Firm Registration No. 1151  
PG Firm Registration No. 50103  
RPLS Firm Registration Nos. 10011900 & 10007300

# Possum Kingdom Water Supply Corporation

## New Service Request

The Possum Kingdom Water Supply Corporation is a member owned, not for profit, public water provider. The regional system is being funded through Federal and State loans and grants. Bidding for the construction of the system was based upon the scope of the project as determined by the number of members who had joined as of August 31, 2002. Any system improvements for members wishing to be served by the system and who joined after that date are not included in the Federal and State funding.

In order for the PKWSC to determine whether a prospective member may be served by the system, a Service Investigation must be conducted by the Corporation's engineer. The Service Investigation will take into account whether a water distribution line is present to serve a particular site and whether an existing water line is of sufficient capacity to serve an additional connection. This will also identify costs associated with providing an additional water service line. Refer to the current rate chart for a detail of fees for a standard installation for new service. In addition, the new member must pay all costs to construct any improvements to serve a new connection. To initiate a Service Investigation, please fill out the form and return it along with a check for \$150.00 to the PKWSC. This cost is included in the total cost referenced on the rate sheet and is non-refundable.

Name Gary Ray (CBGR, LLC)  
Billing Address 6300 Ridgley Place <sup>#920</sup> Phone (817) 994-4617  
City, State, Zip Code Ft Worth, TX 76116  
Service Address Hummingbird West Lot 7  
Legal Description of Property (Include name of road, subdivision with lot and block number)  
Lot 7 Hummingbird West Div

Note: Form must be completed by applicant only. A map of service location request must be attached.

Please mail this form with a check for \$150.00 to:

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

940-779-3100 Fax 940-779-3137 TDD 800-735-2989

# EXHIBIT CB- 4





June 6, 2017

Gary Ray  
6300 Ridglea Place  
Suite 930  
Fort Worth, TX 76116

Re: Retail Public Water Utility Service  
to Property Located at: Hummingbird West Development

Dear Mr. Ray:

You have inquired whether Possum Kingdom Water Supply Corporation (PKWSC) will/can provide retail public water utility service to your property located at: Hummingbird West Development ("the Property"). The Property is within PKWSC's state-certificated service area of convenience and necessity (CCN) No.1820076.

Since the Property is within the PKWSC service area, PKWSC is obligated to provide continuous and adequate potable water service to meet the retail public water utility needs of the Property. [Texas Water Code §13.250] Retail public water utility service is that level of potable water necessary to meet ordinary local domestic water requirements plus reasonable outside water uses under Chapter 341 of the Texas Health & Safety Code, Chapter 13 of the Texas Water Code, TCEQ Rules Chapter 290 and TCEQ Rules Chapter 291. Retail public water utility service does not include fire fighting water or fire flows. [See: *Application of WSC-Maha Water Supply Corporation to Amend CCN No. 10229 in Travis and Hays Counties*, SOAH Docket No. 582-00-0546, TCEQ Docket No. 2000-0018-UCR, *Application of Creedmoor-Maha Water Supply Corporation to Amend CCN No. 10229 in Travis and Hays Counties*, November 6, 2002; motion for reconsideration granted to correct mapping error only July 23, 2003.]

PKWSC is ready, willing and able to provide the Property with retail public water utility service whenever requested upon compliance with the conditions precedent in PKWSC's tariff and the TCEQ's Chapters 290 and 291 rules. 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. Service will be provided within the time periods prescribed in 30 TAC §291.85(b).

If you have any questions, please contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "Sue Cathey", is written over the typed name.

Sue Cathey  
Business Operations Manager  
Possum Kingdom Water Supply

# EXHIBIT CB- 5

**From:** Sue Cathey  
**To:** Gary Ray  
**Subject:** Humming West  
**Date:** Tuesday, June 6, 2017 11:10:44 AM  
**Attachments:** Sue Cathey.vcf  
Non-Standard Svc Contract NEW.doc  
Ray Will Serve June 2017.PDF  
Developer Notice.doc

---

Gary, attached is the boiler plate of the contract that we need to put in place. I have attached the will serve letter so you can plat the property.

Review the contract and we can get it approved at the June 21st board meeting. The existing water treatment plant will need to be expanded to accommodate any development and right now we are estimating that it will be about \$2,300 to \$2,800 per lot without having to do brick and mortar construction. That is considered "capital in aid of construction". The other fees for meter installation would be billed as meters are required excluding the equity-buy in fee. No monthly fees would be billed until a meter is installed.

Review all of this and let me know. I know this is somewhat confusing.

Sue Cathey

# EXHIBIT CB- 6

**Sue Cathey**

---

**From:** "Gary Ray" <gary@modcoins.com>  
**Date:** Wednesday, July 19, 2017 3:18 PM  
**To:** "Sue Cathey" <sue@pkwsc.com>  
**Subject:** RE: Non-Standard Agreement

Sue- Timing is everything as we are just getting bids on construction cost on lot 7.. All the property is owned by & the construction is actually being done under Crystal Bluff Goat Ranches, LLC, (CBGR,LLC) which is owned Chris Beeson & Gary Ray. Does PKWSC need a copy of the survey of Hummingbird West? Thanks GR

**CONFIDENTIALITY NOTICE:** This e-mail transmission, and any documents, files or previous e-mail messages attached to it may contain confidential information that is legally privileged. If you are not the intended recipient, or a person responsible for delivering it to the intended recipient, you are hereby notified that any disclosure, copying, distribution or use of any of the information contained in or attached to this transmission is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify us by reply e-mail, by forwarding this to [Gary@modcoins.com](mailto:Gary@modcoins.com) or by telephone to (817) 546-1955, and destroy the original transmission and its attachments. Thank you.

---

**From:** Sue Cathey [mailto:sue@pkwsc.com]  
**Sent:** Wednesday, July 19, 2017 2:58 PM  
**To:** Gary Ray  
**Subject:** Non-Standard Agreement

Gary, attached the draft of the non-standard agreement for the water to Hummingbird West. The cost is estimated to be \$2,300 per lot, but a firm number will be put in. Nothing beyond the \$2,300 per lot will be billed until the purchaser of the property requires a meter. That person will then pay membership, administration, meter installation and inspection.

Review this and let me know your thoughts on this contract.

Sue Cathey

7/19/2017

# EXHIBIT CB- 7

**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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	<ul style="list-style-type: none"><li>1. New Service Request</li><li>2. Standard Application and Agreement Form</li><li>3. General Type Right-of-Way Easement</li><li>4. Non-Standard Application and Agreement</li></ul>
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	<ul style="list-style-type: none"><li>1. Alternate Billing Agreement for Rental Accounts</li><li>2. Confidentiality of Utility Records Form</li><li>3. Installment Agreement</li><li>4. Line Extension Refund Agreement</li><li>5. Membership Transfer Agreement</li><li>6. Meter Test Authorization and Test Report</li><li>7. Notice of Requirement to Comply with the Subdivision and Service Extension Policy</li><li>8. Notice of Returned Check</li><li>9. Notice of Returned Draft</li><li>10. Request for Service Discontinuance</li><li>11. Right-of-Way Easement Denial Form and Affidavit</li><li>12. Acknowledgement of Refusal of Right-of-Way</li><li>13. Reserve Service Request</li><li>14. Equipment and Line Dedication Agreement</li></ul>



## 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))

**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.

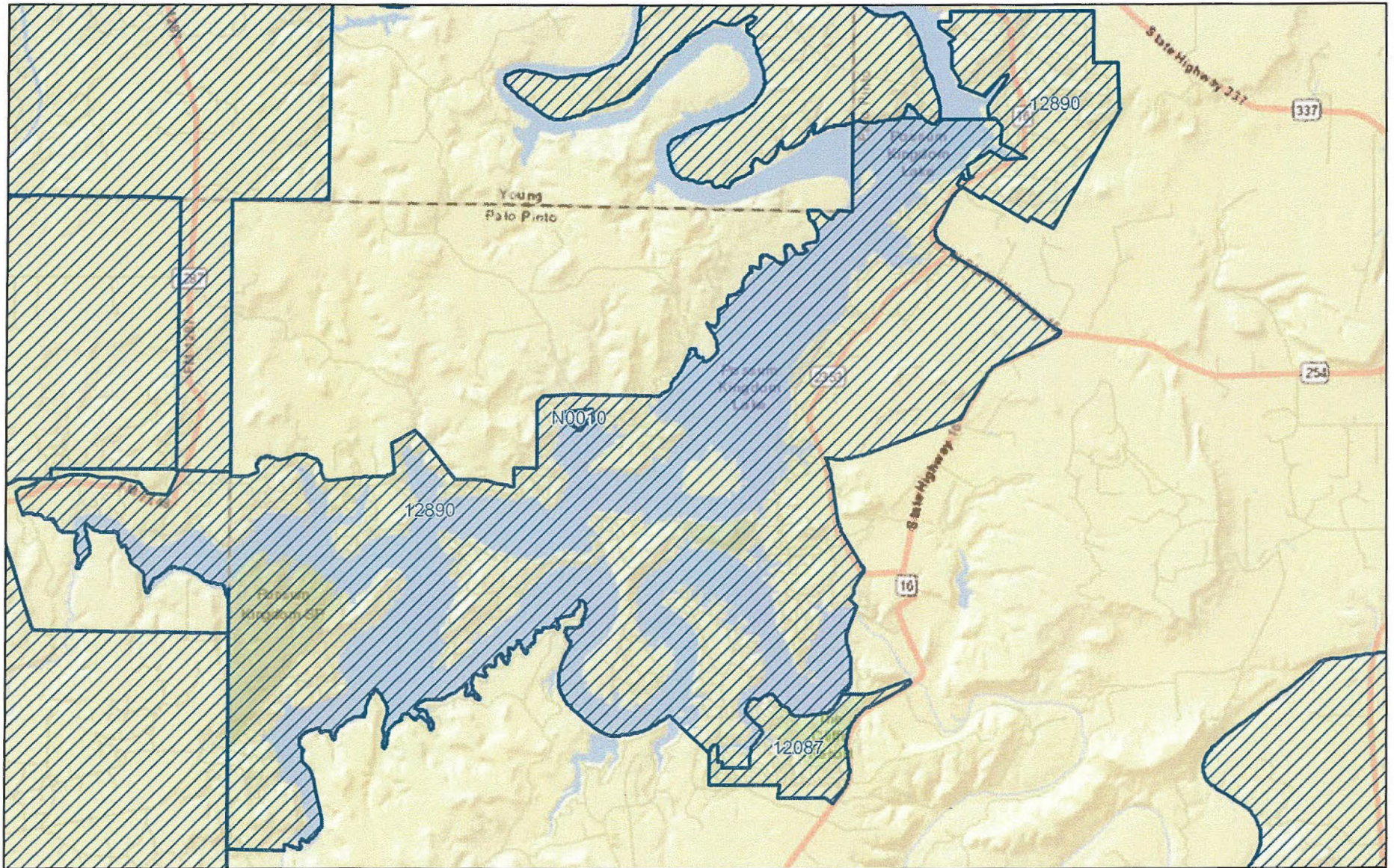
Issued Dated: December 11, 2002

ATTEST: \_\_\_\_\_

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For the Commission

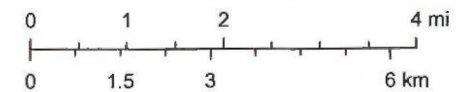


PKWSC (CCN 12890)



April 5, 2019

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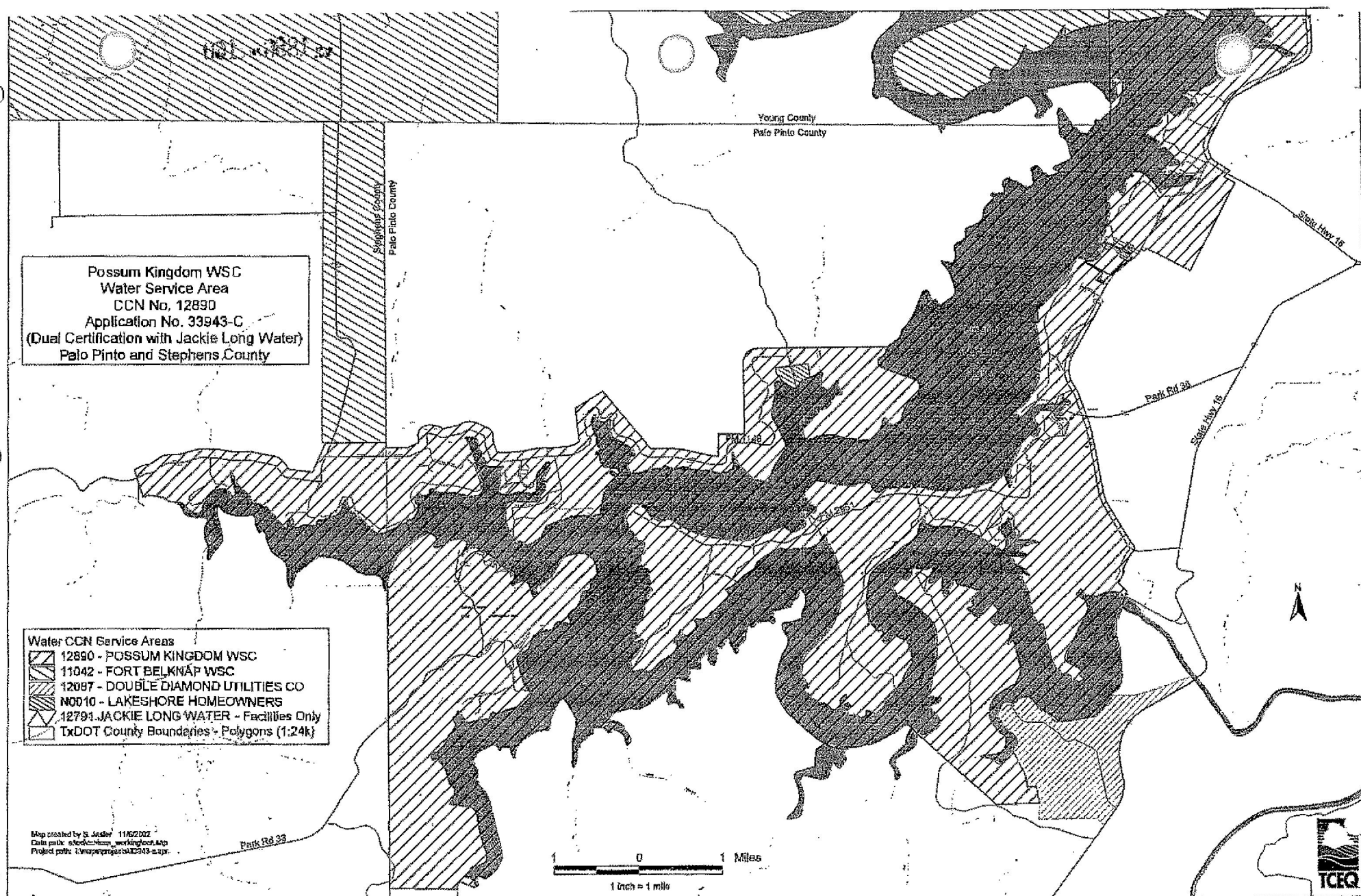


Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan,

PKWSC 000014



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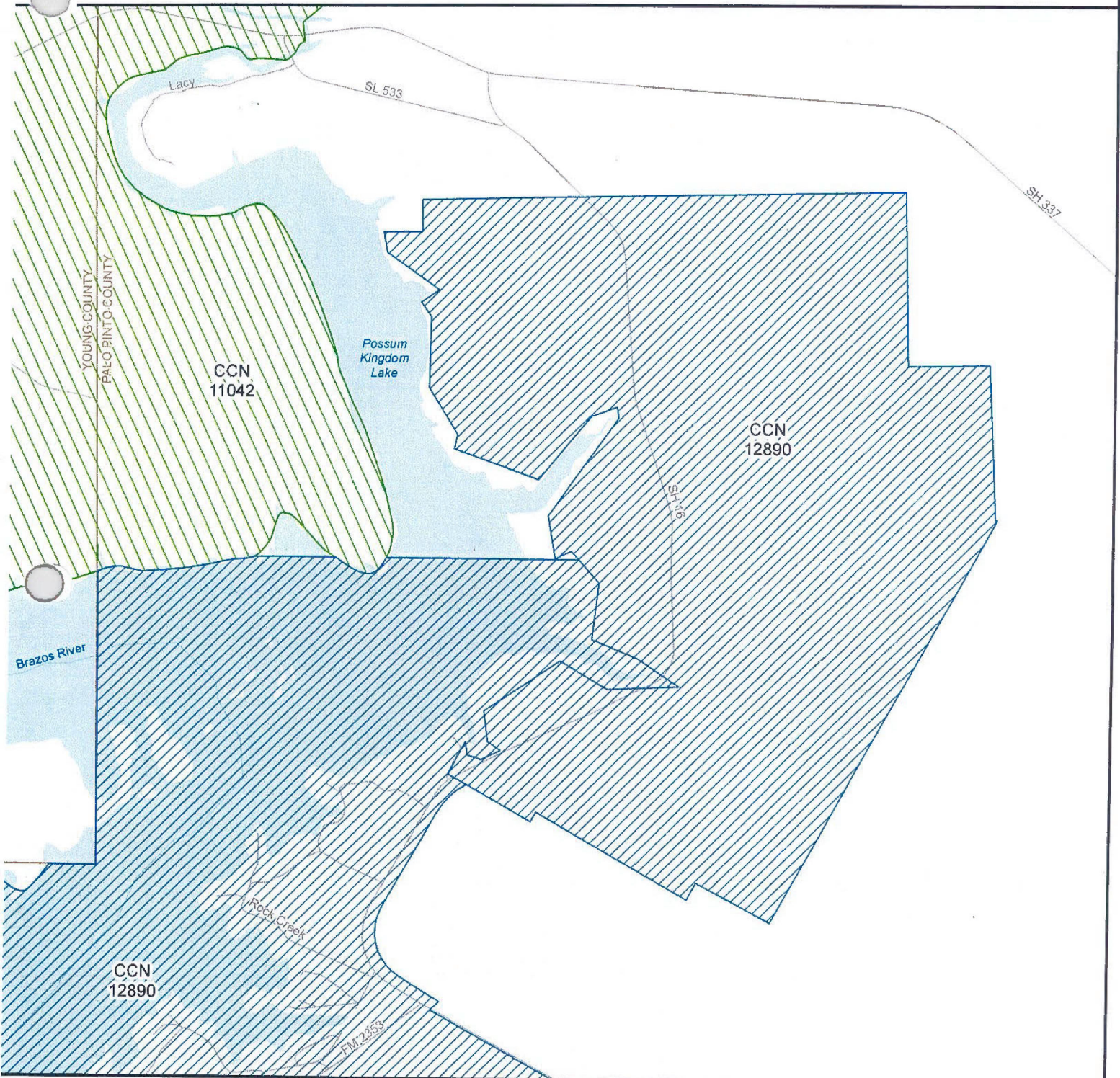


Possum Kingdom Water Supply Corporation

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



0 1,500 3,000  
Feet



**Water CCN**

 12890 - Possum Kingdom WSC

 11042 - Fort Belknap WSC





# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That**

## **Possum Kingdom Water Supply Corporation**

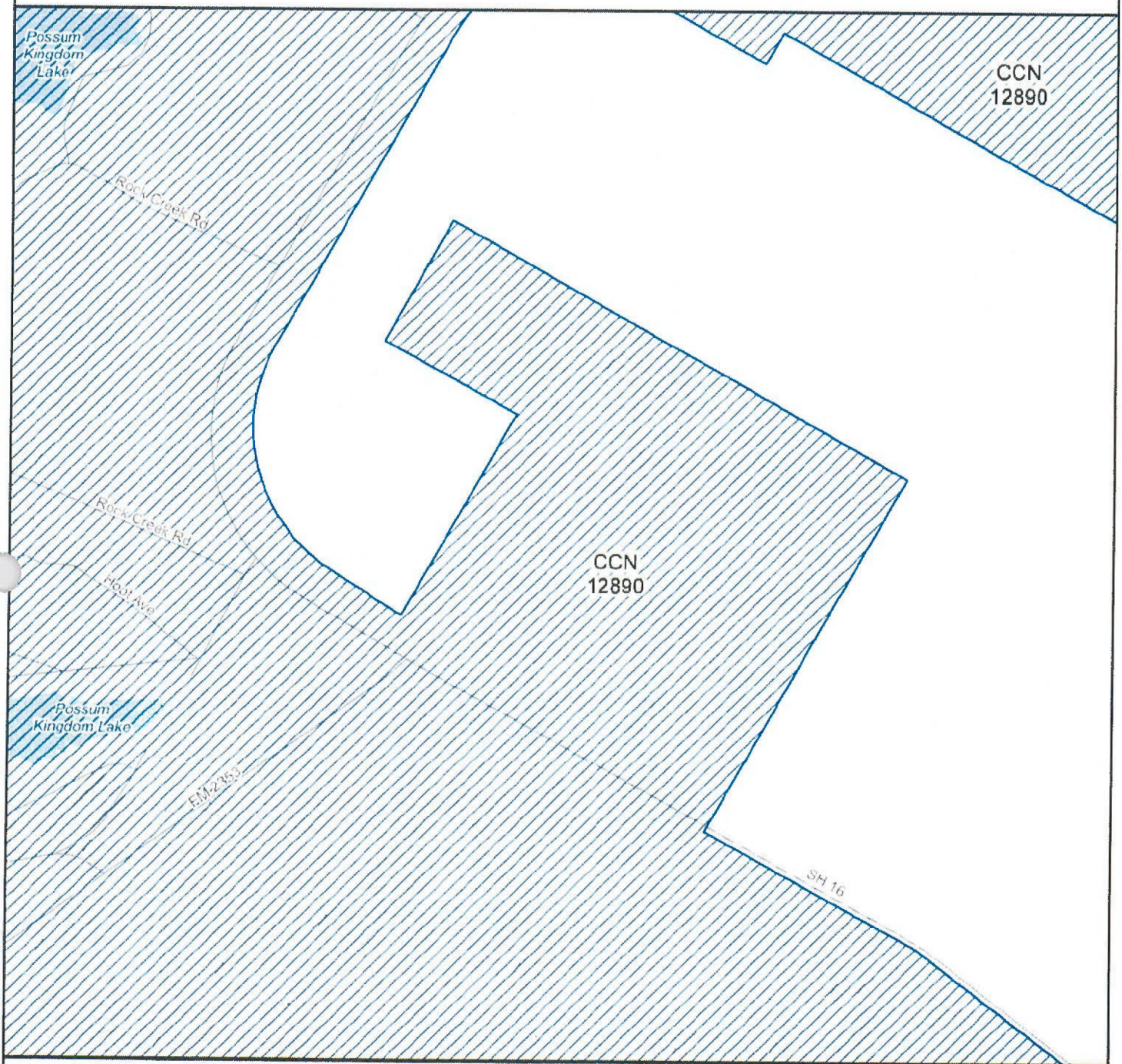
having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Possum Kingdom Water Supply Corporation is entitled to this

### **Certificate of Convenience and Necessity No. 12890**

to provide continuous and adequate water utility service to that service area or those service areas in Palo Pinto and Stephens Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 51161 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Possum Kingdom Water Supply Corporation to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this 13<sup>th</sup> day of May 2021.

Possum Kingdom Water Supply Corporation  
Portion of Water CCN No. 12890  
PUC Docket No. 51161  
Amended CCN No. 12890 in Palo Pinto County



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

**Water CCN**

 12890 - Possum Kingdom WSC

0 450 900  
Feet



Map by: Komal Patel  
Date created: March 12, 2021  
Project Name: 51161PossumKingdomWSC.mxd

PKWSC 000018



## 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-~~Corrected 10-26-2021 to read Section E,14 a.(4).

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 10<sup>th</sup> 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:
- Failure of the Applicant or Transferee to complete all required easements, forms and pay all required fees and charges;
  - Failure of the Applicant or Transferee to comply with rules, regulations, policies, and bylaws of the Corporation;
  - Existence of a hazardous condition at the Applicant's property which would jeopardize the welfare of the Members/Users of the Corporation upon connection;
  - Failure of Applicant or Transferee to provide representatives or employees of the Corporation reasonable access to property, for which service has been requested;
  - 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;
  - 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
  - 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:
- Delinquency in payment for service by a previous occupant of the premises to be served;
  - 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;
  - 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;
  - 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;
  - 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 20<sup>th</sup> 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~~ E24 of this Section) after notification by the Corporation of violation of the Prohibition of Multiple Connections. *(Added 9-14) (E24 Correction 10-26-2021)*
- 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 potentially 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:
- removing a locking or shut-off device used by the Corporation to discontinue service,
  - physically disorienting the meter,
  - attaching objects to the meter to divert service or to by-pass,
  - inserting objects into the meter, and
  - other electrical and mechanical means of tampering with, by-passing, or diverting service.
  - 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.

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

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

- 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) A Reduced Pressure Zone Assembly (RPZA) is required for any cross-connection classified as health hazard by the Texas Commission on Environmental Quality (TCEQ). Examples of these potential hazards are:
    - (a) Properties that are serviced by an On-Site Sewage Treatment Facility (septic tank and leach field) AND have an irrigation system, installed in 2009 or later (or if installed prior to 2009 and requires major maintenance, alteration, repair or service), supplied by the public potable water source ref. 30 TAC §344.51;
    - (b) Sewage pumps/lift stations;
    - (c) Water to a dock or dock side facility/marina;
    - (d) Commercial car wash and;
    - (e) Other examples shall be found in 30 TAC §290.47(f).The RPZA 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. (Revised 5-2021)
  - (4) Any connection classified as a non-health hazard but still deemed a cross-connection may use a Double-Check Valve Assembly (DCVA) or other approved back-flow prevention device. (Added 5-2021)
  - (5) 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)*
  - (6) 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 and 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:

- a. The Applicant shall provide the Corporation a completed Service Application And Agreement giving special attention to the item(s) on SPECIAL SERVICE NEEDS OF THE APPLICANT.
  - b. A final plat approved by the Corporation must accompany the Application showing the Applicant's requested service area. The plat must be approved by all governmental authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such governmental authorities shall be submitted with the plat. Applicants for single taps involving extension or upsizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.
  - c. A Non-Standard Service Investigation Fee shall be paid to the Corporation in accordance with the requirements of Section G for purposes of paying initial administrative, legal, and engineering fees. The Corporation shall refund any balance that remains after it has completed its service investigation, and has completed all legal and engineering services associated with processing a request. In the event such a fee is not sufficient to pay all expenses incurred by the Corporation, the Applicant shall pay to the Corporation all remaining expenses that have been, or will be incurred by the Corporation and Corporation shall have no obligation to complete processing of the request until all remaining expenses have been paid.
  - d. If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property located, in whole or in part, outside the area described in the Corporation's Certificate of Convenience and Necessity, service may be extended provided that:
    - (1) The service location is not in an area receiving similar service from another retail utility;
    - (2) The service location is not within another retail utility's Certificate of Convenience and Necessity; and
    - (3) The Corporation's Certificate of Convenience and Necessity shall be amended to include the entirety of Applicant's property for which service is requested. Applicant shall pay all costs incurred by Corporation in amending its CCN, including but not limited to engineering and professional fees. If the service location is contiguous to or within one-fourth (1/4) mile of Corporation's Certificate of Convenience and Necessity, Corporation may extend service prior to completing the amendment to its CCN, but will do so only upon Applicant's legally enforceable agreement to fully support such amendment (including but not limited to payment of all professional fees, including legal, surveying and engineering fees incurred by Corporation in securing the amendment).
5. **Design.** The Corporation shall approve the design requirements of the Applicant's required facilities prior to initiation of a Non-Standard Service Contract in accordance with the following schedule:
- a. The Corporation's Consulting Engineer shall design, or review and approve plans for, all on-site and off-site service facilities for the Applicant's requested service within the Corporation's specifications, incorporating any applicable municipal or other governmental codes and specifications.

- b. The Consulting Engineer's fees shall be paid out of the Non-Standard Service Investigation Fee under Section 4.
  - c. The Consulting Engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.
  - d. The Corporation's Engineer shall ensure all facilities for any Applicant meet the demand for service as platted and/or requested in the plans or plat submitted in application for service. The Corporation reserves the right to upgrade design of service facilities to meet future demands provided however, that the Corporation shall pay the expense of such upgrading in excess of the Applicant's facility requirements.
6. **Non-Standard Service Contract.** Applicants requesting or requiring Non-Standard Service may be required to execute a written contract, drawn up by the Corporation's Attorney, in addition to submitting the Corporation's Service Application and Agreement. Said contract shall define the terms of service prior to construction of required service facilities. The service contract may include, but is not limited to:
- a. All costs associated with required administration, design, construction, and inspection of facilities for water/sewer service to the Applicant's service area and terms by which these costs are to be paid.
  - b. Procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
  - c. Equity Buy-In Fee (Front-end Capital Contributions) required by the Corporation in addition to the other costs required under this Section.
  - d. Monthly Reserved Service Charges as applicable to the service request.
  - e. Terms by which service capacity shall be reserved for the Applicant and duration of reserved service with respect to the impact the Applicant's service demand will have upon the Corporation's system capability to meet other service requests.
  - f. Terms by which the Applicant shall be reimbursed or compensated for fees duplicated in assessments for monthly rates and Equity Buy-In Fees.
  - g. Terms by which the Corporation shall administer the Applicant's project with respect to:
    - 1) Design of the Applicant's service facilities;
    - 2) Securing and qualifying bids;
    - 3) Execution of the Service Agreement;
    - 4) Selection of a qualified bidder for construction;
    - 5) Dispensing advanced funds for construction of facilities required for the Applicant's service;
    - 6) Inspecting construction of facilities; and
    - 7) Testing facilities and closing the project.
  - h. Terms by which the Applicant shall indemnify the Corporation from all third party claims or lawsuits in connection with the project.
  - i. Terms by which the Applicant shall dedicate, assign and convey to the Corporation all constructed facilities and related rights (including contracts, easements, rights-of-way, deeds, warranties, and so forth) by which the Corporation shall assume operation and maintenance responsibility for the Applicant's project. The Applicant shall also provide reproducible as-built drawings of all constructed facilities. The as-built drawings must

verify that all facilities have been properly located within the easements conveyed to the Corporation.

- j. Terms by which the Board of Directors shall review and approve the Service Contract pursuant to current rules, regulations, and bylaws.
6. **Construction of Facilities by Applicant Prior to Execution of Service Contract.** – The Corporation and the Applicant must execute a Non-Standard Service Contract prior to the purchase of supplies and materials or initiation of construction of facilities by the Applicant. In the event that the Applicant commences construction of any such facilities prior to execution of a Contract with the Corporation, then the Corporation may refuse to provide service to the Applicant or, in a subdivision, to any person purchasing a lot or home from the Applicant. Alternatively the Corporation may require full costs of replacing/repairing any facilities constructed without prior execution of a contract from any person buying a lot or home from Applicant. At a minimum, the Corporation will require that all facilities be uncovered by the Applicant for inspection by the Corporation, require that any facilities not approved by the Corporation be replaced, and take any other lawful action determined appropriate by the Board of Directors of the Corporation.
7. **Property and Right-of-Way Acquisition.** With regard to construction of facilities, the Corporation shall require private right-of-way easements or private property as per the following conditions:
  - a. If the Corporation determines that right-of-way easements or facility sites outside the Applicant's property are required, the Applicant shall secure easements or title to facility sites in behalf of the Corporation. All right-of-way easements and property titles shall be researched, validated, and filed by the Corporation at the expense of the Applicant. (See Sample Application Packet RUS Form 442-8 or 442-9.)
  - b. All costs associated with facilities that must be installed in public right-of-ways on behalf of the Applicant, due to the inability of the Applicant to secure private right-of-way easements, shall be paid by the Applicant. Alternatively, Applicant shall pay all costs, including legal and other professional fees, and the condemnation award in the event Corporation secures such private easements or facility sites through eminent domain proceedings.
  - c. The Corporation shall require an exclusive dedicated right-of-way on the Applicant's property (as required by the size of the planned facilities and as determined by the Corporation) and title to property required for other on-site facilities.
  - d. Easements and facilities sites shall be prepared for the construction of the Corporation's pipeline and facility installations in accordance with the Corporation's requirements and at the expense of the Applicant.
8. **Bids for Construction.** The Corporation's Consulting Engineer shall advertise for bids for the construction of the Applicant's proposed facilities in accordance with generally accepted practices. Plans and specifications shall be made available, with or without charge, to prospective bidders. Although the Corporation reserves the right to reject any bid or contractor, the Corporation shall generally award the contract to the lowest and best bidder in accordance with the following criteria:

- a. The Applicant shall sign the Service Contract noting willingness to proceed with the project and shall pay all costs in advance of construction associated with the project;
  - b. The Contractor shall provide an adequate bid bond under terms acceptable to the Corporation;
  - c. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation;
  - d. The Contractor shall supply favorable references acceptable to the Corporation;
  - e. The Contractor shall qualify with the Corporation as competent to complete the work; and
  - f. The Contractor shall provide adequate certificates of insurance as required by the Corporation.
9. **Pre-Payment for Construction and Service.** After the Applicant has executed the Service Agreement, the Applicant shall pay to the Corporation all costs necessary for completion of the project prior to construction and in accordance with the terms of the Non-Standard Service Contract.
10. **Construction.**
- a. All roadwork pursuant to state, county and/or municipal standards (as applicable) shall be completed prior to facility construction to avoid future problems resulting from road right-of-way completion and excavation. Subject to approval of the requisite authority, road sleeves may be installed prior to road construction to avoid road damage during construction of Applicant's facilities.
  - b. The Corporation shall, at the expense of the Applicant, inspect the facilities to ensure compliance with Corporation standards.
  - c. Construction plans and specifications shall be strictly adhered to, but the Corporation reserves the right to change-order any specifications, due to unforeseen circumstances during the design phase, to better facilitate construction or operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.
11. **Dedication of Water System Extension to WSC.**
- a. Upon proper completion of construction of all on-site and off-site service facilities to meet the level and manner of service requested by the Applicant (the "Facilities"), the Facilities shall become the property of the WSC. The Facilities shall thereafter be owned and maintained by WSC subject to the warranties required of Applicant under Subsection (b). Any connection of individual customers to the Facilities shall be made by the WSC.
  - b. Upon transfer of ownership of the Facilities, Applicant shall warrant materials and performance of the Facilities constructed by Applicant for Twelve (12) months following the date of the transfer.

## **PART II. Request for Service to Subdivided Property**

**This section applies to applicants that are developers as defined in Section C Definitions.**

1. **Sufficient Information** - Applicants shall provide the corporation sufficient information describing the level and manner of service requested and the timeline for initiation of this service. The following is the minimum information needed for an engineering evaluation of the requested service to the property described in the application.
  - a. Completion of requirements described in Section F Part I, including completing the *Non-Standard Service Application*.
  - b. Applicant shall provide the Corporation with details concerning access to the property during evaluation of application.
  - c. Applicant shall be notified in writing by the Corporation or designated representative if service can be extended in accordance with the details described on the Applicant's request for service.
2. **Service within Subdivisions** – The Corporation's obligation to provide service to any customer located within a subdivision governed by this Section is strictly limited to the level and manner of the nonstandard service specified by the Applicant. The Applicant is responsible for paying for all costs necessary for non-standard service to a subdivision as determined by the Corporation under the provisions of this Tariff and specifically the provisions of this Section; if the Applicant fails to pay these costs, the Corporation has the right to require payment of these costs by any one or more of the persons purchasing lots or homes within such subdivision before the Corporation is obligated to provide water/sewer service (Texas Water Code 13.2502). In addition, Corporation may elect to pursue any remedies provided by the Non-Standard Service Contract if one has been executed. Applicant is advised that purchasers of lots also may have legal recourse to the Applicant under Texas law, including but not limited to Texas Water Code Section 13.257, and the Business and Commerce Code Chapter 17, Subchapter E Deceptive Trade Practices & Consumer Protection Act.
3. **Service to Subdivisions Involving Tracts of 50 Acres or Greater**. Applicant must provide the following in addition to all other information otherwise required by this Section:
  - a. Map and description of the area to be served using map criteria in ~~30-TAC 291.105(a)(2)(A-G))~~ 16 TAC 24.105 (a)(2)(A-H)). *Revised June 2016*
  - b. Time frame for:
    - i. Initiation of service
    - ii. Service to each additional phase following the initial service
  - c. Level of service (quantity and quality) for:
    - i. Initial needs
    - ii. Phased and final needs and the projected land uses that support the requested level of service for each phase
  - d. Manner of service for:
    - i. Initial needs
    - ii. Phased and final needs and the projected land uses that support the requested level of service for each phase



- e. Any additional information requested by the Corporation necessary to determine the capacity and the costs for providing the requested service.
- f. Copies of all required approvals, reports and studies done by or for the Applicant to support the viability of the proposed development.

Applicant must provide reasonably sufficient information, in writing, to allow the Corporation to determine whether the level and manner of service specified by the Applicant can be provided within the time frame specified by the Applicant and to generally determine what capital improvements, including expansion of capacity of the Corporation's production, treatment and/or storage facilities and/or general transmission facilities properly allocable directly to the service request are needed. If the Applicant proposes development in phases, the Applicant should specify the level and manner of service and the estimated time frame within which that service must be provided for each phase, and the Applicant must depict the currently estimated location of each phase on the maps required under ~~30 TAC Section 291.105(a)(2)(A-G)~~ 16 TAC 34.105 (a)(2)(A-H). It is important that the Applicant's written request be complete. A complete application by the Applicant should include: *Revised June 2016*

- a. the proposed improvements to be constructed by the Applicant;
- b. a map or plat signed and sealed by a licensed surveyor or registered professional engineer;
- c. the intended land use of the development, including detailed information concerning the types of land uses proposed;
- d. the projected water and/or sewer demand of the development when fully built out and occupied, the anticipated water/sewer demands for each type of land use, and a projected schedule of build-out;
- e. a schedule of events leading up to the anticipated date upon which service from the CCN holder will first be needed; and
- f. a proposed calendar of events, including design, plat approval, construction phasing and initial occupancy.

Applicant must establish that current and projected service demands justify the level and manner of service being requested. In making his/her written request for service, the Applicant must advise the corporation that he/she may request expedited decertification from the TCEQ PUC. *Revised June 2016*

Upon payment of the required fees, the Corporation shall review Applicant's service request. If no additional information is required from Applicant, the Corporation will prepare a written report on Applicant's service request, subject to any final approval by the Corporation's governing body (if applicable) which must be completed within the 90 days from the date of application and payment of the required fees. The Corporation's written report will state whether the requested service will be provided, whether the requested service can be provided within the time frame specified by the Applicant, and the costs for which the Applicant will be responsible (including capital improvements, easements or land acquisition costs, and professional fees).



In the event the Corporation's initial review of the Applicant's service shows that additional information is needed, the Corporation will notify Applicant of the need for such additional information. Notice of the need for additional information will be made in writing within 30 days of the date the Corporation receives the Applicant payment of the required fees. Applicant should respond to the Corporation's request for additional information within 15 days of receipt of the Corporation's written request. In any case, the Corporation will provide the written report, including any final approval by the Corporation's Board (if applicable) within 90 days from the date of the **initial** written application and payment of all required fees.

By mutual written agreement, the Corporation and the Applicant may extend the time for review beyond the 90 days provided for expedited petitions to the TCEQ PUC. Revised June 2016

4. **Final approval** – Upon final approval by the Corporation and acceptance of proposal for service by the Applicant, a non-standard service contract will be executed and the corporation shall provide service according to the conditions contained in the Non-Standard Service Contract.

## NON-STANDARD SERVICE CONTRACT

THE STATE OF TEXAS  
COUNTY OF PALO PINTO

THIS CONTRACT is made and entered into by and between \_\_\_\_\_ 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 \_\_\_\_\_ 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, the Public Utility Commission (PUC).

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 for 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 \_\_\_\_\_ per 100 lots. This CIAC payment scale will only cover the first \_\_\_\_\_ lots for which capacity the Developer will pay \_\_\_\_\_ 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 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 \_\_\_\_\_ lots subject to all duly tariffed rules and regulations and bylaws of PKWSC. Any increase of service capacity beyond the \_\_\_\_ 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 \_\_\_\_\_% of the water capacity contracted for herein at the end of the first three (3) years of this Agreement, 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 fire fighting 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 fire fighting 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 fire fighting, 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 fire fighting or the requirements of fire fighting. 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 fire fighting 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 back up 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: \_\_\_\_\_