

Easement -- A private perpetual dedicated right-of-way for the installation of water 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.

Equity Buy-In Fee -- Each Applicant for new service where a new service tap is necessary shall be required to achieve parity with the contributions to the construction or acquisition of the Corporation's assets related to capacity that have been made previously by existing Members. This fee shall be calculated annually after receipt of the system audit and assessed prior to providing (or reserving service for nonstandard service applicants) on a per service unit basis for each property and shall be assigned and restricted to that property for which the service was originally requested. (Tariff Section G.11.)

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.

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

Installation Fee -- A fee charged for all costs necessary for installation of the type of service required. (See Section G. 14 for breakdown of costs included in the fee.)

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 in an area served by the water supply or sewer service corporation or a person who is granted a membership and who either currently receives or will be eligible to receive water or sewer utility service from the Corporation. An applicant must be qualified for service and must have been certified as a member in accordance with the Corporation's Tariff before service will be activated.

(Texas Water Code Section 13.002(11), Texas Water Code Section 67.016(d))

Membership -- A non-interest-bearing stock or right of participation purchased from the Corporation evidencing a Member's interest in the Corporation. (See Tariff Section E. 20 and Texas Business Organizations Code Sections 22.151©).

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. The membership fee cannot be more than 12 times the minimum monthly base rate.

Multiple Use Facility -- A commercial or industrial park, 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 Corporation.

Proof of Ownership -- For the purpose of this tariff, applicants for service and membership shall provide proof of ownership of the real estate. (Texas Property Code, Title 3, Chapter 12, Section 12.001 and 12.0011)

Renter -- A consumer who rents or leases property from a Member or who may otherwise be termed a tenant. (See Tariff Section E. 19.)

Re-Service -- Providing service to an Applicant at a location for which service previously existed and where there is an existing setting for a meter. Costs of such re-servicing shall be based on justifiable expenses in connection with such re-servicing. (See Tariff Section E. 1.b.)

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 G. 19.b.)

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.

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)

Service Investigation Fee -- A non-refundable fee for costs associated with determining if service is available and determining cost of service. (See Tariff Section E.3.c. and G.28.)

Service Trip Fee -- A fee charged for any service call or trip to the Member's tap as a result of a request by the Member or tenant for response to damage of the Corporation's or another Member's facilities; for customer service inspections due to suspicion of meter tampering; bypass or diversion of service; or for the purpose of disconnecting or collecting payment for services. (See Tariff section G27)

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. (See Tariff G19.a.1)

Subdivide -- To divide the surface area of land into lots or tracts intended primarily for residential use. (Local Government Code Chapter 232, Section 232.021 (11) 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(i)(2) & 232.021 (12) Definitions and Section F., Part II)

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.

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. 26, E. 27, and E. 28 are met. Applicant must have paid an Indication of Interest Fee or Service Investigation Fee.

Texas Commission on Environmental Quality (TCEQ) -- State regulatory agency having jurisdiction over drinking water, water supply and water quality issues for Nonprofit Water and Sewer Service Corporations.

Transfer Fee -- A fee assessed by the Corporation for costs associated with transferring membership (See Tariff Section E.20.C, Section G.30 and Texas Water Code Section 67.016)

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. 20.c., Section G.30 and Texas Water Code Section 67.016)

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)

Usage -- Amount billed for water service based on actual or estimated usage.

1. **Actual Usage** -- Amount billed or to be collected based on actual meter reading.
2. **Estimated Usage** -- Amount billed or to be collected based on either the member's historical average for the prior month or for the same month of the prior year where data is unavailable (See Section E.6.b.; See also PUC Rules 16 TAC 24.165(i) regarding estimated bills.)

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)). (See Tariff Section H)

SECTION D
GEOGRAPHIC AREA SERVED

CERTIFICATE OF CONVENIENCE AND NECESSITY
To Provide Water Service Under Texas Code
And Public Utility Commission Substantive Rules

Certificate No. 12890

I. Certificate Holder:

Name: Possum Kingdom Water Supply Corporation
Address: 1170 Willow Rd.
Graford, TX 76449

II. General Description and Location of Service Area:

See CCN Maps

III. Certificate Maps:

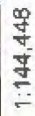
The certificate holder is authorized to provide water service in the areas identified on the Commission's official service area map maintained in the offices of the Public Utility Commission, 701 N Congress Avenue, PO Box 13326, Austin, TX 78711-3326 with all attendant privileges and obligations.

This certificate is issued under Application No. 30999 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.

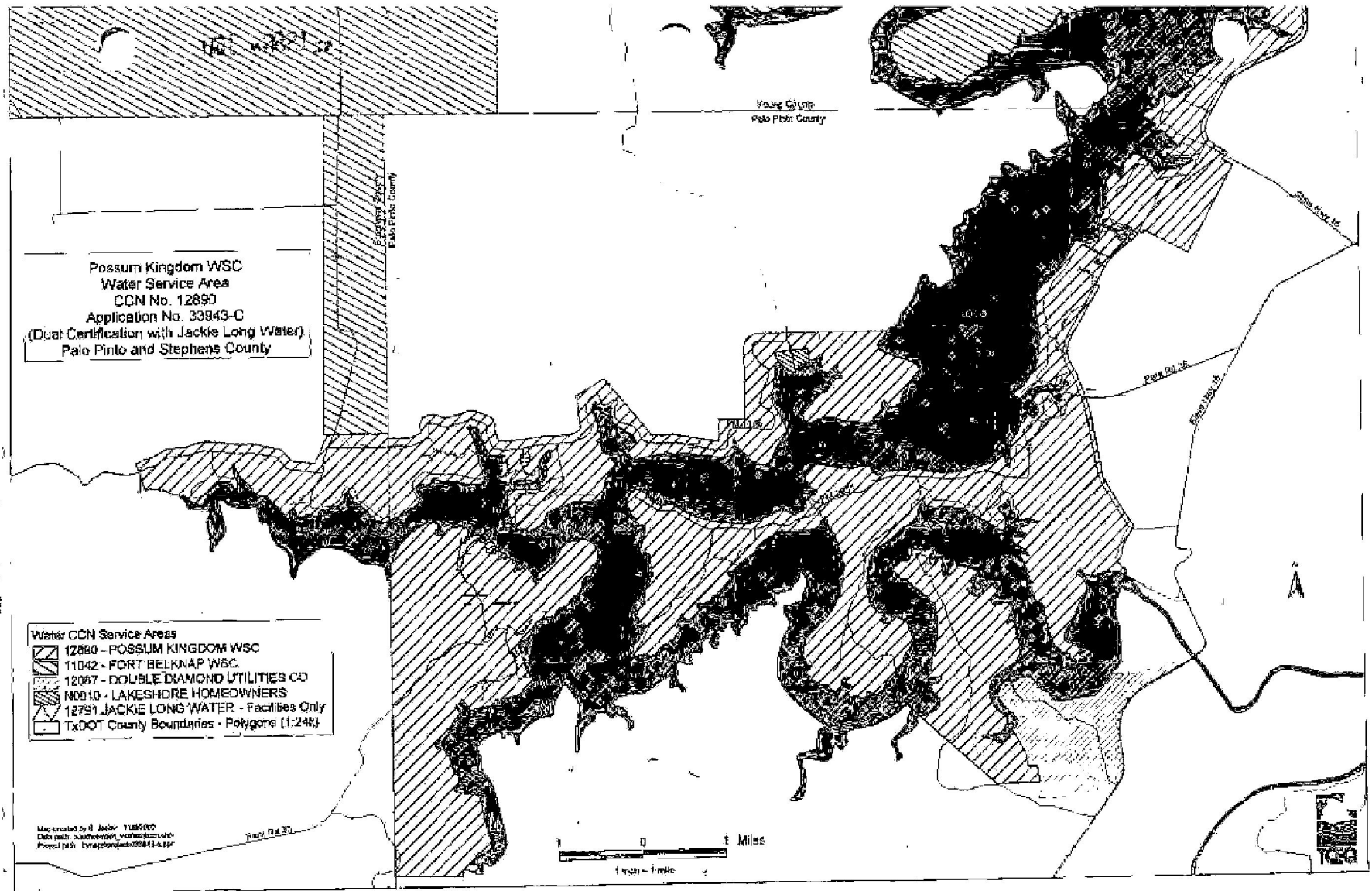
Issued Date: _____ Approved / Amended on: May 13, 2021

Attest: _____

See Attached
For the Commission

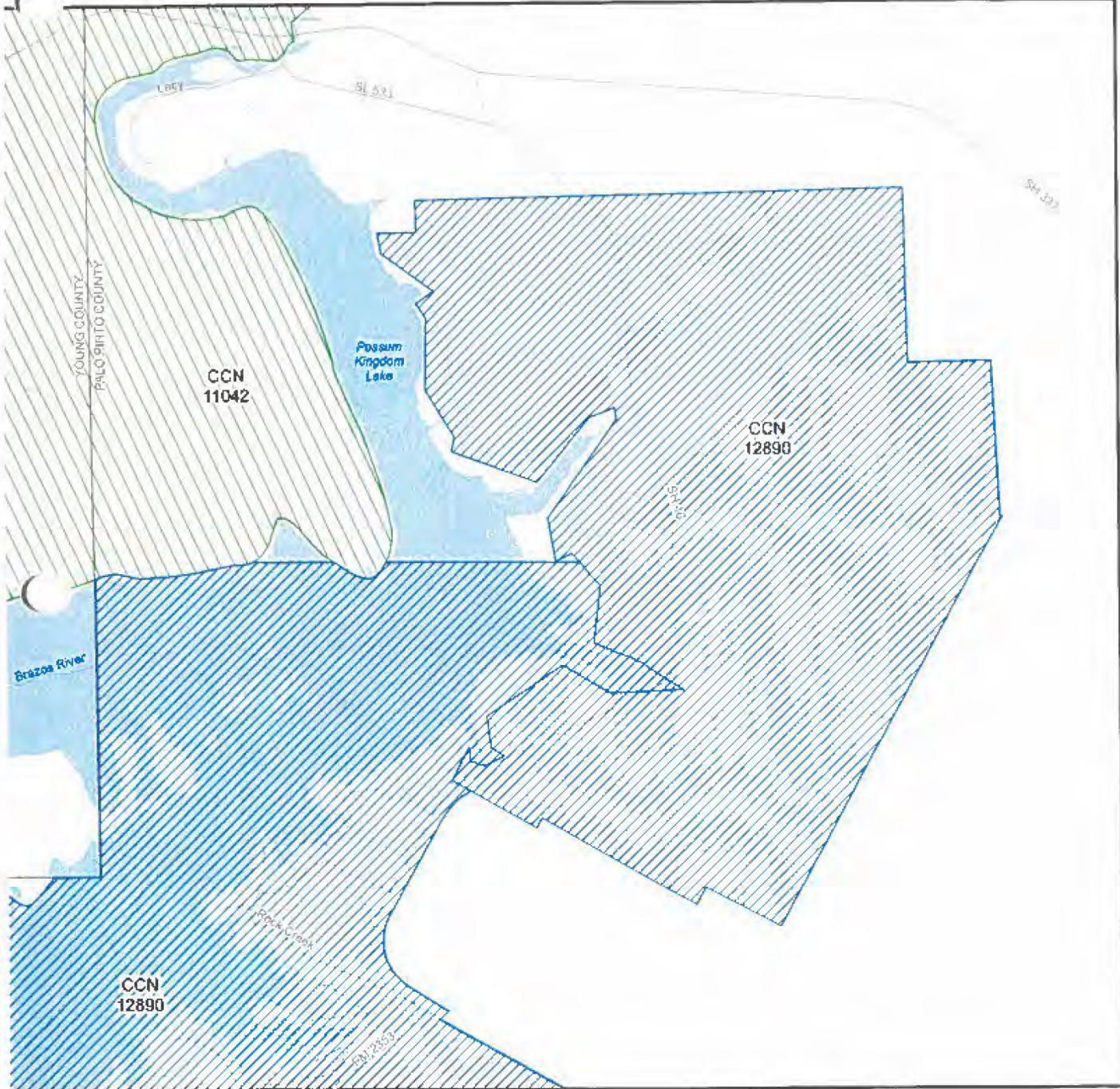


PKWSC 000404



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
1701 N. Congress Ave
Austin, TX 78701

Map by: Komal Patel
Date created: September 26, 2017
Project Path: n:\minalmapping\46312PossumKingdom.mxd

PKWSC 000406



Public Utility Commission of Texas

By These Presents Be It Known To All That

Possum Kingdom Water Supply Corporation

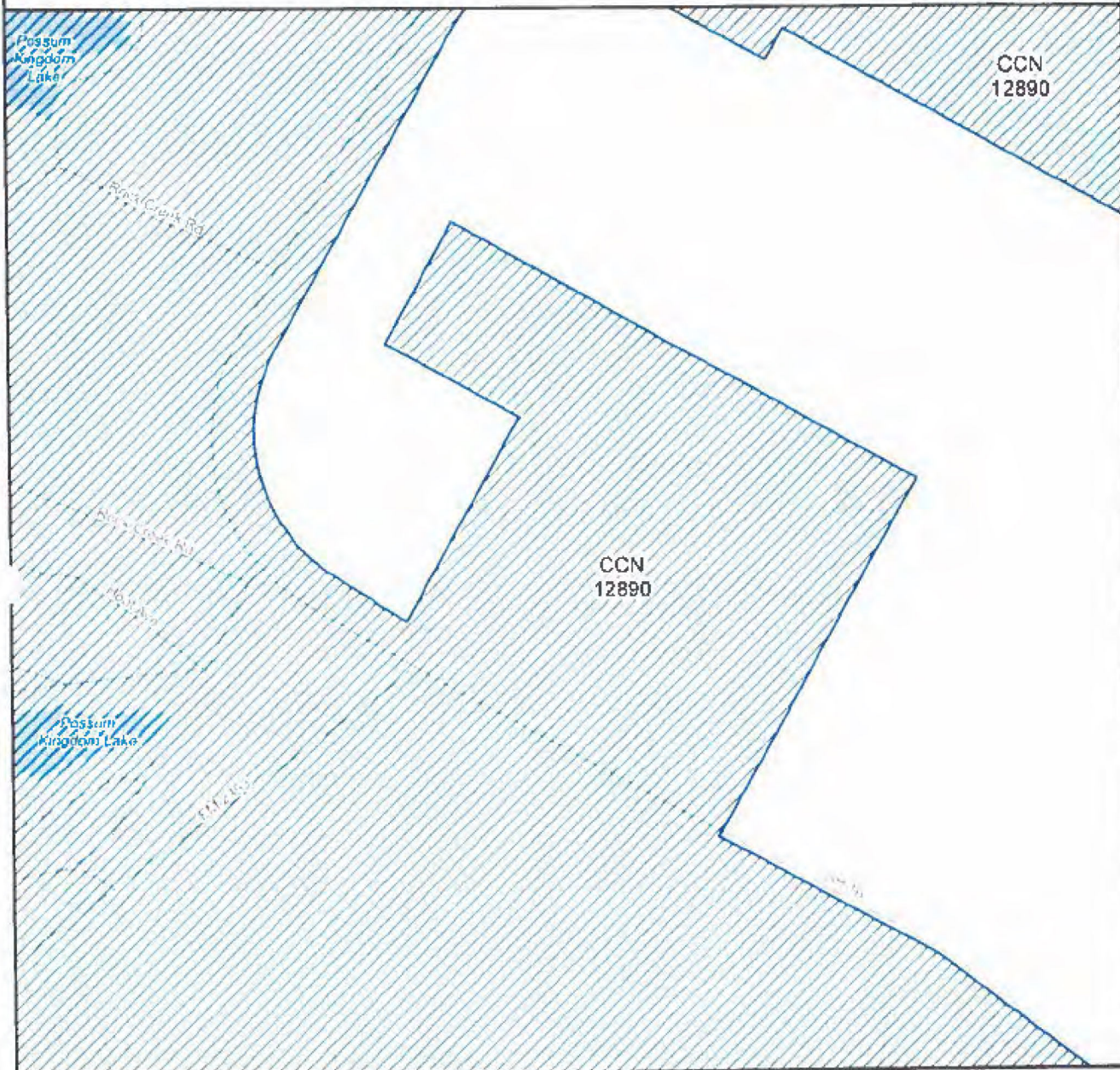
having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Possum Kingdom Water Supply Corporation 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 13th 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: Kemal Patel
Date created: March 12, 2021
Project Name: 51161PossumKingdomWSC.mxd

Section E

SERVICE RULES AND REGULATIONS

SECTION E SERVICE RULES AND REGULATIONS

1. *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. Any debt owed to the Corporation and all fees shall be paid or a deferred payment contract signed in advance of installation. (16 TAC 24.163 (a)(1)(A)).
- b. ***Re-Service*** -- On property where service previously existed, the Corporation shall charge the Membership Fee, where the Membership Fee has been liquidated or refunded, any reconnection costs and debt owed to the Corporation if the applicant is the person that previously incurred those charges, and other applicable costs necessary to restore service.
- 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 for a standard service request shall be completed within five (5) working days after requirements for service have been met. Any additional time required must be communicated to the customer and agreed to with appropriate documentation in the member file. Time may be extended for installation of equipment for Non-Standard Service Request. (see Section F. & TAC 24.161(a)(4))
- d. ***Inspection of Customer Service Facilities*** -- The property of the Applicant/ Member shall be inspected to ensure 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. The Customer must, at his or her expense, properly install, inspect, test, maintain and provide all required documentation of any approved backflow prevention device required by the Corporation. (30 TAC 290.46(j))

2. *Activation of Nonstandard Service.* Activation of Nonstandard Service shall be conducted as prescribed by terms of Section F of this Tariff.

3. *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.
- b. ***Non-Standard Service*** is defined as any service request which requires a larger meter service, service to a Master Metered Account (see E. 18) 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.
 - 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 B.) **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 is 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, Part T.5. 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 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.

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.

4. ***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.
5. ***Back-billing.*** If a Member is undercharged the corporation may back-bill the Member. Back-billing may not exceed 12 months unless such undercharge is a result of meter tampering, bypass, or diversion by the customer as defined in this tariff (See 16 TAC Section 24.165(h)). If the underbilling is \$25 or more, the utility shall offer to such member/customer a deferred payment plan option for the same length of time as that of the underbilling.
6. ***Bill Adjustment.***
 - a. **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. 21. 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. 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 Section J. Misc. Transaction Forms.)
 - b. **Due to Estimated Billing** - If the Corporation has estimated usage because the Corporation is unable to access the meter due to circumstances beyond the Corporation's control, such as a natural disaster; or because access is hindered or denied by a Member, the Corporation shall adjust the bill once access has been regained and actual usage is determined. (See Section E. 21. a.)
 - c. **Due to Water Leak** - Should a member experience a water leak that is due to uncontrollable circumstances and the bill coincides with the same billing time period, PKWSC may offer a one-time adjustment if the usage exceeds the average of the previous six (6) months usage and the leak has been repaired. A copy of the repair invoice and/or photographic evidence showing the repairs have been made is required to start the adjustment process. The total gallonage on the bill will be credited and re-billed by adjusting the amount billed at each rate level and eliminating the highest rate which can be billed. The first rate level will be increased to two (2) times the gallonage stated in the rate; the second rate level by three (3); the third by three (3); and all remaining billed at the fourth rate level.
7. ***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.
8. ***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 (See Section E. 12. a.)

9. *Charge Distribution and Payment Application.*

- a. The Base Rate is for the billing period from the 15th day of the month to the 15th day of the following month. Charges shall be prorated for meter installations and service terminations falling during the billing period. Billings for this amount shall be mailed on or about the 20th of the month preceding the month for which this charge is due. All services shall be subject to this charge whether or not the service is in use by the Member.
- b. Gallonage Charge shall be billed at the rate specified in Section G.17.C, and billing shall be calculated in ten (10) and one hundred (100) gallon increments based on meter size. 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 and late fees 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.

10. *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 Appendix B). 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. Nonpayment 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.

11. *Denial of Service.* The Corporation may deny service for any of the following reasons:

- a. Failure of the Applicant or Transferee to complete all application requirements, including granting an easement, completing all forms, and paying all required fees and charges;
- b. Failure of the Applicant or Transferee to comply with rules, regulations, policies, and bylaws of the Corporation;
- c. Existence of a hazardous condition at the Applicant's property which would jeopardize the welfare of the Members/Users of the Corporation upon connection;
- d. Failure of Applicant or Transferee to provide representatives or employees of the Corporation reasonable access to property, for which service has been requested;
- e. Failure of Applicant or Transferee to comply with all governmental rules and regulations of the Corporation's tariff on file with the state regulatory agency governing the service applied for by the Applicant;

- f. Failure of Applicant or Transferee to provide proof of ownership, to the satisfaction of the Corporation, of property for which the tap has been requested;
- g. Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided;
- h. 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 20.)

12. **Disconnection of Service Rules.** The following describes the rules and conditions for disconnection of service. Notwithstanding any language to the contrary in the Service Application and Agreement Form, the Corporation may only discontinue service for the reasons set forth in this Section.

- 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 Appendix B) Any such instruments returned as insufficient or nonnegotiable 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 water service, failure to timely provide a deposit or other security under, or failure to comply with the terms of a deferred payment agreement (See Appendix B);
 - 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 nonstandard 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 (including, where appropriate, Section H), 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 or hindering 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. Conditions that may hinder access include, but are not limited to, fences with locked gates, vehicles or objects placed on top of meters or meter boxes, and unrestrained animals.
 - 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 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) Violation of any applicable regulation or pertaining to on-site sewage disposal systems if the Corporation has been requested in writing to disconnect service by the TCEQ or the TCEQ's designated representative under Chapter 366 of the Texas Health and Safety Code.
 - 10) Failure to pay charges arising from service trip fee as defined in Section G. 27., meter re-read fee, or meter read fee when customer on self-read plan failed to submit their meter reading.
 - 11) Failure by a Member to pay for all repair or replacement costs resulting from the 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 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 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.
 - 12) Failure to disconnect or secure additional service tap(s) for an RV or other service connection (See E. 25 of this Section) after notification by the Corporation of a violation.
- h. ***Disconnection Without Notice*** – Water utility service may be disconnected without notice for any of the following conditions:
- 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 as defined in Texas Health and Safety Code Sections 341.011 or 343.011. 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(i) and 290.46(j)). 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.
 - 2) A line leak on the member's side of the meter is considered a potentially hazardous condition under paragraph b. 1, as stated above. 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.

- 3) Service is connected without authority by a person/entity 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 tap or equipment, by-passing the meter or equipment, or other diversion of water or sewer 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 nonutility service provided by the Corporation, unless an agreement exists between the Applicant and the Corporation whereby the Member guarantees payment of nonutility 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 Section E. 15. 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.
- 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 PUC.
- f. **Disconnection for Ill Customers** – The Corporation may not discontinue service to a delinquent residential Member or tenant under an alternative billing agreement 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 Appendix B). 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.

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:

- 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 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 on behalf of the owner to avert disconnection or to reconnect service to the complex.

h. **Disconnection of Temporary Service** – When an applicant with 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.

13. **Disputed Bills.** In the event of a dispute between the Member and the Corporation regarding any bill, the Corporation shall make and conduct an investigation as 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.

14. Due Dates, Delinquent Bills, and Service Disconnection Date.

- a. The Corporation shall mail all bills on or about the 20th of the month. All bills are considered the responsibility of each person signing the Service Application and Agreement Form. All bills shall be due and payable upon receipt and are past due beyond the date indicated on the bill (allowing approximately fifteen (15) days to pay), after which time a penalty shall be applied as described in Section G15. The time for payment by a political subdivision may be different than your regular due date. (See Texas Government Code 2251.021) 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 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.
- b. The Board of Directors or General Manager may elect to not charge a late fee or disconnect fee in accordance with this Tariff during or after the occurrence of a natural disaster or other incident that impacts the property of members or interrupts the management and operation of the system.
- c. 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. (Texas 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.

- d. All insufficient fund checks, accounts closed or money orders that have had a "stop payment order" issued for payment of a water bill will be deemed delinquent as if no payment was received and the meter is subject to disconnection with notice on the regular disconnection day.

15. **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 six (6) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.

16. **Insufficient Grounds for Refusal of Service.** The following shall not constitute sufficient cause for the refusal of service to an Applicant:

- a. Delinquency in payment for service by a previous member or occupant of the premises to be served;
- b. Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;
- c. Violation of the Corporation's rules pertaining to operation of nonstandard equipment or unauthorized attachments which interferes with the service of others, unless the customer has first been notified and been afforded reasonable opportunity to comply with said requirements;
- d. Failure to pay a bill of another member or customer as guarantor thereof unless the guarantee was made in writing to the Corporation as a condition precedent to service; and
- e. Failure to pay the bill of another member or customer at the same address except where the change of customer identity is made to avoid or evade payment of a water bill.

17. **Line Extension Reimbursement.** An approved Applicant may have to pay on a prorated basis a line reimbursement fee to the Corporation for the purpose of reimbursing a member or other party that made the capital outlay to extend service to that area. (See Appendix B)

18. **Master Metered Account Regulations.** An apartment building, condominium, manufactured housing (modular, mobile or RV) community, business center or other similar type enterprise may be considered by the Corporation to be a single commercial facility if the owner applies for a meter as a "master metered account" and complies with the requirements set forth in PUC rules, this Tariff and applicable law. The Corporation may allow master metering and/or nonstandard sewer service to these facilities at an Applicant's request. (16 TAC (24.281(e)(1)).

19. **Members and Renters.** Any Member having complied with the requirements of this Tariff, renting or leasing property designated to receive service according to the terms of this tariff to other parties is responsible for all charges due the Corporation. The membership for rental or leased properties shall be in the name of the Member as required by this Tariff. 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 Member shall be required to sign an Alternate Billing Agreement if the Member requests that the tenant be billed for utility service. (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 will

notify the Member of the renter's past due payment status. Such notification will be subject to a service charge. See Appendix B)

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.

20. 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, payment of the required fees, and any debt owed to the Corporation, 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 (1) 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 Section 67.016)
- c. **Transfers of Membership.** - (Texas Water Code Section 67.016)
 - 1) A Member or executor of estate (court order or other legal instrument) 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 Subsection 20. c. (1) of this Section, 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 be considered a new application for service and is not binding on the Corporation until such transfer has been approved as provided by Subsection 20. c. 3 of this Section.
 - 3) Qualifications for service upon transfer of Membership set forth in Subsection 20.c.1 and 20.c.2 of this Section 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) The Transferee has completed the required Application Packet including granting the Corporation with a private utility easement on the form provided by the Corporation;
 - b) The membership has not been fully or partially liquidated; and
 - c) The Transferee demonstrates satisfactory evidence of ownership of the property designated to receive service and from which the Membership originally arose.

- 4) If the application packet and other information is not completed on the day transfer of membership is requested the corporation will give the transferee written notice of 10 additional days to produce completed documentation to the corporation office. Service will be disconnected on the day following the 10th day according to disconnection with notice requirements. Additional time may be allowed at the direction of the manager or board.
- d. **Cancellation of Membership** – To keep a Membership in good standing, a Base Rate 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 Appendix B.) 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 Section E 1. of this Tariff. (Texas Water Code Section 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 11. a.). 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 Subsection E. 1 b. of this Tariff.
- f. **Cancellation Due to Policy Noncompliance** – 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 Section 67.016)
- g. **Re-assignment of Cancelled Membership.**
- 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 Subsection E. 20. 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. 12. 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 Death (or Dissolution of Joint Tenancy)*** – The Corporation shall transfer the membership to a spouse (or joint tenant) or heir 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) or heir requesting transfer, such as final divorce decree, temporary court order, probate decree, affidavit of heirship, 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.

21. Member's Responsibility.

- a. The Member shall provide access to the meter or sewer tap location 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. Conditions that may hinder access include, but are not limited to, fences with locked gates, vehicles or objects placed on top of meters or meter boxes, and unrestrained animals.
- 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 water connections shall be designed to ensure against on-site sewage contamination, 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 290.46, Texas Health & Safety Code Chapter 366)
- 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 of service), supplied by the public potable water source. (ref. 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).
 - f. The RPZSA must be installed by a licensed plumber or irrigation specialist between the system and the water meter. After installation it must be inspected by a certified Backflow Prevention Assembly Tester (BPAT) with the inspection report sent to PKWSC. Inspection is required annually thereafter with the report sent to PKWSC.
- 4) Any connection classified as a non-health hazard but still deemed a cross-connection may use a Double-Check Valve Assembly (DCVA)
- 5) The use of pipe and pipe fittings that contain more than 0.25% lead or solder and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or nonresidential facility providing water for human consumption and connected to the Corporation's facilities. Customer service pipelines shall be installed by the applicant. (30 TAC 290.46; RUS-TX Bulletin 1780-9)
- 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 and sewer equipment shall end at the meter or other service equipment as installed. 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 within two feet of the meter 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.

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

- a. The relocation is limited to the existing property designated to receive service;
- b. A current easement for the proposed location has been granted to the Corporation; and
- c. The Member pays the actual cost of relocation plus administrative fees.
- d. Service capacity is available at proposed location.

23. Meter Tampering and Damage to Property.

- a. For purposes of this Section, the term "Tampering" shall mean meter-tampering, by-passing, or diversion of the Corporation's service equipment, or other instances of diversion, including:
 - 1) Removing a locking or shut-off device used by the Corporation to discontinue service;
 - 2) physically disorienting the meter or sewer tap;
 - 3) attaching objects to the meter or sewer tap to divert service or to by-pass;
 - 4) inserting objects into the meter or sewer tap;
 - 5) other electrical and mechanical means of tampering with, by-passing, or diverting service; connection or reconnection of service without Corporation authorization;
 - 6) connection into the service line of adjacent customers of the Corporation; and
 - 7) preventing the supply or wastewater discharge from being correctly registered by a metering device or sewer tap due to adjusting the valve so that flow is reduced below metering capability.

The burden of proof of Tampering 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 Tampering is initiated. A court finding of 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 Sections 28.03, 12.21 and 12.22.

- b. If the Corporation determines under subsection (a) that Tampering has occurred, the Corporation shall disconnect service without notice as set forth in Subsection E.11.b. and charge the person who committed the Tampering the total actual loss to the Corporation, including the cost of repairs, replacement of damaged facilities, and lost water revenues.
- c. A person who otherwise destroys, defaces, damages or interferes with Corporation property will be charged the total actual loss to the Corporation including but not limited to the cost of repairs, replacement of damaged facilities, and lost water revenues. The Corporation also will prosecute the offending party to the extent allowed under law pursuant to Texas Water Code Section 49.228 and other applicable laws.
- d. 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 Basic Rate.

Note: For purposes of this section, "offending party" means the person who committed the tampering or damaged the property.

24. 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.

25. Multiple Connections to A Single Tap.

- a. No more than one (1) residential, commercial, or industrial service connection is allowed per meter. The Corporation may consider allowing an apartment building or mobile home/RV park,

or similar facility to apply as a "Master Metered Account" and have a single meter (See Subsection E, 18.) If the Corporation has sufficient reason to believe a Multiple Connection exists to a permanent or full-time residence, the Corporation may 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 Paragraph E. 12. b. (See Sample Application Packet RUS-TX Bulletin 1780-9 (Rev. 05/17))

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 water system that is connected to a primary delivery point already servicing one residence, one commercial or industrial facility serving another residence or commercial or industrial facility. Water or sewer lines to outbuildings, barns or other accessory structures shall not be considered 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 permanent or full-time residence.
 - 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 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 Six (6) months. If the recreation vehicle/travel trailer is being used for a permanent residence, this Tariff requires that an additional membership be secured, and a separate meter installed. 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 may be required to apply as a Master Metered facility. 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.

26. Service Entitlement. The Applicant(s) 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. (16 TAC 24.161(a))

27. Service Location and Classification. For the purposes of this Tariff, service requested by the Applicant(s) shall be for real estate designated to receive the service provided by the Corporation. Service shall be through a meter or sewer tap located on that designated real estate unless otherwise approved by the board. Service shall be divided into the following two classes:

- a. **Standard Service** is defined as service on a specific property designated to receive 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" 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. **Nonstandard Service** is defined as any service request which requires a larger meter service, service to a Master Metered Account (see E. 2. 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 Nonstandard Service Applicant prior to providing service.

28. Service Requirements. The Corporation's Service Application and Agreement Form shall be completed in full and signed by the Applicant(s). Where applicable, in addition to the applicant, any other person sharing an ownership interest in and receiving service at that property shall sign the Service Application and Agreement Form; however, even if the spouse or other person sharing an ownership interest does not sign the Service Application and Agreement Form, they are still responsible for all terms set forth therein, and for any debt obligation related to the account. (See Sample Application RUS-TX Bulletin 1780-9 (Rev. 05/17))

- a. 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. 05/17), 30 TAC 290.47 Appendix B.) **NOTE: This requirement may be delayed for Nonstandard Service requests.**
- b. The Applicant shall provide proof of ownership to property for which service has been requested in a manner acceptable to the Corporation. Proof of ownership shall consist of warranty deed, deed of trust or other recordable documentation of title to the real estate designated to receive service. (Texas Water Code Sections 67.016 (d), and 13.002 (11) *See also* Uniform Partition of Heirs Property Act, Property Code Chapter 23A).
- c. 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 is not feasible. If the Corporation determines that installation of individual meters is not feasible, the property owner or manager shall install a plumbing system that is compatible with the installation of master meters. The Corporation shall be entitled to the payment of costs, including the costs of master meter installations, as provided in Section G12. The cost of master 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.
- d. 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. (16 TAC 24.153 (a)(1)).

- e. 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 the easement(s) 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 or easements for the Corporation's system-wide service. (See Appendix B.)
- f. The Corporation shall post on its website or provide to each service applicant or transferee a copy of the Disclosure of Personal Information Request Form. (See Appendix B). *See also*, Texas Utilities Code Section 182.052(c).

Section F

DEVELOPER AND SUB-DIVISION NON-STANDARD SERVICE REQUIREMENTS

SECTION F DEVELOPER, SUBDIVISION AND NON-STANDARD SERVICE REQUIREMENTS

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 the 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 30 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.

3. ***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 the 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).
4. **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.

5. ***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. Terms by which service capacity shall be reserved for the Applicant and duration or reserved service with respect to the demand which the level and manner of the service will have upon the Corporation's system facilities.
- d. Capital in Aid of Construction (Front-end Capital Contributions) required by the Corporation in addition to the other costs required under this Section.
- e. Monthly Reserved Service Charges as applicable to the service request.
- 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 on 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. ***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

Initials

PKWSC 000434

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 forward 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 shall 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

Initials

PKWSC 000436

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 or 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 CAC 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 _____ is 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 codes. 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 fire fighting.

- (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.

Initials

PKWSC 000438

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

Initials

PKWSC 000439

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

Initialed

PKWSC 000441

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:

Name: _____

Title: President, Board of Directors

Title: _____

Date: _____

Date: _____

DRAFT

Initiate

PKWSC 000442

RIGHT OF WAY EASEMENT (General Type Easement)

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

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

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

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

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

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

Initials

PKWSC 000443

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

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

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

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

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

ACKNOWLEDGEMENT

STATE OF TEXAS
COUNTY OF _____

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

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

(Seal)

County, Texas.
(Notary Public in and for)

Initials

PKWSC 000444

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

"Exhibit A"

[CHECK APPROPRIATE DESCRIPTION]

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

or

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

Metes and Bounds Description:

DRAFT

Initials

PKWSC 000445

Section G

RATES AND SERVICE FEES

SECTION G RATES AND SERVICE FEES

Unless specifically defined in this Tariff, all fees, rates, and charges as stated shall be non-refundable. *Additionally, rates and service fees will apply to all members unless specifically defined in the "fee" description.*

1. ***Additional Assessments.*** In the event any federal, state or local government imposes on the Corporation a "per Meter" fee or an assessment based on a percent of water / sewer charges, this fee or assessment will be billed and collected as a "pass through" charge to the customer.
2. ***Administrative Fee.*** An administrative fee of \$50.00 will be billed for new service applications due to the document processing required for billing and coordination of the installation.
3. ***Assessments.*** If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by Rural Development, so that the sum of such assessments and amount collected from waste and other charges is sufficient to fully pay all costs of the operation, maintenance, replacement and repayment of indebtedness for the year's operations. (See Article XVIII of USDA Model bylaws, Section I Rev. 12-2011 or the Corporations's bylaws or other governing documents)
4. ***Backflow Prevention Testing & Inspection.*** The Corporation can provide annual inspection of installed Reduced Pressure Zone Assembly devices for \$100.00. Members can request this service by notifying the office. This can be set up to be automatically inspected annually with the approval the Member.
5. ***Capital in Aid of Construction(CIAC).***
CIAC is a developer's obligation to compensate PKWSC for service capacity that will be dedicated to service the property. These funds are to reimburse PKWSC for that portion of its existing services capacity being reserved for the property plus increased capacity to be created by an upgrade(s) to the Water Treatment Plant to increase production in .5MGD increments, a portion of which will be dedicated to the developer's property. The CIAC fee as of January 1, 2023 is \$25,120 per residential connection. This is based on the December, 2022, engineering estimate of \$19,518,240 to build a facility with production equipment for .5 MGD. The number of residential meters to be service with a .5 MGD system is 777. CIAC is calculated by dividing the engineering estimate by 777. CIAC is in addition to the normal installation fee to obtain water service. A Non-Standard Contract is required to include PKWSC and developer's requirements. See section F
6. ***Customer History Report Fee.*** A fee of \$15.00 shall be charged to provide a copy of the Members record of past water purchases in response to a Member's request for such a record.
7. ***Customer Service Investigation Fee.*** A fee of \$75.00 shall be assessed each applicant before permanent continuous service is provided for new meter placements.

8. **Data Logger / Meter Data Analysis.** Member requests for a "Data Logger" to run on their meter due to potential leak or high usage will be charged \$75.00. The meter data analysis report can be provided to the member. Should it be determined that an error or mistake has been made by PKWSC, the fee will be waived or credited as appropriate. *(Added to the Tariff 11-15-2021)*
9. **Disconnect Fee.** A fee of \$50.00 will be charged to disconnect a meter due to non-payment or other approved violations defined in Section E. 12.
10. **Easement Fee.** When the Corporation determines that private right-of-way easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to make good faith efforts to secure easements on behalf of the Corporation and/or pay all costs incurred by the Corporation in validating, clearing, and retaining such right-of-way in addition to tap fees otherwise required pursuant to the provisions of this Tariff. The costs may include all legal fees and expenses necessary to attempt to secure such right-of-way and/or facilities sites on behalf of the Applicant. (See Section E. 3. c. (2), Section F. 7. a.)
11. **Equipment Damage Fee.** If the Corporation's facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, and other Corporation actions. This fee shall be charged and paid before service is re-established. If the Corporation's equipment has not been damaged, a fee equal to the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority shall be charged. All components of this fee will be itemized, and a statement shall be provided to the Member. If the Corporation's facilities or equipment have been damaged due to negligence or unauthorized use of the Corporation's equipment, right-of-way, or meter shut-off valve, or due to other acts for which the Corporation incurs losses or damages, the Member shall be liable for all labor and material charges incurred as a result of said acts or negligence.
12. **Equity Buy-In Fee.** In addition to the Membership Fee, each Applicant shall be required to achieve parity with the contributions to the construction of the Corporation's facilities capacity that have been made previously by existing Members. This fee shall be assessed immediately prior to providing or reserving service on a per service unit basis for each property and shall be assigned and restricted to that property for which the service was originally requested. This fee shall be set aside for future capacity improvements such as line upgrades, new tanks, treatment, or production. The fee for oversized or Master Metered Accounts shall be based on multiples of meter size equivalence or actual connections served. *Requests for service from the area acquired from Rock Creek Water Supply will not have this fee applied. (Revised 7-1-17)*

The formula applied to such fee calculated annually after receipt of the system audit is as follows:

Sample Calculation:

Total Contributions and Assets of the Corporation minus (-)	\$37,616,165.00
Accumulated Depreciation minus (-)	\$13,306,214.00
Outstanding Corporation Debt Principle minus (-)	\$ 5,401,400.00
Developer Contributions minus (-)	\$ 8,098,277.00
Grants received divided by	\$ 5,795,000.00
Total Number of Members / Customers equals =	2,646
Average Net Equity Buy-In Fee	\$ 1,895.42

- a. The preliminary Equity Buy-In Fee is \$420.00
- b. Effective May 17, 2006, the Equity Buy-In Fee is \$390.00
- c. Effective July 18, 2007, the Equity Buy-In Fee is \$505.00
- d. Effective May 22, 2008, the Equity Buy-In Fee is \$590.00
- e. Effective July 15, 2009, the Equity Buy-In fee is \$485.00
- f. Effective June 1, 2010, the Equity Buy-In fee is \$415.00
- g. Effective June 1, 2011, the Equity Buy-In fee is \$430.00
- h. Effective May 1, 2012, the Equity Buy-In fee is \$570.00
- i. Effective May 1, 2013, the Equity Buy-In fee is \$554.00
- j. Effective May 1, 2014, the Equity Buy-In fee is \$524.00
- k. Effective May 1, 2015, the Equity Buy-In fee is \$570.00
- l. Effective June 1, 2016, the Equity Buy-In fee is \$460.00
- m. Effective June 1, 2017, the Equity Buy-In fee is \$495.00
- n. Effective June 1, 2018, the Equity Buy-In fee is \$1,167.00
- o. Effective June 1, 2019, the Equity Buy-In fee is \$1,169.00
- p. Effective June 1, 2020, the Equity Buy-In fee is \$1,242.00
- q. Effective June 1, 2021, the Equity Buy-In fee is \$1,731.00
- r. Effective June 1, 2022, the Equity Buy-In fee is \$1,896.00

13. Impact Fee. *Applies only to the development of The Hills above PK Lake.*

- a. *At the time of closing on property in The Hills above PK Lake, a \$5,900 impact fee was assessed for each lot to cover the cost of the infrastructure. Approximately 176 lots sold prior to May 31, 2016, were not charged this fee and must pay this fee prior to becoming a member and getting a meter. Any lots still owned by the developer as of May 31, 2016, must pay the \$5,900 as part of the sale or transfer closing of the property.*
- b. *The Master Lot Report identifies which lots are to be assessed this fee.*

14. Information Copy Fee. A fee for the copying of any public information will be charged to the person requesting that information in compliance with cost rules of the Texas Government Code Section 552.261 et.seq.

15. Installation Fee. The Corporation shall charge an installation fee for service as follows:

- a. **Standard Service** shall include all current labor, materials, and equipment necessary to provide individual metered water service and shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed. To include any additional site-specific equipment or appurtenances necessary to provide water. The fee to be charged for meter installation with a service line up to 30 feet is \$1,520.00.
- b. **Non-Standard Service** shall include:
 - 1) Facility improvement costs including, but not limited to, tanks, piping, main lines, hydrants, and other labor materials necessary to provide service at the level required by Water Code and as requested by the applicant;
 - 2) line and facility inspection fees;
 - 3) administrative costs including, but not limited to, contract administration costs, processing invoices, disbursement of checks to contractors;
 - 4) legal fees, including but not limited to, contract development, easements, water rights, permits, and CCN amendments for the area;
 - 5) engineering fees; and
 - 6) any additional site-specific equipment or appurtenances necessary to provide water as determined by the Corporation under the terms of Section F. of this Tariff (includes tap fees)

c. **Standard and Non-Standard Service Installations** shall include all costs of any pipeline relocations as per Section E.27. of this Tariff.

16. **Late Payment Fee.** Once per billing period, a penalty of \$15.00 or 1%, whichever is larger, shall be applied to delinquent bills. This late payment penalty shall not be applied to any balance to which the penalty was applied in a previous billing period but shall be applied to any unpaid balance during the current billing period. **NOTE: The Corporation cannot charge political subdivisions and state agencies the late payment fee. (Texas Government Code Chapter 2251.021 and Section E.13.)**

17. **Line Extension Reimbursement Fee.** – An approved Applicant may have to pay, on a prorated basis, a line reimbursement fee to the Corporation for the purpose of reimbursing a member or other entity that made the initial capital outlay to extend service to that area.

18. **Membership Fee.** At the time the application for service is approved, a refundable Membership Fee must be paid for each service requested before service shall be provided or reserved for the Applicant by the Corporation. The membership fee cannot be more than 12 times the minimum monthly base rate.

a. The Membership Fee for water service is \$300.00 for each service unit.

b. Membership fee for oversized or Master Metered Accounts shall be based on multiples of meter size equivalence. (See Chart in Subsection 17.a.2 below.)

19. **Meter Tampering and Diversion Penalty.** In addition to the Equipment Damage Fee, the Corporation may charge a penalty for “Tampering” as defined in Section E 23. The penalty may only be assessed against the person who committed the Tampering. An owner cannot be assessed for the Tampering committed by their tenant. The penalty shall not exceed six (6) times the Base Rate.

20. Monthly Charges.

a. Base Rate

(1) Water Service - monthly charge for metered water service is based on demand by meter size. The 5/8" X 3/4" meter charge is used as a base multiplier for larger non-standard meters in accordance with the following chart based on American Water Works Association maximum continuous flow specifications.

(2) Water Service

<u>Meter Size</u>	<u>5/8 X 3/4 Meter Equivalents</u>	<u>Monthly Rate</u>
5/8 X 3/4	1	\$48.00
1 – inch	2.5	\$120.00
1 ½ inch	5	\$240.00
2 – inch	8	\$384.00
3" DISP	9	\$432.00
4" Compound	25	\$1,200.00

(3) Condominiums that are individually owned on a master meter will bill the base rate with the monthly bill going to the association and the association will be the member of the corporation. The monthly fee will be the residential rate times the number of individual units in each complex.

b. **Reserved Service Charges** -- The 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 reserved 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 Service Availability Charge for Metered Service on a per Service Unit basis. The reserved service charge for a normal residential meter has been set by the Board at 85% of the service availability charge. *This fee does not apply to the development of The Hills above PK Lake. (Revised 7/1/17)*

- c. **Gallonge Charge** - In addition to the Base Rate, a gallonge charge shall be added at the following rates for usage during any one (1) billing period based on 1,000 gallons.

1) Water

- | | |
|------------------------------------|---------|
| a) 1 to 5,000 gallons per month | \$ 2.00 |
| b) 5001-10,000 gallons per month | \$ 3.50 |
| c) 10,001-20,000 gallons per month | \$ 5.50 |
| d) 20,001-40,000 gallons per month | \$ 8.00 |
| e) 40,001 + gallons per month | \$15.00 |

- 2) Condominiums, as described in paragraph a. 3 above, will bill water usage based on 1/2 the number of units applied to each step of the rates in paragraph (1) above. Example: 42-unit condo will bill 5,000 times 21 for a total of 1-105,000 gallons at \$2.00.

- 3) The Corporation shall, as required by Texas Water Code Section 5.701, collect from each of its retail customers a regulatory assessment equal to one-half of one percent of the charge of retail water service. This charge shall be collected in addition to other charges for utility service. This fee is collected on all charges pertaining to Section G.16. Monthly Charges of the Tariff. 30 TAC 21.769d0)

21. **Mortgagee/Guarantor Notification Fee.** The Corporation shall assess a fee of \$15.00 for each notification to a Membership lien-holder under agreement prior to Membership cancellation. (See Appendix B.)

22. **Meter Test Fee.** The Corporation shall test a Member's meter upon written request of the Member. Under the terms of Section E, of this Tariff, a charge of \$25.00 shall be imposed on the affected account.

23. **Other Fees.** All services outside the normal scope of utility operations that the Corporation may be compelled to provide at the request of a Member, or the general public shall be charged to the recipient based on the cost of providing such service.

24. **Owner Notification Fee.** The Corporation shall assess a fee of \$15.00 per notification to a Member of a renter/lessee delinquent account status prior to disconnection of service. (See Miscellaneous Transaction Forms.)

**** Section Continues *****

25. Rate Sheet. (Summary of Rates)

Effective January 16, 2023

New Residential Service Fees Standard Installation			Hills Above New Residential Service Fees Standard Installation	
	Standard	Road Bore	Standard	Road Bore
Membershi	\$300.00	\$300.00	\$300.00	\$300.00
Impact Fee To be used to cover the cost of the infrastructure	Not Applicable	Not Applicable	\$5,900.00 (as applicable)	\$5,900.00 (as applicable)
Equity Buy-In Fee To be used for future capacity improvements	\$1,896.00	\$1,896.00	Not Applicable	Not Applicable
Service Investigation Engineer must approve all new service added to the system	\$150.00	\$150.00	Included in Impact Fee	Included in Impact Fee
Administration	\$50.00	\$50.00	\$50.00	\$50.00
Meter Installation Up to 30 feet service line - over 30 feet will require quote	\$1,520.00	\$1,520.00 + \$635.00 min. (quote required)	\$1,520.00	\$1,520.00 + \$635.00 min. (quote required)
Inspection of Meter Connection	\$75.00	\$75.00	\$75.00	\$75.00
Total	\$3,991.00	\$4,626.00	\$7,845.00	\$8,480.00

Service Fees	
Monthly Minimum 5/8 x 3/4	\$48.00
Reserved Service	\$40.80
Monthly Minimum 1"	\$120.00
Monthly Minimum 1 1/4"	\$225.00
Monthly Minimum 2"	\$384.00
Residential Water per 1,000 Gallons	
1 to 5,000 gallons per month	\$2.00
5,001 to 10,000 gallons per month	\$3.50
10,001 to 20,000 gallons per month	\$5.50
20,001 to 40,000 gallons per month	\$8.00
40,001 + gallons per month	\$15.00
Late Payment	\$15.00
Customer Service Inspection	\$75.00
Backflow Prevention Testing & Inspection	\$100.00
Returned Check	\$35.00
Disconnect	\$50.00
Reconnect	\$50.00
Service Trip	\$50.00
Customer History Report	\$15.00
Meter Test	\$25.00
Meter Data Analysis	\$75.00
Transfer	\$150.00
Non-Disclosure	\$5.00
The Hills above PK Annual Stand-by	\$300.00
Capital in Aid of Construction (CIAC)	\$25,120.00

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

26. **Reconnect Fee.** The Corporation shall charge a fee of \$50.00 for reconnecting service after the Corporation has previously disconnected the service for any reason provided for in this Tariff except for activation of service under section E, I, b, Re-service.
27. **Regulatory Assessment.** A fee of 0.5% of the amount billed for water service will be assessed each customer. This assessment is required under Texas law and TCEQ regulations.
28. **Returned Check Fee.** In the event a check, draft, or any other similar instrument is given by a person, firm, corporation, or partnership to the Corporation for payment of services provided for in this Tariff, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge of \$35.00. (see Appendix B)
29. **Service Trip Fee.** The Corporation shall charge a trip fee of \$50.00 for any service call or trip to the Member's tap as a result of a request by the Member or tenant for response to damage of the Corporation's or another Member's facilities; for customer service inspections due to suspicion of meter tampering, bypass or diversion of service; or for the purpose of disconnecting or collecting payment for services. For service trips that extend beyond one hour, such as when an extended line location is required, the Corporation shall charge \$40.00 per employee per hour for each additional hour required.
30. **Service Investigation Fee.** The Corporation shall conduct a service investigation for each service application submitted to the Corporation. An initial determination shall be made by the Corporation, without charge, as to whether the service request is Standard or Nonstandard. An investigation shall then be conducted, and the results reported under the following terms:
- a. All Standard Service requests shall be subject to a non-refundable Service Investigation Fee of \$150.00. Such requests shall be investigated and all applicable costs for providing service shall be quoted in writing to the Applicant within ten (10) working days of application. There are developments within the CCN that have been approved in total by the engineer and the Service Investigation Fee is not applicable. Individual contracts for property within the development must be referenced prior to submission of the request to the engineer. Master easements are also on file and not required for individual lots.
 - 1) The Harbor
 - 2) The Ranch
 - 3) The Hills above PK Lake
 - 4) Juniper Ridge
 - 5) The Reserve at Gaines Bend
 - 6) The Point
 - 7) Water Ridge
 - 8) Bailey's Crystal Bay
 - b. A fee shall be charged appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with investigation of the Corporation's ability to deliver service to the Applicant to:
 - 1) provide cost estimates of the project,
 - 2) present detailed plans and specifications as per final plat,
 - 3) advertise and accept bids for the project,
 - 4) present a Non-Standard Service Contract to the Applicant, and
 - 5) provide other services as required by the Corporation for such investigation. A Non-Standard Service Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project. (See Section F.)

- c. All Nonstandard Service requests shall be subject to a fee, appropriate to each project, or sufficient amount to cover all administrative legal, and engineering fees associated with investigation of the Corporation's ability to deliver service to the Applicant to:
- 1) provide cost estimates of the project;
 - 2) present detailed plans and specifications as per final plat;
 - 3) advertise and accept bids for the project;
 - 4) present a Nonstandard Service Contract to the Applicant; and
 - 5) provide other services as required by the Corporation for such investigation. A Nonstandard Service Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project (See Section F.)

30. *Stand-by Fee Billed Annually.* This fee applies only to the development of The Hills above PK Lake. All lots that have been sold but do not have a meter will be assessed a \$300.00 annual stand-by fee to cover the cost of maintenance and repair of the distribution system. This is to keep the system maintained in good order until such time as the lot owner requires a water meter to be installed on the lot. This fee was identified on the closing documents with the purchase from Southern Lakes and Leisure and may not apply to second, or future, owners of the property. (Revised 7/1/17)

31. *Transfer Fee.* An Applicant for service who is a Transferee shall complete all required application forms, etc., and pay a Transfer Fee of \$150.00.

32. *Voluntary Contributions* --The Corporation, as part of its billing process, collects voluntary contributions on behalf of the Palo Pinto and Stephens County Volunteer Fire Department. These donations will be divided by members serviced with 80% going to the PK East Side Volunteer Fire Department and 20% to the West Side Volunteer Fire Department.

Section H

WATER CONSERVATION
AND
DROUGHT CONTINGENCY PLAN

This information is provided in separate
Handbook that contains information required
annually by TCEQ and TWDB

A copy is available upon request

Appendix A

APPLICATION PACKET

1. New Service Request
2. Standard Application and Agreement Form
3. General Type Right-of-Way Easement
4. Non-Standard Application and Agreement

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. This form and all subsequent documentation related to this request are valid for 90 days. After the 90 days if new service is not activated, the "New Service Request" form and fees must be resubmitted.

Name _____

Billing Address _____ Phone _____

City, State, Zip Code _____

Service Address _____

Legal Description of Property (include name of road, subdivision with lot and block number)

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

940-779-3100 www.pkwatersupply.com TDD 800-735-2989
1170 Willow Road, Graford, Texas 76449

PKWSC 000458

TERMS AND CONTIDIONS

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 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 the tariff is available on the Corporation's website (www.pkwatersupply.com) or a copy of which will be provided upon request. 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 and the member/applicant has complied with all terms and conditions that caused the service to be discontinued/terminated.

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. 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 Membership fees.

All water shall be metered by meters to be furnished and installed by the Corporation. The meter connection is for the sole use of the Member 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 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 Member shall install, at their own expense, any necessary service lines from the Corporation's facilities and equipment to the point of use, including any customer service isolation valves, backflow prevention devices, 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 and any other violations or possible violations of state and federal statutes and regulations relating to the federal Safe Drinking Water Act or Chapter 341 of the Texas Health & Safety Code or the corporation's tariff and service policies.

The Member shall be responsible for compliance with all utility, 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. Potential sources of contamination shall be isolated from the public water system by an airgap or an appropriate backflow prevention assembly in accordance with state regulations*
- 3. All outside water faucets must have an anti-siphon device on hose bib connections.*
- 4. A reduced Pressure Zone Assembly (RPZA) is required for any cross-connection classified as a health hazard by the Texas Commission on Environmental Quality (TCEQ). Examples of these potential hazards are*

a. Properties that are served 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, and are supplied water by the public potable water source 30TAC§344.51;

b. Sewage pumps/lift stations;

c. Water to a dock or dock side facility marine;

d. Commercial car wash and;

e. Other examples shall be found in 30 TAC§290.47 4f).

5. 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) and annually thereafter, with the inspection report sent to the Corporation.
6. 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.
7. 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)
8. No connection which allows condensing, cooling, or industrial process water to be returned to the public drinking water supply is permitted.
9. 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.

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. 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 need of all 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.

The Corporation shall maintain a copy of this agreement as long as the Member and/or premises are connected to the public water system.

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 Applicant shall grant to the Corporation, now or in the future, any permanent recorded easements of right-of-way dedicated to the Corporation 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.

By execution hereof, Applicant agrees that noncompliance with the terms of this agreement or misrepresentation of the facts, shall constitute denial or discontinuance of service until such time as the violation(s) is corrected to the satisfaction of the Corporation.

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 racial/ethnic 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

RIGHT OF WAY EASEMENT (General Type Easement)

KNOW ALL MEN BY THESE PRESENTS, that _____, (hereinafter called "Grantors"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by Possum Kingdom Water Supply Corporation, (hereinafter called "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and convey to said Grantee, its successors, and assigns, a perpetual easement with the right to erect, construct, install, and lay and thereafter access and use, operate, inspect, repair, maintain, replace, upgrade, parallel and remove water distribution lines and appurtenances and any other facilities necessary to serve Grantors' property [including that property's water meter(s) if the easement is located at or near the property line] as well as the Grantee's current and future system-wide customers, under, over and across _____ acres of land, more particularly described as (911 Address) _____, (Lot) _____, (Block/Area) _____, (Sub-Division/Tract) _____, or (Abstract) _____ in instrument recorded in Vol. _____, Page _____, Deed Records, Palo Pinto / Stephens County, Texas, together with the right of ingress and egress over Grantor's adjacent lands for the purpose for which the above mentioned rights are granted. The easement hereby granted shall not exceed fifteen feet (15') in width, and Grantee is hereby authorized to designate the course of the easement herein conveyed except that when the pipeline(s) is installed, the easement herein granted shall be limited to a strip of land fifteen feet (15') in width the center line thereof being the pipeline as installed.

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

In the event the easement hereby granted abuts on a public road and the county or state hereafter widens or relocates the public road so as to require the relocation of this water line as installed, Grantor further grants to Grantee an additional easement over and across the land described above for the purpose of laterally relocating said water line as may be necessary to clear the road improvements, which easement hereby granted shall be limited to a strip of land fifteen feet (15') in width the center line thereof being the pipeline as relocated.

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

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

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

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

Signature

Printed Name

ACKNOWLEDGEMENT

STATE OF TEXAS §
COUNTY OF _____ §

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

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

(Seal)

County, Texas.
(Notary Public in and for)

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 both 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

Initials

PKWSC 000463

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 adopted 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.

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 _____ 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

Initials

PKWSC 000465

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 or 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 PKWSC's lawful tariffed rules, regulations and bylaws of PKWSC. Any increase of service capacity beyond the _____ initial minimum shall be contingent upon the Developer paying PKWSC 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 _____ is 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 initial capacity contracted for herein at the end of the first three (3) years of the 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.

Initials

PKWSC 000466

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 an emergency.

- (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.

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

Initials

PKWSC 000467

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:

Poseidon Kingdom Water Supply Corporation
1170 Willow Road
Grafard, MD 26449

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

Initials

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.

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.

Initials

PKWSC 000469

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 writing signed by the authorized representatives of PKWSC and the Developer. Any 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.

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

Initials

PKWSC 000470

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: _____

Name: _____

Title: President, Board of Directors

Title: _____

Date: _____

Date: _____

DRAFT

Initials

PKWSC 000471

RIGHT OF WAY EASEMENT (General Type Easement)

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

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

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

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

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

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

Initials

PKWSC 000472

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

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

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

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

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

ACKNOWLEDGEMENT

STATE OF TEXAS
COUNTY OF _____

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

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

(Seal)

County, Texas.
(Notary Public in and for)

Initials

PKWSC 000473

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

"Exhibit A"

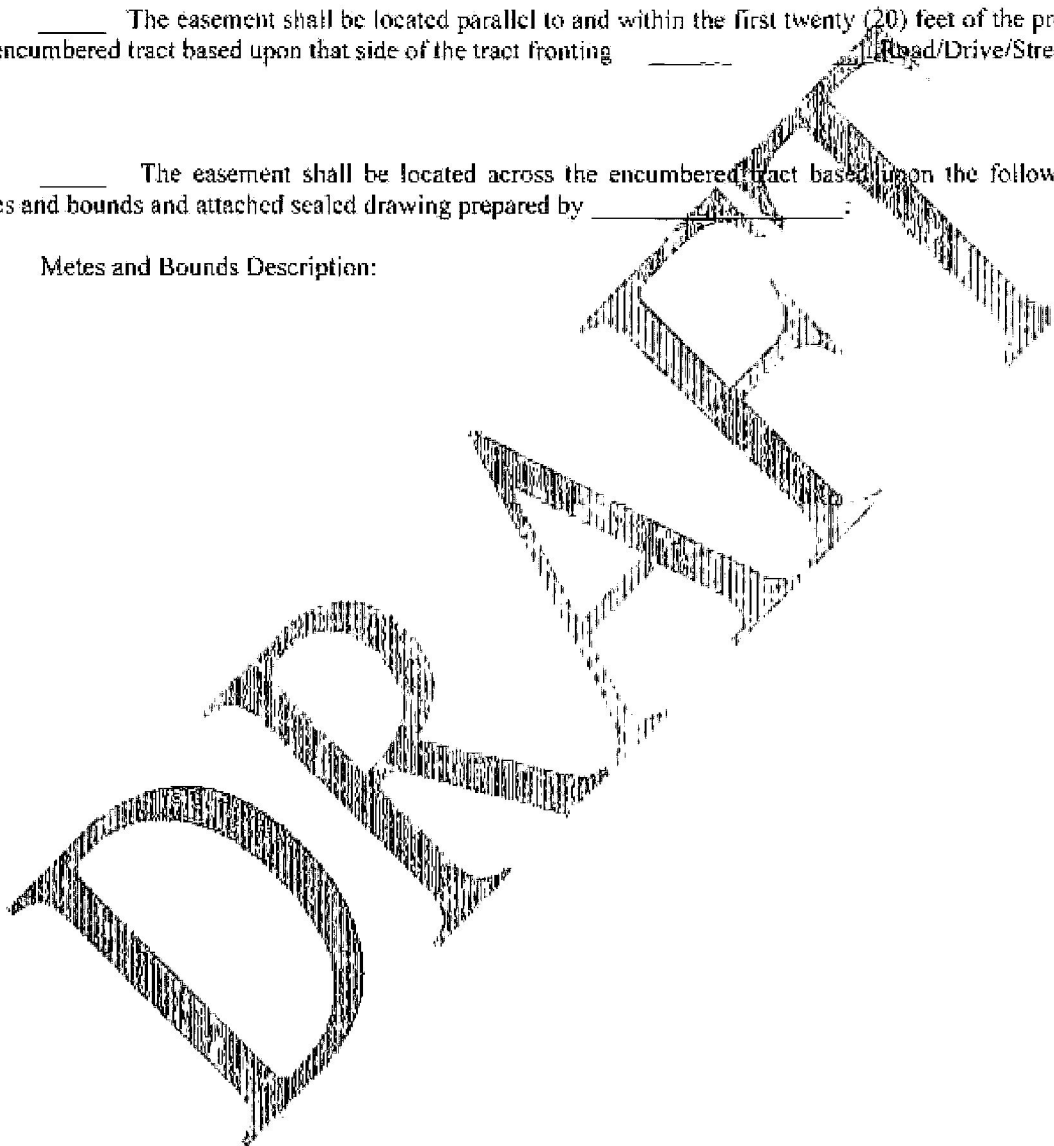
[CHECK APPROPRIATE DESCRIPTION]

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

or

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

Metes and Bounds Description:



Initials

PKWSC 000474

Appendix B

TRANSACTION FORMS



ALTERNATE BILLING AGREEMENT FOR RENTAL ACCOUNTS

NAME: _____

METER #: _____

ADDRESS: _____

ACCT #: _____

I hereby authorize Possum Kingdom Water Supply Corporation to send all billings on my account to the person(s) and address below until further written notice:

Name: _____

Billing Address: _____

City, State, Zip: _____

Phone Number: _____

Email Address: _____

I understand that under this agreement that I will be given notice by the Corporation of all delinquencies on this account prior to disconnection of service. A notification fee shall be charged to the account in accordance with the provisions of the Corporation's Tariff.

I understand that if I request that my membership be canceled at this location, thereby discontinuing service to an occupied rental property, that the Corporation will provide the above listed person with written notice of disconnection five (5) days prior to the scheduled disconnection date.

I also understand that as the property owner and member of Possum Kingdom Water Supply Corporation, I am responsible to ensure that this account balance is kept current, in accordance with the Corporation's Tariff Section E. 12. If service has been disconnected, this account shall not be reinstated until all debt on the account has been paid in full.

Signature _____

Date _____



CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (the "Agreement") is between Possum Kingdom Water Supply Corporation ("PKWSC") and _____ ("Employee"). PKWSC and Employee agree as follows:

In furtherance of Employee's duties, PKWSC will continue to provide Employee with access to certain Confidential Information. "Confidential Information" means certain non-public information, both written and oral, to which the Employee will have access during employment with PKWSC, including, but not limited to, employee personnel records and data, employee compensation information (including but not limited to bonuses and SEP retirement contributions), vendor names and terms of relationships with such vendors, financial data of PKWSC, customer information, or any information received in confidence by PKWSC from third parties. Some Confidential Information may also be considered a trade secret. In exchange for the Confidential Information, Employee agrees:

- Not to disclose the Confidential Information outside those PKWSC employees with a business need to know such information.¹
- Not to misappropriate or use the Confidential Information for the benefit of Employee or any person or entity other than PKWSC and its affiliates.
- To store the Confidential Information in a way that maintains its confidentiality and not to store Confidential Information on any device other than the computer owned by PKWSC.
- To return all hard and electronic copies of the Confidential Information to PKWSC upon termination of employment or PKWSC's request.

Employee acknowledges and agrees that Employee's promise to comply with this Agreement is the reason PKWSC will continue providing Employee with Confidential Information. Employee acknowledges and understands that any failure to comply with this Agreement may result in disciplinary action, up to and including termination of employment with PKWSC.

AGREED:

POSSUM KINGDOM WATER SUPPLY
CORPORATION:

EMPLOYEE:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Date: _____

Date: _____

¹ Please note that per the Defend Trade Secrets Act, Employee will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Employee is further notified that if he/she files a lawsuit for retaliation for reporting a suspected violation of law, Employee may disclose the trade secrets to his or her attorney and use the trade secret information in the court proceeding if Employee: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

Possum Kingdom Water Supply Corporation

Installment Agreement

By execution of this Agreement, the undersigned Member agrees to payment of outstanding debt for water utility service as set forth below;

- Member agrees to pay \$_____ per month for _____ months starting until the balance of \$_____ is satisfied on account number_____.
- This payment will be added to each monthly bill, in addition to current monthly water utility service rates, fees, and charges, as set forth in the Corporation's Tariff.
- Any fees normally assessed by the corporation on any unpaid balance shall apply to the declining unpaid balance.

Failure to fulfill the terms of this Agreement shall institute the Corporation's disconnection procedures as set forth in the Corporation's Tariff unless other satisfactory arrangements are made by the Member and approved by the Corporation's authorized representative.

Member Signature

Date

Member Name Printed

PKWSC Authorized Representative: _____

**POSSUM KINGDOM WATER SUPPLY CORPORATION
LINE EXTENSION REFUND AGREEMENT**

The Possum Kingdom Water Supply Corporation Board affirms that _____ will be compensated as provided in this Refund Agreement approved at the regular board meeting on the ____ day of _____, 20____, on a prorated basis for construction costs for the ____ feet of _____ inch line extension which have been paid by _____. This will be collected from all approved applicants requesting service from the line extension, to a maximum of _____ connections for a period not to exceed _____ years from the _____ day of _____, in the year of _____ (date the line extension was completed and/or approved for service) after which time the Refund Agreement will expire and the Corporation shall be under no further obligation to _____. The Corporation shall transfer said compensation within ____ days of receipt.

It is to understand that the Corporation will secure this compensation through new customer service fees from applicants for the service from said line extension, and from no other sources. Accordingly, the compensation provided by this Refund Agreement will be modified automatically in the event any applicant requesting service from said line extension obtains a final administrative or Judicial Determination limiting the amount the Corporation may charge applicants for service from said line extension.

This agreement entered into on the _____ day of _____ in the year of 20____ by:

Possum Kingdom Water Supply Corporation

President

Applicant Name

Applicant Signature

Address

City, State Zip

Date Filed: ____/____/____

Witness

THE STATE OF TEXAS §
COUNTY OF _____ §

IN WITNESS WHEREOF the said Member/Applicant and President of PKWSC has executed this instrument this ____ day of _____, 20____.

BEFORE ME, the undersigned, a Notary Public in and for said County and State of Texas, on this day personally appeared _____ and _____ known to me to be the persons whose names are subscribed in the foregoing instrument, and acknowledged to me that he/she/they executed the same for the purpose and consideration therein expressed.

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

Seal

Notary Public, State of Texas

MEMBERSHIP TRANSFER AUTHORIZATION

Transferor hereby surrenders Membership in the Possum Kingdom WSC by execution of the following document. Water service rights granted by Membership and other qualification hereby cease contingent upon further qualification of the Transferee in accordance with the policies of the Possum Kingdom WSC.

By execution hereof, the undersigned hereby acknowledges that the Membership Transfer complies with the terms of one of the following items (1) through (4), thereby qualifying for transfer of Membership in accordance with the laws of the State of Texas.

- (1) The Membership is transferred by will to a person related to the Transferor within the second degree by consanguinity; or
- (2) The Membership is transferred without compensation to a person related to the Transferor within the second degree by consanguinity; or
- (3) The Membership is transferred without compensation or by sale to the Corporation; or
- (4) The Membership is transferred as a part of the conveyance of real estate from which the Membership arose.

Transferee understands that qualification for Membership is not binding on the Corporation and does not qualify Member for continued water service unless the following terms and conditions are met:

- (1) This Membership Transfer Authorization Form is completed by the Transferor and Transferee;
- (2) The Transferee has completed the required Application Packet;
- (3) All indebtedness due the Corporation has been paid;
- (4) The Membership Certification has been surrendered, properly endorsed, by the record Transferor;
- (5) The Transferee demonstrates satisfactory evidence of ownership of the property designated to receive service and from which the Membership originally arose; and
- (6) Any other terms and conditions of the Corporation's Tariff are properly met.

Location of Meter Acct # Final Read/ Date

Note: A fee of \$150.00 is charged to the Transferee on all transfers.

Signature of Transferor (Seller)

Mailing Address

City, State, Zip Code

Phone

Signature of Transferee (Buyer)

Mailing Address

City, State, Zip Code

Phone

**POSSUM KINGDOM WATER SUPPLY CORPORATION
NOTICE OF REQUIREMENT TO COMPLY WITH THE SUBDIVISION
AND SERVICE EXTENSION POLICY**

Pursuant to Chapter 13.2502 of the Texas Water Code, Possum Kingdom Water Supply Corporation hereby gives notice that any person who subdivides land by dividing any lot, tract, or parcel of land within the service area of Possum Kingdom Water Supply Corporation, Certificate of Convenience and Necessity No. 12890, in Palo Pinto and Stephens Counties, into two or more lots or sites for the purpose of sale or development whether immediate or future, including re-subdivision of land for which a plat has been filed and recorded or requests more than two water service connections on a single contiguous tract of land must comply with the Non-Standard and Service Extension policy contained in Possum Kingdom Water Supply Corporation's tariff.

Possum Kingdom Water Supply Corporation is not required to extend retail water service to a service applicant in a subdivision where the developer of the subdivision has failed to comply with the subdivision Policy.

Applicable elements of the Subdivision include:

Evaluation of Possum Kingdom Water Supply Corporation of the impact a proposed subdivision service extension will make on Possum Kingdom Water Supply Corporation water supply system and payment of the costs for this evaluation;

Payment of reasonable costs or fees by the developer for providing water supply capacity;

Payment of fees for reserving water supply capacity;

Forfeiture of reserved water supply service capacity for failure to pay applicable fees;

Payment of costs of any improvements to Possum Kingdom Water Supply Corporation's systems that are necessary to provide the water service;

Construction according to design approved by Possum Kingdom Water Supply Corporation and dedication by the developer of water facilities within the subdivision following inspection.

Possum Kingdom Water Supply Corporation's tariff and a map showing Possum Kingdom Water Supply Corporation's service area may be reviewed at the offices located at 1170 Willow Road, Graford, TX 76449; the tariff and service area map also are filed of record at the Public Utility Commission (PUC) of Texas in Austin, Texas and the tariff may be review by contacting the PUC, c/o Central Records, 1701 N. Congress Avenue, P.O. Box 13326, Austin, TX 78711. The service area map may be reviewed through PUC's website at <http://www.puc.texas.gov/industry/water/utilities/map.htm>.



NOTICE OF RETURNED Check

January 4, 2022

Name
Address

Account: #
Amount: \$
Address:

Your bank draft has been returned to us by the bank for the following reason:

- X Insufficient Funds
- Wrong Bank
- Uncollected Funds
- Account Closed
- Payment Stopped
- Other Reason: _____

Please remit payment and an additional returned fee of \$35.00. If you have any questions, please call our office at 940-779-3100.

Regards,

PKWSC Rep



NOTICE OF RETURNED DRAFT

January 1, 2023

Name

Address

DRAFT Amount _____ Dated

ACCOUNT #

Your draft has been returned to us by your bank for the following reason:

Insufficient Funds

Wrong Bank

Account Closed

Payment Stopped

X Other Reason _____

Please remit payment and an additional returned check fee of \$35.00. The account has been removed from auto bank draft. If you have any questions, please call our office at 940-779-3100.

Regards,

PKWSC Rep

POSSUM KINGDOM WATER SUPPLY CORPORATION
REQUEST FOR SERVICE DISCONTINUANCE

I, _____, hereby request that my water meter
(number _____) or account number _____ located
on _____, be disconnected from Possum Kingdom
Water Supply Corporation (PKWSC) service. I understand that if I should ever want my
service reinstated I may have to reapply for service as a new member and I may have to pay all
costs as indicated in a current copy of the Water Supply Corporation Tariff. Future ability to
provide service will be dependent upon system capacity, which I understand may be limited and
may require capital improvements to deliver adequate service. I also understand that these
improvements will be at my cost. I further represent to the Corporation that my spouse joins me
in this request and I am authorized to execute this Request for Service Discontinuance on behalf
of my spouse if applicable.

Printed Name

Signature

Date of Signature

NOTE: Charges for service will terminate when this signed statement is received by the
PKWSC office. A \$50.00 fee will be assessed for the processing of this transaction and
deducted from the membership fee in addition to final charges.



Reserved Service Request

I, _____, hereby request that my water corporation membership associated with the property listed below be put on a Reserved Service Rate. I understand that this rate is 85% of the standard minimum plus the Regulatory Agency Fee of $\frac{1}{2}$ of 1% of the total bill. I hereby agree to pay that reduced monthly rate until such time as I request regular service. This arrangement will reserve system capacity for my property at a future date.

Account Number _____

Address of Property _____

Date to Begin _____

Estimated Date to
Resume Active Service _____

Reason for Requesting Reserved Service _____

Member's Signature _____

Date _____

DEDICATION, BILL OF SALE, AND ASSIGNMENT

THE STATE OF TEXAS §
 §
COUNTY OF PALO PINTO §
 §
KNOW ALL BY THESE PRESENTS §
 §

This Dedication, Bill of Sale and Assignment is entered into and effective as of _____, 20__, by and between Possum Kingdom Water Supply Corporation ("Corporation"), a Texas nonprofit, member-owned water supply corporation organized and operating under Chapter 67, Texas Water Code and "DEVELOPER NAME" ("Developer").

RECITALS:

Corporation and Developer have previously entered into that certain Nonstandard Service Agreement dated "DATE" (the "Agreement"). Pursuant to Section 4.a. of the Agreement, Developer has agreed to dedicate and convey to Corporation the water lines, hydrants, valves, fittings, pumping station with all associated equipment and other appurtenances constructed to provide water service to the "SUBDIVISION", a subdivision in Palo Pinto County, Texas, together with all rights and interests therein or appurtenant thereto, and all other capacity, contracts, rights, interests, easements, rights-of-way, permits, licenses, approvals, documents, warranties and other matters, if any, related to the Facilities.

The Facilities and the Related Rights are collectively referred to as the "Transferred Properties."

DEDICATION, ASSIGNMENT AND AGREEMENT

For and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer does hereby DEDICATE, TRANSFER, CONVEY, SET OVER AND ASSIGN forever unto Corporation and Corporation's successors and assigns, the Transferred Properties TO HAVE AND TO HOLD the Transferred Properties, together with all and singular the rights and appurtenances thereto in anywise belonging, and Developer does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND, all and singular, the Transferred Properties unto Corporation, its successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof.

EXECUTED AND EFFECTIVE as of the date first written above.

DEVELOPER:

Name: _____

Title: _____

THE STATE OF TEXAS §
 §
THE COUNTY OF _____ §
 §

This instrument was acknowledged before me on the ____ day of _____, 20____
by _____ [DEVELOPER]

Notary Public - State of Texas

(Seal)

Printed Name: _____

My Commission Expires: _____

NON-STANDARD SERVICE CONTRACT

EXHIBIT

TEL-5

THE STATE OF TEXAS
COUNTY OF PALO PINTO

THIS CONTRACT is made and entered into by and between 3XT Holdings, LLC, hereinafter referred to as "Developer", and Possum Kingdom Water Supply Corporation, hereinafter referred to as "PKWSC" or "Corporation".

WHEREAS, Developer is engaged in developing that certain 11.757 acres in Palo Pinto, County, Texas, more particularly known as The Pointe 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 of the 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

Initials MM

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.

Initials WML

5. Cost of the Water System Extension.

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

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

- (a) The parties recognize the Developer's obligation to compensate PKWSC for service capacities that will be dedicated to serve the Property. The Developer and PKWSC have negotiated a mutually agreeable CIAC payment for the Developer to reimburse PKWSC for that portion of its existing service capacities being reserved for the Property plus increased capacity to be created by an upgrade(s) to the Water Treatment Plant ("WTP") to increase production in .5 MGD increments, a portion of which will be dedicated to the Developer's service area. The agreed CIAC amount is \$13,385.00 per lot/meter. This CIAC payment scale will only cover the first 10 (ten) lots for which capacity the Developer will pay \$133,850.00 with the execution of this agreement. The cost of future expansions to PKWSC's WTP and distribution system will be apportioned between the Developer and PKWSC in proportion to the amount of the new service capacities that will be dedicated to each, and at construction costs then current to be determined by PKWSC at the time of the new expansion.
- (b) 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 nor guarantee or covenant that

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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 12 (twelve) new lots and the one meter that is existing on the property subject to all duly tariffed rules and regulations and bylaws of PKWSC. Any increase of service capacity beyond the 13 (thirteen) lots / meters minimum shall be contingent upon the Developer paying CIAC for such additional service capacity.
- (b) Service Capacity Reservation. PKWSC's agreement to provide long-term water service capacity to the Developer and the cost to be paid for such capacity of materially conditioned upon the Developer's projections of the service area's demands. It is agreed that if the Developer is not taking and paying for at least 50% of the water capacity contracted for herein at the end of the first five (5) 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

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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

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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:

3XT Holding, LLC
5326 CR 7500
Lubbock, TX 79429

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

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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

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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.

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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

By: William M. Jasper

Name: William M. Jasper

Title: President, Board of Directors

Date: June 16, 2021

Developer

By: Lance W. Duncan

Name: Lance W. Duncan

Title: Owner

Date: June 29, 2021

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Addendum 1

Detail of Fees

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

- Developer will pay:
 - \$133,850.00 as Contribution in aid of Construction (CIAC) which will reserve capacity for the 10 (ten) meters to be installed at The Point
 - Service Investigation Fee of \$1,950.00
 - Refund of \$600.00 for two memberships when the following accounts are cancelled:
 - Meter number 1831376886 is a 5/8" x 3/4" meter on account number 4497
 - Meter number 48902241 is a 1" meter = 2 meter equivalent on account number 4498

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

- Buyers of all 13 (thirteen) properties / lots from the Developer will pay:
 - Membership in PKWSC of \$300.00
 - Meter Installation \$800.00
 - Inspection \$40.00
 - Administrative Fee \$30.00

Fees are subject to change and are based on the tariff in place as of the date of the contract.

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RIGHT OF WAY EASEMENT (General Type Easement)

KNOW ALL MEN BY THESE PRESENTS, that 3XT Holdings, LLC (hereinafter called "Grantors"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by Possum Kingdom Water Supply Corporation, (hereinafter called "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and convey to said Grantee, its successors, and assigns, a perpetual exclusive easement with the right to erect, construct, install, and lay and thereafter access and use, operate, inspect, repair, maintain, replace, upgrade, parallel and remove water distribution lines and appurtenances and any other facilities necessary to serve Grantors' property [including that property's water meter(s) if the easement is located at or near the property line] as well as the Grantee's current and future system-wide customers, under, over and across 11.7 acres of land, more particularly described as (911 Address) 5501 Lakeshore Dr, (Lot) 15, (Block/Area) 6-Q LT, (Sub-Division/Tract) PK Lake 29-1-72 (Abstract) _____ in instrument recorded in Vol. 2340, Page 120, Deed Records, Palo Pinto / Stephens County, Texas, together with the right of ingress and egress over Grantor's adjacent lands for the purpose for which the above mentioned rights are granted. The easement hereby granted shall not exceed twenty feet (20') in width, and Grantee is hereby authorized to designate the course of the easement herein conveyed except that when the pipeline(s) is installed, the easement herein granted shall be limited to a strip of land 20' in width the center line thereof being the pipeline as installed.

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

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

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

Grantor shall have the right to erect a fence(s) across the easement for the purpose of containing livestock and domesticated animals. However, if Grantor erects a fence(s), Grantor shall install a gate at each end of the easement (if the total easement exceeds 300 feet or if it crosses a watercourse). These gates may be locked but the locking combinations must be given to the Grantee and not changed without its prior knowledge. The Grantor's water meter shall be located in proximity to a gate for ease of reading if maintained behind the fence. One gate may be replaced by a stile capable of bearing a 300-pound person to be located at the site of the water meter. This requirement for gates and fence stiles may be waived in writing by Grantee on a landowner-by-landowner basis as the property passes in chain of title in recognition of Grantee's above-recited right of access

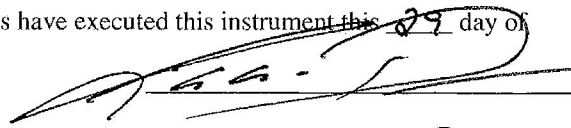
may be replaced by a stile capable of bearing a 300-pound person to be located at the site of the water meter. This requirement for gates and fence stiles may be waived in writing by Grantee on a landowner-by-landowner basis as the property passes in chain of title in recognition of Grantee's above-recited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

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

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

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

IN WITNESS WHEREOF the said Grantors have executed this instrument this 29 day of June, 2021.

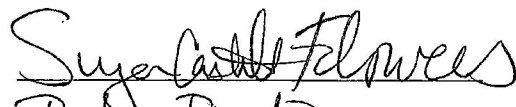

LANCE W. DUNCAN

ACKNOWLEDGEMENT

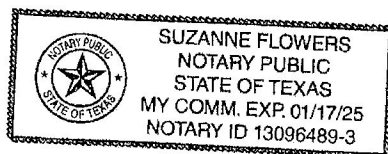
STATE OF TEXAS
COUNTY OF Palo Pinto

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE 29th day of June, 2021


Palo Pinto County, Texas.
(Notary Public in and for)

(Seal)



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