



Filing Receipt

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

Pursuant to Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.239

Sale, Transfer, or Merger (STM) Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, the Applicant should:
 - i. Provide an answer to every question and submit any required attachment applicable to the STM request (i.e., agreements or contracts).
 - ii. Use attachments or additional pages to answer questions as necessary. If you use attachments or additional pages, reference their inclusion in the form.
 - iii. Provide all mapping information as detailed in Part G: Mapping & Affidavits.
- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
 - i. **SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (NOTE: Electronic documents may be sent in advance of the paper copy, however they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records).
- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
 - i. **DEFICIENT (Administratively Incomplete):** Applicants will be ordered to provide information to cure the deficiencies by a certain date, usually 30 days from ALJ's order. *Application is not accepted for filing.*
 - ii. **SUFFICIENT (Administratively Complete):** Applicants will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. *Application is accepted for filing.*
- IV. Once the Applicants issue notice, a copy of the actual notice sent and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may request a hearing on the merits.

HEARING ON THE MERITS: An affected party may request a hearing within 30 days of notice. In this event, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
- V. **TRANSACTION TO PROCEED:** at any time following the provision of notice, or prior to 120 days from the last date that proper notice was given, Commission Staff will file a recommendation for the transaction to proceed as proposed or recommend that the STM be referred to SOAH for further investigation. The Applicants will be required to file an update in the docket to the ALJ every 30 days following the approval of the transaction. The transaction must be completed within six (6) months from the ALJ's order (Note: The Applicants may request an extension to the 6 month provision for good cause).
- VI. **FILE:** Seven (7) copies of completed transaction documents and documentation addressing the transfer or disposition of any outstanding deposits. After receiving all required documents from the Applicants, the application will be granted a procedural schedule for final processing. The Applicants are requested to consent in writing to the proposed maps and certificates, or tariff if applicable.
- VII. **FINAL ORDER:** The ALJ will issue a final order issuing or amending the applicable CCNs.

FAQ:

Who can use this form?

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

Who is required to use this form?

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

Terms

Transferor: Seller

Transferee: Purchaser

CCN: Certificate of Convenience and Necessity

STM: Sale, Transfer, or Merger

IOU: Investor Owned Utility

Application Summary

Transferor: Jusryn Company, Inc d/b/a Shady Grove Sewer System
(selling entity)

CCN No.s: 20767

☒ Sale ☐ Transfer ☐ Merger ☐ Consolidation ☐ Lease/Rental

Transferee: CSWR-Texas Utility Operating Company, LLC
(acquiring entity)

CCN No.s: 21120

☐ Water ☐ Sewer ☒ All CCN ☐ Portion CCN ☐ Facilities transfer

County(ies): Hood

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Please mark the items included in this filing

<input checked="" type="checkbox"/> Contract, Lease, Purchase, or Sale Agreement	Part A: Question 1
<input checked="" type="checkbox"/> Tariff including Rate Schedule	Part B: Question 4
<input type="checkbox"/> List of Customer Deposits See Attachment D	Part B: Question 5
<input checked="" type="checkbox"/> Partnership Agreement LLC Agreement	Part C: Question 7
<input type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part C: Question 7
<input checked="" type="checkbox"/> Certificate of Account Status	Part C: Question 7
<input checked="" type="checkbox"/> Financial Audit	Part C: Question 10
<input checked="" type="checkbox"/> Application Attachment A & B	Part C: Question 10
<input type="checkbox"/> Disclosure of Affiliated Interests	Part C: Question 10
<input checked="" type="checkbox"/> Capital Improvement Plan	Part C: Question 10
<input type="checkbox"/> List of Assets to be Transferred	Part D: 11.B
<input type="checkbox"/> Developer Contribution Contracts or Agreements	Part D: 11.D
<input type="checkbox"/> Enforcement Action Correspondence	Part E: Question 18 (Part D: Q12)
<input checked="" type="checkbox"/> TCEQ Compliance Correspondence	Part F: Question 22
<input type="checkbox"/> TCEQ Engineering Approvals	Part F: Question 24
<input type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part F: Question 26
<input checked="" type="checkbox"/> Detailed (large scale) Map	Part G: Question 29
<input checked="" type="checkbox"/> General Location (small scale) Map	Part G: Question 29
<input type="checkbox"/> Digital Mapping Data	Part G: Question 29
<input checked="" type="checkbox"/> Signed & Notarized Oath	Page 13-14

Part A: General Information

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

CSWR - Texas Utility Operating Company, LLC ("CSWR Texas") will purchase all utility assets owned by Jusryn Company, Inc. d/b/a Shady Grove Sewer System ("Shady Grove") for purposes of operating its water and/or wastewater system under CCN No. 20767 as identified in Attachment A, which is a copy of the purchase agreement between CSWR Texas' affiliate, Central States Water Resources, Inc. ("Central States") and Jusryn Company d/b/a Shady Grove Sewer System. See Attachment B for a copy of the corporate organizational chart of CSWR Texas' upstream ownership.

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

For **Transferee** (Purchaser) CCN:

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

For **Transferor** (Seller) CCN:

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

Part B: Transferor Information

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

3. A. Name: Jusryn Company, Inc d/b/a Shady Grove Sewer System
(individual, corporation, or other legal entity)
☐ Individual ☒ Corporation ☐ WSC ☐ Other: _____

B. Mailing Address: P.O. Box 2337 Granbury, TX 76048

Phone: (817) 243-8130

Email: _____

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

Name: Ike Thomas

Title: President

Mailing Address: P.O. Box 2337 Granbury, TX 76048

Phone: (817) 219-4700

Email: ikeh1972@gmail.com

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

A. Effective date for most recent rates: October 26, 1992

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

☐ No ☒ Yes Application or Docket Number: 9755-C

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

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

☐ There are no customers that will be transferred

☒ # of customers without deposits held by the transferor 10

☒ # of customers with deposits held by the transferor* 0 **See Attachment D**

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

Part C: Transferee Information

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

6. A. Name: CSWR-Texas Utility Operating Company, LLC
(individual, corporation, or other legal entity)
☐ Individual ☐ Corporation ☐ WSC ☒ Other: LLC

B. Mailing Address: 1650 Des Peres Rd., Suite 303, St. Louis, Missouri 63131

Phone: (314) 736-4672 Email: regulatory@cswrgroup.com

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

Name: Wendy K. L. Harvel Title: Local Counsel

Address: Coffin Renner LLP, 1011 West 31st Street, Austin, Texas 78705

Phone: (512) 879-0970 Email: wendy.harvel@crtxlaw.com

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

☐ No ☒ Yes ☐ N/A

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

☐ No ☒ Yes ☐ N/A

7. The legal status of the transferee is:

☐ Individual or sole proprietorship

☐ Partnership or limited partnership (*attach* Partnership agreement)

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

☐ Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]
Charter number (as recorded with the Texas Secretary of State): _____
☐ Articles of Incorporation and By-Laws established (*attach*)

☐ Municipally-owned utility

☐ District (MUD, SUD, WCID, FWSD, etc.)

- ☐ County
- ☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
- ☒ Other (please explain): Limited Liability Company. A copy of the LLC Operating Agreement is attached as Attachment E. See also Attachment F.

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

Name: The transferee does not operate under a d/b/a.

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

Name: CSWR-Texas Utility Operating Company, LLC (See Attachment B for a corporate organizational chart)

Position: Member Ownership % (if applicable): 100.00%

Address: 1650 Des Peres Rd., Suite 303, St. Louis, Missouri 63131

Phone: (314) 736-4672 Email: regulatory@cswrgroup.com

Name: Josiah Cox

Position: President; CSWR, LLC Ownership % (if applicable): 0.00%

Address: 1650 Des Peres Rd., Suite 303, St. Louis, Missouri 63131

Phone: (314) 736-4672 Email: jcox@cswrgroup.com

Name: Tom Rooney

Position: Chairman; CSWR, LLC Ownership % (if applicable): 0.00%

Address: _____

Phone: _____ Email: _____

Name: Dan Standen

Position: Board Member; CSWR, LLC Ownership % (if applicable): 0.00%

Address: _____

Phone: _____ Email: _____

10. **Financial Information**

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

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

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

See Attachments F & G.

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

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

See Attachments F, G, H, I & J.

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$ 1.00 See Attachment A.

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

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

☒ No ☐ Yes ☐ N/A

Total Original Cost of Plant in Service: \$ 0.00

Accumulated Depreciation: \$ 0.00

Net Book Value: \$ 0.00

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

☒ No ☐ Yes

Total Customer CIAC: \$ 0.00

Accumulated Amortization: \$ 0.00

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

☒ No ☐ Yes

Total developer CIAC: \$ 0.00

Accumulated Amortization: \$ 0.00

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

☒ No ☐ Yes **See Attachments H, I, and J.**

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

To the extent it is determined that improvements need to be made to the system, funds will be provided by a mix of equity and debt financing. Equity financing will be provided through an infusion from CSWR Texas' ultimate parent company CSWR, LLC ("CSWR"), of which Central States is the sole manager. A copy of the corporate organizational chart is provided as Attachment B. The source of debt financing will be determined after acquisition of the system. The exact timeline for construction has not yet been determined as approval from TCEQ will be sought as necessary following the acquisition, but CSWR Texas plans to move as quickly as possible to address any known issues on the system upon closing of the acquisition.

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

The acquired system is a distressed system and would benefit from the transition to a stable, long-term management team willing to make necessary investments to improve the system. See Responses to Questions Nos. 14, 16, 17 and 20 in Attachment K. For these reasons, the sale of assets promotes the interests of the public generally and benefits the transferring utility's customers.

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

Utility Plant in Service:	\$ _____
Accumulated Depreciation of Plant:	\$ _____
Cash:	\$ _____
Notes Payable:	\$ _____
Mortgage Payable:	\$ _____
(Proposed) Acquisition Adjustment*:	\$ _____

**See Attachment K
for the requested financial
information.**

* Acquisition Adjustments will be subject to review under 16 TAC § 24.41(d) and (e)

Other (NARUC account name & No.): _____

Other (NARUC account name & No.): _____

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

CSWR Texas will adopt existing rates of service, including any temporary rates and surcharges that reflect the system's current cost of service and revenue requirement. CSWR Texas plans to continue the existing rates and surcharges until it files its next base rate proceeding. See Attachment C for a copy of the existing tariff.

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

CSWR Texas plans to file an application to change rates after the system is acquired if operating expenses exceed revenue from rates or if current rates fail to provide a reasonable rate of return.

Part E: CCN Obtain or Amend Criteria Considerations

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

See Attachment J & K.

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

See Attachment K.

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



No



Yes

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

CSWR Texas will operate the system to ensure it is in compliance with all environmental regulations. CSWR Texas is not aware of any negative impacts or disruptions to the environment or land that would result from the transaction.

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

See Attachment K.

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

CITY OF GRANBURY (CCN: 20356); ACTON MUNICIPAL UTILITY DISTRICT (CCN: 20889); CITY OF GRANBURY (CCN: 10904); T & M WATER UTILITY (CCN: 11855); MONARCH UTILITIES I LP (CCN: 12983); ACTON MUNICIPAL UTILITY DISTRICT (CCN: 12971); AQUA TEXAS INC (CCN: 13201);

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

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

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

TCEQ PWS Identification Number: _____ (7 digit ID)

Name of PWS: _____

Date of last TCEQ compliance inspection: _____

Subdivisions served: _____

B. For Sewer service:

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

Name of Wastewater Facility: Shady Grove Sewer System

Name of Permittee: _____

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

Subdivisions served: Shady Grove Subdivision

Date of application to transfer permit submitted to TCEQ: See Attachment K

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

Water				Sewer	
	Non-metered		2"	10	Residential
	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:				Total Sewer Connections:	10

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

☒ No ☐ Yes

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

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:
See Attachments I and J		

C. Is there a moratorium on new connections?

☒ No ☐ Yes:

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

☒ No ☐ Yes: _____ (name of municipality)

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

Water: _____ Sewer: _____

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

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

Capacity is purchased from: _____

Water: _____

Sewer: _____

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

☒ No ☐ Yes

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

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

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

☒ No ☐ Yes:

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

☐ No ☒ Yes: **See Attachment J.**

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

Name (as it appears on license)	Class	License No.	Water or Sewer
Zachary King	C	WG-0010543	Water
Timothy Young	A	WO-0029245	Water
Professional General Management Services Inc		WC0000203	Water

Part G: Mapping & Affidavits

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

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

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

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

- iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.

- 2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made and natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
 - i. The map must be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made or natural landmarks must be labeled and marked on the map as well.
 - ii. If the application requests an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
 - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
 - iv. The outer boundary of the requested area should not be covered by any labels, roads, city limits or extraterritorial jurisdiction (ETJ) boundaries.

B. For applications that are requesting to include area not currently within a CCN, or for applications that require a CCN amendment (any change in a CCN boundary), such as the transfer of only a portion of a certificated service area, provide the following mapping information with each of the seven (7) copies of the application:

- 1. A general location (small scale) map identifying the requested area with enough detail to locate the requested area in reference to the nearest county boundary, city, or town. Please refer to the mapping guidance in part A 1 (above).
- 2. A detailed (large scale) map identifying the requested area with enough detail to accurately locate the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, or railroads. Please refer to the mapping guidance in part A 2 (above).
- 3. One of the following identifying the requested area:
 - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part A 2 (above);
 - ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part A 2 (above); or
 - iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
 - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
 - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
 - c. The digital mapping data shall be filed on a data disk (CD or USB drive), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

Part H: Notice Information

The following information will be used to generate the proposed notice for the application.

DO NOT provide notice of the application until it is found sufficient and the Applicants are ordered to provide notice.

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

The total acreage of the requested area is approximately: 17.00

Number of customer connections in the requested area: 10

Affected subdivision : Shady Grove Subdivision

The closest city or town: Granbury

Approximate mileage to closest city or town center: 1

Direction to closest city or town: North

The requested area is generally bounded on the North by: Shady Grove Dr

on the East by: Shady Grove Cir

on the South by: Shady Grove Cir

on the West by: Shady Grove Dr

31. A copy of the proposed map will be available at: Coffin Renner LLP 1011 West 31st Street, Austin, Texas 78705

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

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

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

☐ higher monthly bill ☐ lower monthly bill

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

☐ higher monthly bill ☐ lower monthly bill

Oath for Transferor (Transferring Entity)

STATE OF Texas

COUNTY OF Hood

I, Ike Thomas
merger, consolidation, acquisition, lease, or
rental, as

being duly sworn, file this application for sale,
transfer,

Jus Ryn Company, Inc.
(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

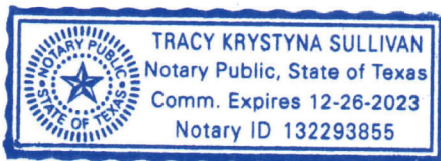
[Signature]
AFFIANT
(Utility's Authorized Representative)

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

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

this day the 18 of February, 2022

SEAL



Tracy K. Sullivan
**NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS**

TRACY K. SULLIVAN

PRINT OR TYPE NAME OF NOTARY

My commission expires:

12.26.2023

Oath for Transferee (Acquiring Entity)

STATE OF MO

COUNTY OF St. Louis

I, Josiah Cox being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as Manager of CSWR-Texas Utility Operating Company, LLC
(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.



AFFIANT
(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Missouri
this day the 22nd of February, 2022

SEAL



MERANDA K. KEBLER
My Commission Expires
November 13, 2022
St. Louis County
Commission #14631487

Meranda K. Keubler
NOTARY PUBLIC IN AND FOR THE
STATE OF MISSOURI

meranda K. Keubler
PRINT OR TYPE NAME OF NOTARY

My commission expires: 11-13-22

See Attachment F & G.

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

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

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

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

See Attachments F & G.

HISTORICAL NET INCOME INFORMATION						
(ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Revenue per Meter (use for projections)						
Expense per Meter (use for projections)						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Revenues- Base Rate & Gallonage Fees						
Other (Tap, reconnect, transfer fees, etc)						
Gross Income						
EXPENSES						
General & Administrative (see schedule)						
Operating (see schedule)						
Interest						
Other (list)						
NET INCOME						

See Attachments F & G.

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

Appendix B: Projected Information

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

See Attachments F & G.

PROJECTED NET INCOME INFORMATION

(ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Revenue per Meter (use for projections)						
Expense per Meter (use for projections)						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Revenues- Base Rate & Gallonage Fees						
Other (Tap, reconnect, transfer fees, etc)						
Gross Income						
EXPENSES						
General & Administrative (see schedule)						
Operating (see schedule)						
Interest						
Other (list)						
NET INCOME						

PROJECTED EXPENSE DETAIL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office						
Computer						
Auto						
Insurance						
Telephone						
Utilities						
Depreciation						
Property Taxes						
Professional Fees						
Interest						
Other						
Total						
% Increase Per projected Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONAL EXPENSES						
Salaries						
Auto						
Utilities						
Depreciation						
Repair & Maintenance						
Supplies						
Interest						
Other						
Total						

See Attachments F & G.

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

**See Attachments F and G for
information responsive to
Appendix A and Appendix B**

ATTACHMENT LIST

1. Attachment A – Executed Purchase Agreement
2. Attachment B – CSWR, LLC Corporate Organizational Chart
3. Attachment C – Current Tariff
4. Attachment D – Affidavit of Ike Thomas
5. Attachment E – CSWR-Texas Utility Operating Company, LLC Operating Agreement and Certificates of Account Status
6. Attachment F – Appendices A & B Historical and Projected Financial Information (Confidential)
7. Attachment G – Additional Supporting Financial Information (Highly Sensitive)
8. Attachment H – Capital Estimates or Capital Improvement Plan (*See Attachment J*)
9. Attachment I – CSWR Texas Correspondence re Compliance Issues (Confidential)
10. Attachment J – Engineering Memo (Confidential)
11. Attachment K – Responses to STM Questions
12. Attachment K-1 – Confidential Responses to STM Questions (*Not Applicable*)
13. Attachment L – Small Scale Map (General Location)
14. Attachment M – Large Scale Map (Detailed)
15. Attachment N – Digital Mapping (*Not Applicable*)
16. Attachment O – Statement of Confidentiality
17. Attachment P – Water Facility Systems (*Not Applicable*)
18. Attachment Q – Water Purchase Agreement (*Not Applicable*)
19. Attachment R – List of Assets (*Not Applicable*)

Attachment A

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 25th day of March, 2021, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and JUSRYN COMPANY, INC. d/b/a SHADY GROVE SEWER SYSTEM ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates, as a regulated sewer corporation, sewer facilities, in the area more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, situated in Val Verde County, Texas (hereinafter the "System"); and

WHEREAS, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller is a corporation, organized and existing under the constitution and the laws of the State of Texas, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all the assets, property and real estate connected with the System including, but not limited to, all associated improvements for the conveyance of sewer to each of the customers connected to the service area (defined further below as "Assets"); and

WHEREAS, the parties have reached an understanding with respect to the sale by Seller and the purchase by Buyer of all of the Assets (as hereinafter defined) of the System.

NOW, THEREFORE, it is mutually agreed that:

1. SALE OF ASSETS.

For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, Seller agrees that on date of the Closing (as hereinafter defined), Seller shall sell, transfer, assign and deliver to Buyer, or Buyer's designated affiliate, all of Seller's then existing assets pertaining to the provision of sewer service in the System located in Val Verde County, in the State of Texas, and related properties, including, without limitation, the following:

A. The land, improvements thereon, easements, rights of way, permits and leases

related to the System area depicted in *Exhibit "A"* and/or generally described in *Exhibit "B"*, attached hereto;

B. All of Seller's sewer service facilities, equipment, lines, plant, pipes, manholes and appurtenances;

C. Any machinery and equipment such as meters, tools, devices, mobile work equipment, and all furniture, fixtures, machinery, supplies and other tangible items, if any, located in Val Verde County, Texas, and used or held for use in connection with the System as generally described in *Exhibit "C"*, attached hereto;

D. All of Seller's rights, title and interest in and to any franchise agreements, franchise rights, warranties, contracts, supply contracts, agreements, and bonds or other financial assurances or guaranties, pertaining to, allocable to or arising out of the provision of sewer service in Val Verde County, Texas as generally described in *Exhibit "D"*, attached hereto;

E. All of Seller's inventory, merchandise, contract rights, supplies, goodwill, and general intangibles including accounts receivable pertaining to the sewer service, except accounts receivable accrued prior to the Closing; and

F. All assets not described which are located in Val Verde County, Texas, and used or useful to operate the System, excepting therefrom, and from any other assets described in the paragraphs above of this Section 1, any and all cash, cash equivalents and banking deposits in existence prior to the Closing.

The assets to be sold and delivered, as above described, are hereinafter collectively described as the "Assets."

2. CONVEYANCES OF REAL ESTATE.

The real estate to be conveyed by Seller will include all facilities described herein and all interest of Seller in any sewer and other utility easements. The real estate will be conveyed by general warranty deed, in a form satisfactory to Buyer, and will vest marketable title in fact in the Buyer. Easements shall be assigned by written assignment or other means, in a form satisfactory to Buyer.

At Buyer's expense, Buyer shall obtain, at least thirty (30) calendar days prior to the Closing, a Commitment to issue an Owner's Policy of Title Insurance to Buyer in the amount of

the Purchase Price issued by a company authorized to issue title insurance in the state of Texas, which policy shall insure the owner's title to be marketable as the same is described and defined in Title Examination Standards of The Texas Bar ("Title Standards"). After delivery of said title insurance commitment and Buyer's completion of the examination and/or review of the commitment and other relevant title information, Buyer shall notify Seller, in writing, of any objections thereto (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits or other papers as described in such standards in order for the title company to delete the same). If there shall be no such notice of objection, then any exceptions in such Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of a deed in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have five (5) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer's option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

3. **REGULATORY APPROVAL.**

Seller and Buyer agree to make application to the Texas Public Utility Commission and any other government agency for which approval is required to operate the System for authority to complete the transfer of the Assets. Buyer and Seller agree to assist the other in this process when requested to do so. Buyer and Seller shall act diligently and cooperate with each other in obtaining final approval, if necessary, of the Texas Public Utility Commission and any other government agency for which approval is required for transfer of Seller's permits, if any.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing **One Dollar (\$1.00)** for purchase of the Assets ("Purchase Price").

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller's Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer's sole discretion,

or at such other time as the parties hereto may mutually agree (the "Closing"). At the Closing, Seller shall have delivered to Buyer such deeds, bills of sale, endorsements, assignments and other sufficient instruments of transfer and conveyance as shall be effective to vest in Buyer such title to the Assets to be sold as provided in this Agreement and as set forth in Section 6.D, and Buyer will deliver to Seller the Purchase Price. From time to time, at Buyer's request and expense, whether at or after the Closing and without further consideration, Seller shall execute and deliver such other instruments of conveyance and transfer and take such other action as Buyer reasonably may require to more effectively convey and transfer to Buyer any of the Assets to be sold hereunder, and will assist Buyer in the collection or reduction to possession of such Assets. Buyer will pay all sales, transfer and documentary taxes, if any, payable in connection with the sale, transfers and deliveries to be made to Buyer hereunder. All ad valorem real estate taxes and assessments levied or assessed against the Assets shall be prorated according to the calendar year as of the Closing based on the most recent tax bill and assessments levied for the same, and Buyer shall receive a credit against the Purchase Price for the amount of taxes owed by Seller at the time of the Closing. Buyer shall pay the costs of recording all instruments required for the Closing to occur, the fees charged by the title company, and Buyer's attorneys' fees. Seller shall pay for all attorneys' fees incurred by Seller.

On the date of the Closing, Buyer shall accept and assume ownership and title to the Assets to be conveyed hereunder and Buyer shall assume liability, and become responsible, for all obligations in connection with the Assets going forward, excepting responsibility for any liabilities and/or obligations of Seller in connection with the Assets that existed prior to the date of the Closing.

6. SELLER'S REPRESENTATIONS AND WARRANTIES.

The Seller represents and warrants as follows:

A. Organization and Standing of Seller.

Seller is a corporation, organized and existing under the constitution and laws of the State of Texas in good standing with the Texas Secretary of State.

B. Liabilities.

All liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise pertaining to or arising out from the Assets are liabilities and obligations of the

Seller and shall remain the obligations of Seller after the date of the Closing.

C. **Absence of Certain Changes.**

After Buyer's inspection and acceptance of the Assets, there shall not be:

- i. Any material change in the use of the Assets in connection with the business or operations of the System;
- ii. Any damage, destruction or loss whether or not covered by insurance, materially and adversely affecting the Assets.

D. **Title to Properties.**

Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller shall have obtained the legal right to transfer all of the Assets. To the best of Seller's knowledge, unless Seller has disclosed any information in writing to the Buyer to the contrary, Seller owns the Assets to be sold under this Agreement, in all cases, free and clear of all liens, mortgages, pledges, leases, options, rights of first refusal, conditional sales agreements, encumbrances or other charges, except liens for taxes not yet due or payable, easements or right of ways, streets, railways, pipelines, electric transmission and distribution lines, telephone lines, drainage rights and other similar rights or restrictions of record which do not, either individually or in the aggregate have a materially adverse effect on the value or utility of the Assets to be sold hereunder.

Notwithstanding, but not in limitation of, the foregoing, Seller agrees to work with Buyer's surveyor prior to closing to establish, at Buyer's expense, the property boundaries and easement locations and to create a written plat of the distribution and collection lines showing the location of said lines with respect to lot lines, platted utility easements, if any, to the extent the same can be shown with reference to such lot lines and platted utility easements.

Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller agrees to have identified any and all interests in land (including easements or license agreements) it has obtained in connection with its operation and maintenance of the System and will provide Buyer or Buyer's representatives copies of the same or a reference to the book and page number of the records of the Val Verde County Recorder's Office where such easements are recorded. The cost of such identification and any

related search being the sole responsibility of the Buyer.

Buyer shall have until twenty (20) calendar days prior to the Closing to determine: 1) if Seller lacks an easement or other interest necessary for operation of the System or 2) an easement is defective in title or interest conveyed. If it appears that Seller lacks a valid easement for any portion of the System, or any easement identified suffers from a defect in title or interest conveyed, Buyer at its option and in its sole discretion may: 1) cancel this Agreement, 2) independently negotiate with the owner of the affected property toward acquisition of the treatment plant and collection lines easements or other easements, 3) notify Seller that Buyer will cancel the Agreement unless a necessary easement is acquired or a defect satisfactorily cured or remedied, and 4) undertake any action, which in Buyer's sole and absolute discretion, would correct an easement or remedy the situation caused by a lack of an easement or proper land interest. Buyer's failure to cancel this Agreement, however, shall not relieve Seller from any of its duties of indemnification set forth in subsequent paragraphs herein, nor shall such failure be construed as Buyer's waiver of any such provisions.

E. Authority to Operate.

The Assets, as described at Section 1 of this Agreement, constitute all of the assets presently owned by the Seller pertaining to the System. To the best of Seller's knowledge, the System is being conducted, and as of date of the Closing, will be conducted in full compliance with requirements of all regulatory bodies exercising jurisdiction with regard to rates and conditions of service, and with local building and zoning codes. Seller agrees that from the Effective Date until either the termination of this Agreement or until after the Closing that Seller will not file any notices, requests, compliance documents, pleadings, or any other documents with any governmental or quasi-governmental authority that has jurisdiction over Seller in the operation, regulation or oversight of the System or any other endeavors of Seller (whether related to the System or not) without first providing at least ten (10) days prior notice to the Buyer for review and comment on such filing.

F. Litigation.

There is no litigation or proceeding pending, or to the knowledge of Seller

threatened, against or relating to Seller, the Assets, or the System, nor does Seller know, or have reasonable grounds to know, of any basis for any such action, or of any governmental investigation relative to Seller, the Assets, or the System, except as otherwise disclosed to Buyer.

G. **No Violation or Breach.**

The performance of this Agreement by Seller, including any preconditions or surviving warranties or representations, is not in violation of any laws, statutes, local ordinances, state or federal regulations, court orders or administrative order or ruling, nor is such performance in violation of any loan documents, conditions or restrictions in effect for financing, whether secured or unsecured.

7. **BUYER'S REPRESENTATIONS AND WARRANTIES.**

Buyer represents and warrants as follows:

A. **Organization and Standing of Buyer.**

Buyer is a corporation organized, existing under the constitution and laws of the State of Missouri in good standing, and has the requisite power to purchase the Assets which are to be sold pursuant to the terms of this Agreement.

B. **Authority.**

The execution and delivery of this Agreement by Buyer and the purchase of the Assets as contemplated hereby have been duly authorized by Buyer, and all necessary action on the part of Buyer has been taken to authorize the execution and delivery of this Agreement and to consummate the sale contemplated hereby.

8. **CONDITIONS PRECEDENT FOR BUYER TO CLOSE.**

All obligations of Buyer under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Regulatory Approval.**

The Texas Public Utility Commission and any other government agency for which approval is required to operate the System shall have, to the extent necessary, authorized or approved the sale, transfer or disposition of the Assets to Buyer from Seller, the proposed financing, and any schedule of compliance for proposed utility improvement projects for regulatory compliance deemed necessary by Buyer, each in

form and substance (including without limitation with respect to the terms and conditions contained in such approval) acceptable to Buyer in Buyer's sole and absolute discretion. Both Parties shall diligently pursue the required approvals and authorizations contemplated herein. In the event the Parties are unable to obtain the required regulatory approval or authorization to complete the transactions contemplated herein, Buyer may terminate this Agreement by providing written notice to Seller at Buyer's sole and absolute discretion.

B. Representations and Warranties True at Closing.

Seller's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

C. Performance.

Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or at the Closing; including the payment of all taxes and assessments, or portions thereof, attributable to periods prior to or ending on the day of the Closing, to include Public Utility Commission assessments.

D. Feasibility.

Completion of Buyer's examination, testing and inspection of the Assets, the securing of any and all licenses, permits or governmental approvals Buyer deems necessary for Buyer's proposed uses of the Assets, and any other due diligence determined by the Buyer as necessary in order to determine the feasibility of this acquisition, the results of any of the foregoing to be satisfactory to Buyer, in its sole and absolute discretion. For purposes of this Agreement, the period from the date this Agreement is fully executed by both parties to the date that is twenty (20) days prior to the Closing, shall be referred to herein as the "Inspection Period." During the Inspection Period, Buyer, its employees, agents and contractors, shall have the right to enter onto any property owned by Seller that is related to the operation of the System, as it deems necessary or desirable, on reasonable prior notice to Seller to perform and complete architectural, environmental, engineering and/or other surveys, studies, inspections and

tests on the Assets; to review zoning laws and applicable building codes; to obtain all necessary city, county, and state zoning approval, site plan or subdivision approvals, licenses and permits to authorize the uses of the Assets as intended by Buyer.

E. **No Casualty.**

The Assets shall not have been adversely affected in any material way as a result of any strike, lockout, accident or other casualty or act of God or the public enemy, or any judicial, administrative or governmental proceeding.

F. **Buyer's Right to Terminate.** If Buyer determines, in its sole and absolute discretion, that any of the aforementioned conditions have not been met, Buyer shall have the right to terminate this Agreement at any time prior to the Closing upon written notice to Seller.

9. **CONDITIONS PRECEDENT FOR SELLER TO CLOSE**

All obligations of Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Representations and Warranties True at Closing.**

Buyer's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

B. **Performance.**

Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Buyer prior to or at the Closing.

10. **INDEMNIFICATION.**

Seller shall, and hereby does agree to indemnify and hold harmless Buyer, at any time after the Closing against and in respect of:

A. All liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise, and including all liabilities or obligations arising out of the transactions entered into, or any state of facts existing, prior to the date of Closing, including, without limitation, such liabilities or obligations as are described in paragraph B of Section 6 hereof;

B. Any claim, damage or deficiency resulting from any misrepresentation, untrue warranty, breach of warranty, or nonfulfillment of any agreement on the part of Seller under this Agreement or from any misrepresentation in or omission from any certificate or other instrument furnished or to be furnished to Buyer under this Agreement;

C. Any claim, liability, damage or obligation arising out of or attributable to, directly or indirectly, the storage or disposal of hazardous waste or materials prior to the date of the Closing;

D. All actions, suits, proceedings, demands, assessments, judgments, costs (including attorney's fees) and expenses incident to any of the foregoing.

Seller shall reimburse Buyer, on demand, for any payment involuntarily made, required by law to be made, or with the consent of Seller made by Buyer at any time after the date of the Closing in respect of any liability, obligation or claim to which the indemnity and hold harmless by Seller contained in this section relates.

11. FEEES AND COMMISSIONS.

Each Party represents that it has not retained any broker or finder and is not paying, and is not obligated to pay, any finder's fee, commission or other transactional fee in connection with the transactions contemplated by this Agreement. Each Party shall pay its own fees for attorneys, accountants, appraisers or others engaged by it in the course of negotiating or executing this Agreement and in closing and completing the transactions hereunder provided. Fees for professional advisors retained jointly by the Parties for their mutual benefit shall be equally divided.

12. HAZARD INSURANCE & CASUALTY LOSS.

Seller shall maintain current hazard insurance in force on the Assets until the Closing. The risk of loss to the Assets shall pass to Buyer upon delivery of possession of the Assets to Buyer. If an event of casualty occurs to the Assets prior to the Closing, the Buyer may elect to either move to the Closing and accept any insurance proceeds as full satisfaction for the damage to the Assets or the Buyer may terminate this Agreement. Buyer shall notify Seller as to which option it elects within five (5) days prior to the Closing.

13. BENEFIT.

All of the terms of this Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the respective legal representatives of Seller, its successors and assigns, and the successors and assigns of Buyer.

14. **GOVERNING LAW.**

This Agreement shall be construed and enforced in accordance with the laws of the State of Texas.

15. **COUNTERPARTS.**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Agreement shall not be binding until executed by all Parties.

16. **NO THIRD PARTY BENEFICIARIES.**

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

17. **ENTIRE AGREEMENT.**

This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements or representations by or among the Parties, written or oral, to the extent they have related in any way to the subject matter hereof.

18. **SUCCESSION AND ASSIGNMENT.**

This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Buyer shall be permitted to assign its rights in this Agreement to an affiliated entity that the Buyer controls without need of consent by the Seller by providing written notice to the Seller of such assignment. Other than the foregoing permitted assignment, no Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of Buyer and Seller, said approval not to be unreasonably withheld.

19. **HEADINGS.**

The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

20. **NOTICES.**

All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this Section 20, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that, notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (b) upon receipt when sent by facsimile if sent between the hours of 8:00 a.m. and 5:00 p.m. (the recipient's time) on a business day to the number set forth below with written confirmation of a successful transmission by the sender's facsimile machine; (c) when sent by electronic mail if (1) identified in the subject line as a notice under this Agreement, (2) sent between the hours of 8:00 a.m. and 5:00 p.m. on a business day to the email address set forth below, and (3) acknowledged as received by the recipient, by reply or separate email, (d) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery); or (e) one (1) business day after the notice has been deposited with FedEx, United Parcel Service or other reliable overnight courier to be delivered by overnight delivery (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the parties to receive notices are as follows:

If to Buyer:

Josiah Cox, President
Central States Water Resources, Inc.
1650 Des Peres Road, Suite 303
St. Louis, MO 63131
Facsimile: (314) 238-7201
Email: jcox@cswrgroup.com

With a Copy to:

James A. Beckemeier
Beckemeier LeMoine Law
13421 Manchester Rd., Suite 103

Saint Louis, Missouri 63131
Facsimile: (314) 965-0127
E-mail: jim@bl-stl.com

If to Seller:

Jusryn Company, Inc. d/b/a Shady Grove Sewer System
c/o Traci Pinkerton
The Thomas Group
P.O. Box 2337
Granbury, TX 76048
Phone: (817) 243-8130 (Traci Pinkerton)
(817) 219-4700 (Ike Thomas cell)
Email: traci.pinkerton2337@gmail.com (Traci Pinkerton)
ikeh1972@gmail.com (Ike Thomas)

Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

21. **AMENDMENTS AND WAIVERS.**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyer and Seller. No waiver by any party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

22. **SEVERABILITY.**

Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

23. **EXPENSES.**

Buyer and Seller shall each bear its own costs and expenses (including legal and accounting fees and expenses) incurred in connection with the preparation of this Agreement and

activities necessary for the Closing.

24. **CONSTRUCTION.**

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

25. **INCORPORATION OF EXHIBITS.**

The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

26. **DEFAULT; ATTORNEY'S FEES.**

If either Party shall default in their performance under this Agreement, which default results in the expenditure of attorneys' fees to enforce the terms of this Agreement or to recover damages for breach of this contract, then the prevailing party shall be entitled to receive their reasonable and actually incurred attorneys' fees and costs in addition to any other damages that the Party is entitled to recover at law or in equity.

27. **AUTHORITY TO EXECUTE.** Each person whose signature appears hereon represents, warrants and guarantees that he or she has been duly authorized and has full authority to execute this Agreement on behalf of the party on whose behalf this Agreement is executed.

28. **CONFIDENTIALITY.** Buyer and Seller shall keep confidential this Agreement, this transaction, and all information learned in the course of this transaction, except to the extent disclosure is required by law or court order or to enable third parties to advise or assist Buyer to conduct its due diligence or either party to close this transaction.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the day and year first above written.

SELLER:

JUSRYN COMPANY, INC. d/b/a SHADY
GROVE SEWER SYSTEM

By: 
Ike Thomas, President

BUYER:

CENTRAL STATES WATER
RESOURCES, INC.

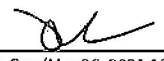
By: 
Josiah Cox (Mar 26, 2021 10:46 CDT)
Josiah Cox, President

EXHIBIT "A"

Service Area Description

[Service Area Map & Legal Description to be inserted prior to Closing]



200 ft

Legend


 Shady Grove Sewer System area

Exhibit A

Google Earth

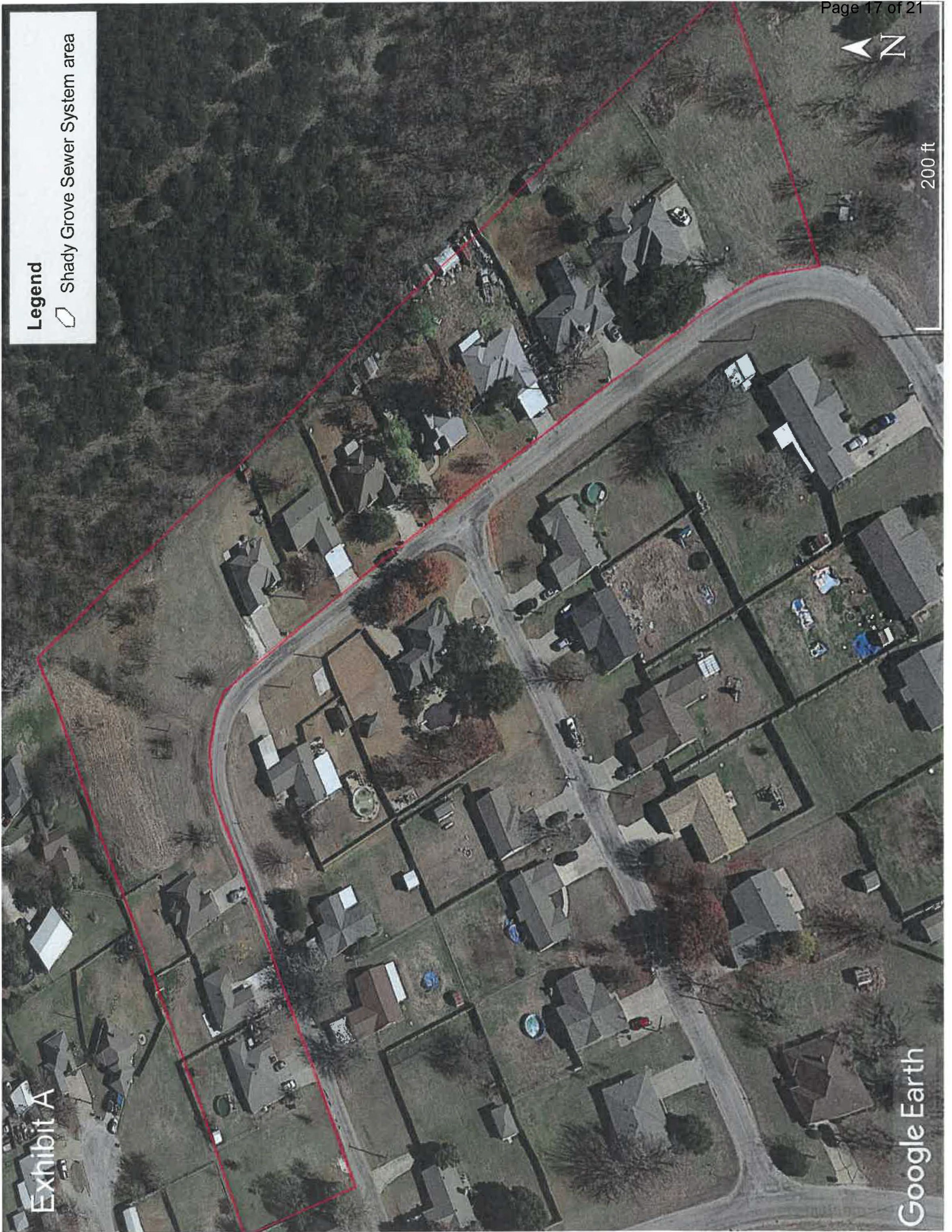


EXHIBIT "B"

Description of Land, Improvements thereon, Easements, Rights of Way, Permits and Leases
(The legal description(s) of the Land, Improvements thereon, Easements, Rights of Way shall be determined by
survey and title commitments, which shall be inserted prior to the Closing).

EXHIBIT "C"

Personal Property and Equipment

(meters, tools, devices, mobile work equipment, furniture, fixtures, machinery, supplies, and other tangible items)

Description	Balance of Associated Debt & Lender Information

EXHIBIT "D"

Rights Via Agreements, Contracts, Misc.

(franchise agreements, franchise rights, warranties, contracts, supply contracts, agreements, bonds and/or other financial assurances)






Seller Signed PA for JC to sign 03252021 msn

Final Audit Report

2021-03-26

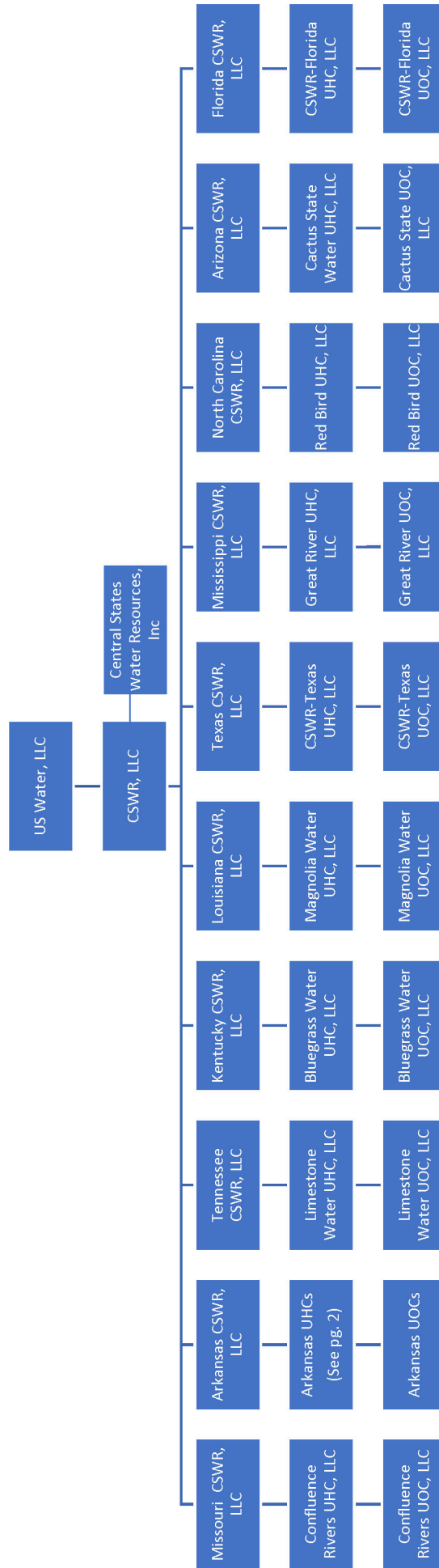
Created:	2021-03-26
By:	Kimberly Faulkner (kfaulkner@cswrgroup.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAwzrlN975_HmnW6ia2ed2ETdv2TOPAocA

"Seller Signed PA for JC to sign 03252021 msn" History

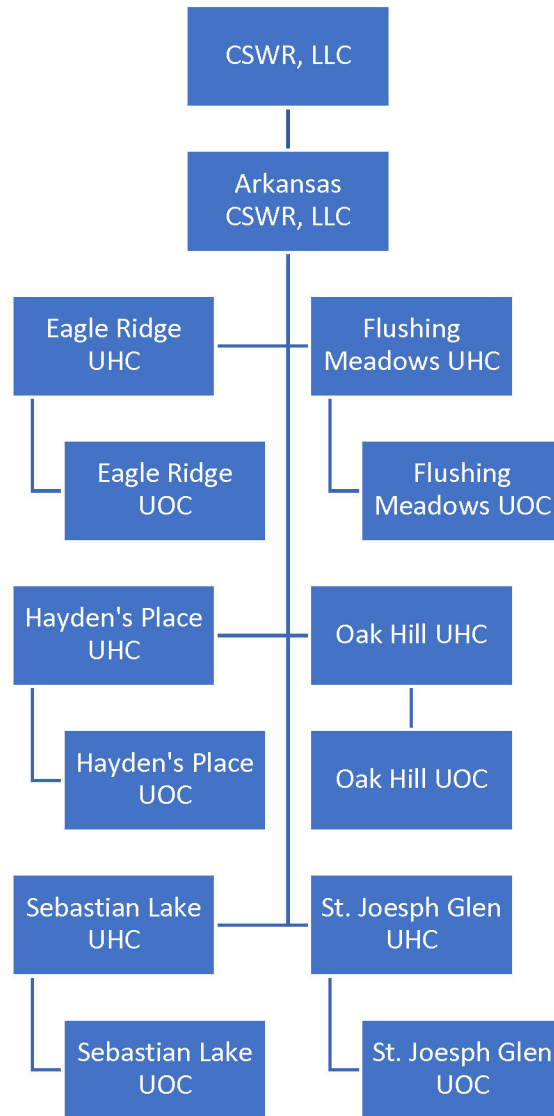
-  Document created by Kimberly Faulkner (kfaulkner@cswrgroup.com)
2021-03-26 - 3:35:31 PM GMT- IP address: 68.3.235.228
-  Document emailed to Josiah Cox (jcox@cswrgroup.com) for signature
2021-03-26 - 3:36:43 PM GMT
-  Email viewed by Josiah Cox (jcox@cswrgroup.com)
2021-03-26 - 3:46:17 PM GMT- IP address: 71.10.211.134
-  Document e-signed by Josiah Cox (jcox@cswrgroup.com)
Signature Date: 2021-03-26 - 3:46:31 PM GMT - Time Source: server- IP address: 71.10.211.134
-  Agreement completed.
2021-03-26 - 3:46:31 PM GMT

Attachment B

Central States Water Resources Corporate Entity Organizational Chart



Arkansas CSWR Organizational Chart Detail



Attachment C



CERTIFICATE OF CONVENIENCE AND NECESSITY

To Provide Sewer Service Under V.T.C.A., Water Code
and Texas Water Commission Substantive Rules

Certificate No. 20767

I. Certificate Holder:

Name: JusRyn Co., Inc. dba Shady Grove Sewer System

Address: Route 3, Box 487
Granbury, Texas 76048

II. General Description and Location of Service Area:

The area covered by this certificate is located approximately 3 miles east of downtown Granbury, Texas. The service area is generally bounded on the north by U.S. Highway No. 377, on the east by Ranch Land, on the south by F.M. Highway No. 208 and on the west by Shady Grove Drive in Hood County, Texas.

III. Certificate Maps:

The certificate holder is authorized to provide sewer service in the area identified on the Commission's official sewer service area map, WRS-112, maintained in the offices of the Texas Water Commission, 1700 North Congress, Austin, Texas with all attendant privileges and obligations.

This certificate is issued under Application No. 9755-C and subject to the rules and orders of the Commission, the laws of the State of Texas, conditions contained herein and may be revoked for violations thereof. The certificate is valid until amended or revoked by the Commission.

Issued Date:

DEC 21 1992

ATTEST:

Blanca A. Vargas

John Hall
For the Commission

Texas Water Commission

INTEROFFICE MEMORANDUM

TO : Tariff Coordinator, October 26, 1992
Utility Certification and Rate Design Section
THRU : Doug Holcomb,
Utility Certification and Rate Design Section
FROM : Vera Poe, Utility Certification and Rate Design Section
SUBJECT : Request for Tariff Approval Stamp

Utility Name: JusRyn Co., Inc. dba Shady Grove Sewer
System

CCN Number: 20767

Application/Docket Number: 9755-C

Attached, please find:

- ☐ A. A tariff for a utility reflecting the results of a rate case approved by the Commission.
- ☐ B. A tariff for a utility reflecting rates effective by Operation of Law i.e. no protests received nor hearing requested.
- ☐ C. A tariff for a utility with minor tariff changes allowed under TWC Rule 291.21(b)(2).
- ☒ D. A utility tariff submitted in a CCN application.
- ☐ E. A tariff for a utility submitted in a report of sale and/or transfer of CCN application.
- ☐ F. Other _____
- ☐ G. Comments regarding any of the above or any related tariff on file _____

I have reviewed the above tariff and I recommend it be stamped
APPROVED. Date of tariff approval: October 26, 1992



TEXAS WATER COMMISSION
9755-C CCN 20767 OCT 26 '92
D.A. APPROVED TARIFF BY _____

SEWER UTILITY TARIFF
FOR

JusRyn Co., Inc. dba Shady Grove Sewer System

(Utility Name)

Rt. 3, Box 487

(Business Address)

Granbury, Texas 76048

(City) (State) (Zip)

(817) 573-2404

(Area Code/Telephone Number)

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

20767

This tariff is effective in the following county(ies):

Hood

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

This tariff is effective in the following subdivisions or systems:

Shady Grove Subdivision

TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

SECTION	PAGE
1.0 RATE SCHEDULE	<u>2</u>
2.0 SERVICE RULES	<u>3</u>
3.0 EXTENSION POLICY	<u>9</u>
APPENDIX A SERVICE AGREEMENT	<u>—</u>

TEXAS WATER COMMISSION

9755-C CCN 20767 OCT 26 '92

D.A. APPROVED TARIFF BY VP mh

JusRyn Co., Inc. dba Shady Grove Sewer System Sewer Tariff page No. 2
Revision Date / /

SECTION 1.0--RATE SCHEDULE

Section 1.01--Rates

CONNECTION TYPE
All connections (flat rate, not metered) \$25.00/month

Section 1.02--Miscellaneous Fees

TAP FEE \$ 250.00
TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION.

RECONNECTION FEE
THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS:

a) Non payment of bill (Maximum \$25.00) \$ 15.00
b) Customer's request \$ 15.00
OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

LATE CHARGE \$ 2.00 OR 5%
A ONE TIME PENALTY MAY BE MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE \$ 5.00

CUSTOMER DEPOSIT (Maximum \$50) \$ 50.00

RATES LISTED ARE EFFECTIVE ONLY IF
THIS PAGE HAS TWC APPROVAL STAMP

TEXAS WATER COMMISSION
9755 - C CCN 20767 OCT 20 '92
D.A. APPROVED TARIFF BY VP ch

JusRyn Co., Inc. dba Shady Grove Sewer System Sewer Tariff page No. 3

SECTION 2.0--SERVICE RULES AND REGULATIONS

Section 2.01--Texas Water Commission Rules

The utility will have the most current Texas Water Commission Rules, Chapter 291, Water Rates, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.02--Application for and Provision of Sewer Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff) and will be signed by the applicant before sewer service is provided by the utility. A separate application or contract will be made for each service at each separate location.

After the applicant has met all the requirements, conditions and regulations for service, the utility will install service connections, which may include a utility cut-off valve and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

Where service has previously been provided, the utility will reconnect the service within one working day after the applicant has met the requirements for reconnection.

The customer will be responsible for furnishing and laying the necessary customer service pipe from the connection location to the place of use.

Section 2.03--Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the TWC Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that a complaint may be filed with the Commission.

Section 2.04--Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant will be required to pay a deposit as provided for in Section 1.02 of this tariff. The utility will keep records of the deposit and credit interest in accordance with TWC Rules.

TEXAS WATER COMMISSION

9755 - C CCN 20767 OCT 26 '92

D.A. APPROVED TARIFF BY VP ch

JusRyn Co., Inc. dba Shady Grove Sewer System Sewer Tariff page No. 4

SECTION 2.0--SERVICE RULES AND REGULATIONS (CONT.)

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the deposit at any time prior to termination of utility service but must refund the deposit plus interest for any customer who has paid 18 consecutive billings without being delinquent.

Section 2.05--Meter Requirements, Readings, and Testing

It is not a requirement that the utility use meters to measure the quantity of sewage disposed of by individual customers. When a sewer utility is operated in conjunction with a water utility which serves the same customers, the charge for sewage disposal service may be based on the winter months average monthly consumption of water as registered on the customer's water meter. One connection is required for each residential, commercial or industrial facility in accordance with the TWC Rules.

Section 2.06--Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

A late penalty of either \$2.00 or 5.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

Each bill will provide all information required by the TWC Rules. For each of the systems it operates, the utility will maintain and note on the monthly billing a telephone number (or numbers) which may be reached by a local call by customers. At the utility's option, a toll-free telephone number or the equivalent may be provided.

TEXAS WATER COMMISSION

SECTION 2.0--SERVICE RULES AND REGULATIONS (CONT.)

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the Commission.

Section 2.07--Service Disconnection

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the TWC Rules.

Utility service may also be disconnected without notice for reasons as described in the TWC Rules.

Utility personnel must be available to collect payments and to reconnect service on the day of and the day after any disconnection of service unless service was disconnected at the customer's request or due to a hazardous condition.

Section 2.08--Reconnection of Service

Service will be reconnected within 24 hours after the past due bill and any other outstanding charges are paid or correction of the conditions which caused service to be disconnected.

Section 2.09--Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the Commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

TEXAS WATER COMMISSION

9755 - C CCN 20767 OCT 20 '92

D.A. APPROVED TARIFF BY SPH

SECTION 2.0--SERVICE RULES AND REGULATIONS (CONT.)

Prorated Bills - If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

Section 2.10--Quality of Service

The utility will plan, furnish, and maintain and operation a treatment and collection facility of sufficient size and capacity to provide a continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge the effluent at the quality required by its discharge permit issued by the Commission. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TWC Rules.

Section 2.11--Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through the Texas Water Commission complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

TEXAS WATER COMMISSION

9755 - C CCN 20767 OCT 21 '92

D.A. APPROVED TARIFF BY VP

JusRyn Co., Inc. dba Shady Grove Sewer System

Sewer Tariff page No. 7

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

This section contains specific utility service rules in addition to the rules previously listed under Section 2.0. It must be reviewed and approved by the Commission and in compliance with the TWC Rules to be effective.

TEXAS WATER COMMISSION

9755 - C CON 20767 OCT 20 '92

D.A. APPROVED TARIFF BY VP

JusRyn Co., Inc. dba Shady Grove Sewer System Sewer Tariff page No. 8

SECTION 3.0--EXTENSION POLICY

Section 3.01--Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES. No contribution in aid of construction may be required of any customer except as provided for in this approved extension policy.

The customer will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

The utility will bear the full cost of any oversizing of collection mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional treatment capacity or facilities. Contributions in aid of construction may not be required of individual residential customers for treatment capacity or collection facilities unless otherwise approved by the Commission under this specific extension policy.

COST UTILITIES SHALL BEAR. Within its certificate area, the utility will pay the cost of the first 200 feet of any sewer collection line necessary to extend service to an individual residential customer within a platted subdivision. However, if the residential customer requesting service purchased the property after the developer was notified of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Developers may be required to provide contributions in aid of construction in amounts to furnish the system with all facilities necessary to comply with the Texas Water Commission's Rules.

TEXAS WATER COMMISSION

9755 - C CCN 20767 OCT 2, '92

D.A. APPROVED TARIFF BY VP

JusRyn Co., Inc. dba Shady Grove Sewer System Sewer Tariff page No. 9

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY

This section contains the utility's specific extension policy which complies with the requirements already stated under Section 3.01. It must be reviewed and approved by the Commission and in compliance with TWC Rules to be effective.

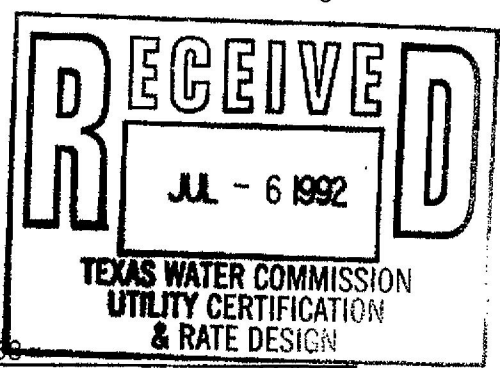
Residential customers not covered under Section 3.01 will be charged the equivalent of the costs of extending service to their property from the nearest collection line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the full cost of extending service to and throughout their property, including the cost of all necessary treatment capacity necessary to meet the service demands anticipated to be created by that property.

Developers will be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with Texas Water Commission's minimum design criteria for facilities used in collecting, treating, transmitting, and discharging of wastewater effluent. For purposes of this subsection, a developer is one who subdivides or requests more than two connections on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

TEXAS WATER COMMISSION

9755 - C CON 20767 OCT 2 1992

D.A. APPROVED TARIFF BY VP



SEWER UTILITY TARIFF
FOR

JusRyn Co., Inc. P.O. Box 1738
(Utility Name) (Business Address)

Granbury Texas 76048 (817) 573-2404
(City) (State) (Zip Code) (Area Code/Telephone No.)

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

Applied for concurrently with Tariff

This tariff is effective in the following counties:

Hood

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

None

This tariff is effective in the following subdivisions or systems:

Shady Grove Sewer System

TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

SECTION	PAGE
1.0 RATE SCHEDULE.....	<u>2</u>
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3.0 EXTENSION POLICY.....	<u>9 - 10</u>
APPENDIX A SERVICE AGREEMENTS.....	<u>11</u>

Shady Grove Sewer System

(Sewer Utility Name)

Sewer Tariff Page No. 2
Revision No. _____SECTION 1.0--RATE SCHEDULESection 1.01--Rates

CONNECTION TYPE

All connections.....\$ 25.00 per mo.
(Flat Rate, Discharge Not Metered)

N

Section 1.02--Miscellaneous Fees

TAP FEE.....\$ 250 .00

N

Tap fee is limited to the average of the Utility's actual costs for materials and labor for standard residential connections.

RECONNECTION FEE.....\$ 15 .00

N

The reconnect fee will be charged before service can be restored to a customer who has been disconnected at a) the customer's request, b) reasons listed under Section 2.0 of this tariff, or c) reasons listed in the Commission's Substantive Rules.

LATE CHARGE

A one-time penalty of \$1.00 or 5.0% whichever is larger may be made on delinquent bills. The penalty on delinquent bills may not be applied to any balance to which the penalty was applied in a previous billing.

RETURNED CHECK CHARGE.....\$ 5 .00

N

CUSTOMER DEPOSIT (Maximum \$50).....\$ 50 .00

N

TO BECOME EFFECTIVE, THIS PAGE MUST BE STAMPED APPROVED BY THE TEXAS WATER COMMISSION

Key to Codes

C--Regulation Change D--Discontinued I--Increase N--New
R--Reduction E--Error Correction
T--Change in text, but no change in regulation

(Sewer Utility Name)

SECTION 2.0--SERVICE RULES AND REGULATIONS

Section 2.01--Application for Service

All applications for service will be made on the utility's standard application or contract form (attached in Appendix A to this tariff) and will be signed by the applicant before sewer service is provided by the utility. A separate application or contract will be made for each service at each separate location.

Section 2.02--Sewer Installation

After the applicant has met all the requirements, conditions and regulations for service, the utility will install a service connection and/or take all necessary actions to initiate service. The utility shall serve each qualified applicant for service within its certified area as rapidly as is practical after accepting a completed application. The utility shall provide service in a timely manner on a non-discriminatory basis.

Service requests not involving line extensions, construction or new facilities shall be filled no later than fourteen (14) working days after a completed application has been accepted. If construction is required which cannot be completed within thirty (30) days, the utility shall provide a written explanation of the construction required and an expected date of service. Service shall be provided within thirty (30) days of the expected date, but no later than 180 days after a completed application was accepted. Failure to provide service within this time frame shall constitute refusal to serve.

Section 2.03--Refusal of Service

The utility may decline to serve an applicant until such applicant has complied with both state and municipal regulations, the approved rules and regulations of the utility on file with the Commission and for the following reasons:

1. if the applicant's installation or equipment is known to be inadequate or of such character that satisfactory service cannot be given;
2. if the applicant is indebted to any utility for the same kind of service as that applied for, provided, however, that in the event the indebtedness of the applicant is in dispute, the applicant shall be served upon complying with the deposit requirement of the utility.
3. for refusal to make a deposit, if applicant is required to make a deposit by the utility.

Shady Grove Sewer System

(Sewer Utility Name)

Sewer Tariff Page No. 4

SECTION 2.0--SERVICE RULES AND REGULATIONS (CONT.)

Section 2.03--Refusal of Service (cont.)

In the event that the utility shall refuse to serve an applicant, the utility must inform the applicant of the basis of its refusal. The utility is also required to inform the applicant that it may file a complaint with the Commission.

Section 2.04--Customer Deposits

If the residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit that does not exceed \$50.00 for sewer utility service.

The utility must keep a record of each deposit, issue a receipt for it, and pay annual interest at a rate set each calendar year by the Commission. The utility shall maintain all funds received as customer deposits in a separate, federally insured, interest bearing account and shall use such funds only for the purpose of payment of unpaid bills guaranteed by such deposits, payment of interest to depositors and refund of deposits to depositors.

The utility must automatically refund the deposit plus accrued interest:

1. if service is not connected,
2. after disconnection of service if the deposit or portion of the deposit exceeds any unpaid bills; or,
3. to any residential customer who has paid service bills for 12 consecutive months without being disconnected for nonpayment and without more than two occasions on which a bill was delinquent. The refund need not be made if payment on the current bill is delinquent.

Non-residential applicants, if unable to establish satisfactory credit, may be required to make a deposit not to exceed one-sixth (1/6) of the estimated annual billings.

Section 2.05--Meter Requirements, Readings, and Testing

It is not a requirement that the utility use meters to measure the quantity of sewage disposed of by individual customers. When a sewer utility is operated in conjunction with a water utility which serves the same customers, the charge for sewage disposal service may be based on the consumption of water as registered on the customer's water meter.

One connection is required for each residential, commercial or industrial facility. An apartment building or a trailer or mobile home park may be considered to be a single commercial facility.

Shady Grove Sewer System
(Sewer Utility Name)

Sewer Tariff Page No. 5

SECTION 2.0 SERVICE RULES AND REGULATIONS (CONT.)

Section 2.06--Billing

Bills from the utility shall be rendered monthly unless otherwise authorized by the Commission. Payment is considered late if not received at the utility's office or postal address within sixteen (16) days of the billing date. The postmark on the envelope of the bill or the recorded date of mailing by the utility, if there is no postmark on the envelope, shall constitute proof of the date of issuance.

A one-time penalty of \$1.00 or 5.0%, whichever is larger, may be made on delinquent bills. However, no such penalty may be collected unless a record of the date of mailing is made at the time of the mailing and maintained at the principal office of the utility.

Each bill shall show the following information (if applicable):

1. the date and reading of the meter at the beginning and at the end of the period for which the bill is rendered;
2. the number and kind of units metered;
3. the applicable rate schedule, title or code;
4. the total amount due for water service and, separately stated, the total amount due for sewer service;
5. the due date of the bill;
6. the date by which customers must pay the bill in order to avoid addition of a penalty;
7. the total amount due as penalty for nonpayment within a designated period;
8. a distinct marking to identify an estimated bill;
9. any conversions from meter reading units to billing units from recording or other devices, or any other factors used in determining the bill; and,
10. the gallonage used in determining sewer usage.

The information required in items 1-10 above shall be arranged to allow the customer to readily compute his bill with a copy of the utility's rate schedule which shall be provided by the utility at the request of the customer.

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility shall conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility shall inform the customer that a complaint may be filed with the Commission.

Shady Grove Sewer System
(Sewer Utility Name)

Sewer Tariff Page No. 6

SECTION 2.0 SERVICE RULES AND REGULATIONS (CONT.)

Section 2.07--Service Disconnection

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice has been given.

Proper notice shall consist of a separate mailing or hand delivery at least ten (10) days prior to a stated date of disconnection, with the words "termination notice" or similar language prominently displayed on the notice. The notice must also list the past due balance.

Utility service may be disconnected after proper notice for any of the following reasons:

1. failure to pay a delinquent account or to comply with a deferred payment agreement;
2. willful violation of a utility usage rule when that violation interferes with another customer's service; or,
3. failure to comply with valid deposit or guarantee arrangements.

Service may only be disconnected without notice:

1. when a known dangerous condition exists, for as long as the condition exists;
2. when service is established through meter bypassing, an unauthorized connection or unauthorized reconnection; and,
3. in instances of tampering with the utility company's equipment.

A utility may not disconnect any customer for failure to pay for merchandise or service unrelated to utility service, even if the utility provides that merchandise or those services. A utility may not disconnect any customer for a previous occupant's failure to pay amounts owed to the utility.

Utility personnel must be available to make collections and to reconnect service on the day of and the day after any disconnection of service unless service was disconnected at the customer's request or because of a hazardous condition.

Shady Grove Sewer System
(Sewer Utility Name)

Sewer Tariff Page No. 7

SECTION 2.0 SERVICE RULES AND REGULATIONS (CONT.)

Section 2.08--Service Interruptions

The utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, each utility shall keep a complete record of all interruptions, both emergency and scheduled.

The Commission shall be notified in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice shall also state the cause of such interruptions.

Section 2.09--Termination of Utility Service

No utility may abandon any customer or any portion of its service area without prior written notice to affected customers and neighboring utilities and prior Commission approval.

Section 2.10--Quality of Service

Each sewer utility shall maintain and operate a treatment facility of adequate size and properly equipped to treat sewage and discharge the effluent at the quality required by its permit issued by the Texas Water Commission.

Additional capacity shall be provided to meet the reasonable local demand characteristics of the service area.

The application of Commission rules shall not relieve the utility from complying with the requirements of the laws and regulations of the State, local Department of Health, local ordinances and all other regulatory agencies having jurisdiction over such matters.

Shady Grove Sewer System

(Sewer Utility Name)

Sewer Tariff Page No. 8
Revision No.

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

This section contains specific utility service rules in addition to the standard rules previously listed under Section 2.0. It must be reviewed and approved by the Texas Water Commission to be effective.

TO BECOME EFFECTIVE, THIS PAGE MUST BE STAMPED APPROVED BY THE
TEXAS WATER COMMISSION

Key to Codes

C--Regulation Change	D--Discontinued	I--Increase	N--New
R--Reduction	E--Error Correction		
T--Change in text, but no change in regulation			

Shady Grove Sewer System

Sewer Tariff Page No. 9

(Sewer Utility Name)

SECTION 3.0--EXTENSION POLICY

Section 3.01--Standard Extension Requirements

Contributions in aid of construction shall not be required of individual residential customers for transmission, pumping, treatment or disposal of sewage.

The utility will bear the cost of the first 200 feet of any collection line necessary to extend service to an individual residential customer. The utility shall bear the full cost of any oversizing of collection lines to serve any additional customers in the immediate area. If the specific utility extension policy stated in Section 3.20 of this tariff requires, residential customers may be required to pay for additional collection lines beyond the first 200 feet.

The extension policy may not be applied to requests for service where the utility already has a line in place, even though the line may be overloaded.

Individual residential customers who place a unique or non-standard service demand on the system may be charged the actual costs of any additional collection or pumping facilities required over and above the standard requirements.

If specifically stated in Section 3.20 of this tariff, developers may be required to provide contributions in aid of construction in amounts to furnish the system with facilities compliant with Texas Water Commission minimum design criteria for transmission, pumping, treatment, or disposal of sewage.

Shady Grove Sewer System

(Sewer Utility Name)

Sewer Tariff Page No. 10
Revision No. _____

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY

This section contains a specific utility extension policy in addition to the standard policy stated under Section 3.0. It must be reviewed and approved by the Texas Water Commission to be effective.

Developers (individuals, partnerships or corporations developing two or more lots or tracts for resale) will be required to provide contributions in aid of construction in amounts required to furnish the system with facilities compliant with the Texas Water Commission and the Texas Department of Health design criteria for collection, pumping, treatment or disposal of sewage.

N

TO BECOME EFFECTIVE, THIS PAGE MUST BE STAMPED APPROVED BY THE
TEXAS WATER COMMISSION

Key to Codes

C--Regulation Change D--Discontinued I--Increase N--New
R--Reduction E--Error Correction
T--Change in text, but no change in regulation

Attachment D

AFFIDAVIT OF CUSTOMER DEPOSIT REFUND

STATE OF TEXAS

§
§
§
§

COUNTY OF HOOD


Before me, the undersigned authority, Ike Thomas being first duly sworn, deposes and states as follows:

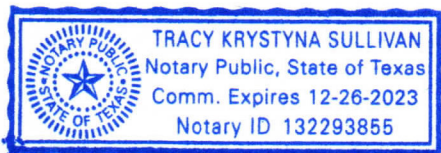
1. My name is Ike Thomas. I am over 21 years of age, of sound mind, and capable of making this Affidavit. I have personal knowledge of the facts contained herein and they are true and correct.
2. I am the president of Jusryn Company, Inc. d/b/a Shady Grove Sewer System in Hood County, Texas, and I am authorized to make this Affidavit on behalf of Shady Grove Sewer System regarding the return/refund of deposits from Shady Grove Sewer System to its customers.
3. I hereby certify that all customer deposits held by Shady Grove Sewer System were returned or refunded to customers consistent with the provision of Shady Grove Sewer System's tariff and rules adopted by the Public Utility Commission of Texas.



Ike Thomas, President
Jusryn Company, Inc. d/b/a Shady Grove
Sewer System

SWORN TO AND SUBSCRIBED before me on this 2 day of March 2022.



Notary Public, State of Texas

Attachment E

RESTATED OPERATING AGREEMENT OF CSWR-TEXAS UTILITY OPERATING COMPANY, LLC

THIS OPERATING AGREEMENT (this "Agreement") is signed as of the 13th day of November, 2019 (the "Effective Date"), by **CSWR-TEXAS UTILITY HOLDING COMPANY, LLC**, a Texas limited liability company, as the sole Member of **CSWR-TEXAS UTILITY OPERATING COMPANY, LLC**, a Texas limited liability company (the "Company").

RECITALS

WHEREAS, on July 16, 2019, the Company was organized a limited liability company under the laws of Texas pursuant to the Texas Limited Liability Company Act, Texas Business Organization Code Title 3 Chapter 101 (the "Act") for the purpose of, among other things, of investing in and operating water and waste water utilities;

WHEREAS, on September 23, 2019, the Company amended its name to "Yellow Rose Utility Operating Company, LLC", October 18, 2019 the Company amended its name to "Palmwood Water Utility Operating Company, LLC" and on November 13, 2019 the Company amended its name to "CSWR-Texas Utility Operating Company, LLC";

WHEREAS, the aforementioned Member desires to restate and adopt this Operating Agreement setting forth the Member's desire for the management and operation of such limited liability company.

NOW THEREFORE, in consideration of the mutual covenants and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Member hereby states as follows:

ARTICLE I. ORGANIZATION

1.1. Certain Definitions. As used herein, the following terms have the following meanings:

- (a) "Act" is defined in Section 1.2 hereof.
- (b) "Agreement" means this Operating Agreement, as the same may be amended from time to time.
- (c) "Business Property" means all properties, assets and interests (whether real or personal, tangible or intangible) now or hereafter owned or held by the Company.
- (d) "Capital Account" means the Capital Account maintained by the Company for each Member in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv), as amended from time to time.

(e) "Capital Contributions" means with respect to the Member, the total amount of money and the fair market value of the other property, if any, to be contributed to the Company by the Member in accordance with Article II hereof. The Member's "Paid-In Capital Contribution" means the amount of the Member's Capital Contribution actually paid in cash or other property actually contributed to or on behalf of the Company. With respect to the Company, such terms shall mean the aggregate Capital Contributions and aggregate Paid-In Capital Contributions, respectively, of the Member.

(f) "Capital Transaction" means any of the following items or transactions: a sale, transfer or other disposition of all or substantially all of the assets of the Company, condemnation actions, net insurance recoveries (other than for temporary loss of use), the refinancing of the mortgage or other indebtedness of the Company. The payment of Capital Contributions by the Member shall not be included within the meaning of the term "Capital Transaction."

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute.

(h) "Company" means this limited liability company and any successors hereto.

(i) "Depreciation" means for each fiscal year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such fiscal year. In the event the book value of an asset differs from its adjusted tax basis at the beginning of such year, then the Depreciation shall be an amount which bears the same ratio to the fair market value (as may be adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and (g)) as the Depreciation determined for federal income tax purposes bears to the beginning adjusted tax basis.

(j) "Dissolution Proceeds" is defined in Section 10.2 hereof.

(k) "Net Profits" or "Net Losses" for the applicable period means the gross income of the Company minus (a) all net cash outlays of any kind, whether capital in nature or not, to the extent the same are not depreciable or amortizable for federal income tax purposes (or, as the context may require, to the extent the same are not depreciated or amortized for federal income tax purposes), including, without limiting the generality of the foregoing, all operating expenses payable by the Company, salaries, life insurance premiums on policies owned by the Company, and interest on any Company indebtedness; and (b) all Depreciation allowable for federal income tax purposes. In the event that such sum is a positive number, it shall be considered "Net Profits" and if the sum is a negative number, it shall be considered "Net Losses."

(l) "Person" is defined in Section 1.9 hereof.

(m) "Treasury Regulation(s)" means the Income Tax Regulations promulgated under the Code, as such Treasury Regulations may be amended or supplemented from time to time.

1.2. Formation. The Member has formed the Company under and pursuant to the provisions of the Act, for the limited purposes and scope set forth in this Agreement. The Member has filed in the appropriate governmental office(s) Articles of Organization which conform to the requirements of the Act in order to constitute the Company as a valid limited liability company under the Act. The costs and expenses associated with such filing shall be borne by the Company.

1.3. Name. The business and affairs of the Company shall be conducted solely under the name of "**CSWR-Texas Utility Operating Company, LLC**", and such name shall be used at all times in connection with the business and affairs of the Company; provided that the Member may operate the Company under any other name necessary or convenient to qualify it to do business in any state or jurisdiction.

1.4. Term. The Company shall continue in existence perpetually, or until dissolved by the Member under the terms of this Agreement.

1.5. Business of the Company. The business of the Company is to: (i) invest in and operate water and waste water utilities; (ii) own, finance, hold, manage, manufacture, sell, exchange or otherwise deal with and dispose of all or any part of the Business Property; and (iii) transact any and all lawful business for which a limited liability company may be organized under the Act and exercise all rights and engage in all activities related thereto (the "Business").

1.6. Principal Office. The principal office of the Company shall be at 500 Northwest Plaza Drive, Suite 500, St. Ann, MO 63074, or such other location as may be hereafter determined by the Manager.

1.7. Registered Office and Registered Agent. The name of the Company's registered agent for service of process in Texas and the address of the Company's registered office in Texas shall be as provided in the Articles of Organization. The Manager may in his sole discretion and from time to time change the address of the registered office and the registered agent by filing the documents required by law.

1.8. Articles of Organization and Other Instruments. The Member has executed or has authorized the execution of the Articles of Organization in accordance with the Act, and shall execute such other documents and instruments and take all such other actions as may be deemed by the Manager to be necessary or appropriate to effectuate and permit the continuation of the Company under the laws of the State of Texas or the laws of any other state in any other state which the Member deems necessary or appropriate. The Manager shall, from time to time, take appropriate action, including the preparation and filing of such other amendments to the Articles of Organization and other certificates as may be required under the laws of the State of Texas or any other state, to enable the Company to do business in the State of Texas or any other state.

1.9. Additional Definitions. The definitions in Section 1.1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine and neuter forms. The term "Person" includes individuals, partnerships, corporations, limited liability companies, trusts, and other associations and entities. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." The words "herein," "hereof," "hereunder," and similar terms shall refer to this Agreement, unless the context otherwise requires.

ARTICLE II. CAPITAL CONTRIBUTIONS

2.1. Initial Capital Contributions. The Member shall make the Capital Contribution to the Company as reflected on Exhibit A attached hereto and incorporated herein by reference.

ARTICLE III. DISTRIBUTIONS

3.1. Distributions. Except as otherwise requested by the Member or required by law, cash distributions shall be made to the Member on the following bases at such time (but at least annually) and in such amounts as the Manager in his sole discretion shall determine:

(a) Distributions, other than from a Capital Contribution, shall be made in the following order of priority:

(i) To the payment of liabilities of the Company then due and owing to Persons other than the Member;

(ii) To the Member, in an amount equal to the unpaid balance of principal and accrued interest of any loan by the Member to the Company;

(iii) The balance, if any, shall be distributed to the Member.

(b) The proceeds of any Capital Transaction and the distribution upon liquidation under Section 10.2 shall be made in the following order of priority:

(i) To the payment of liabilities of the Company then due and owing to Persons other than the Member;

(ii) To establish such reserves as the Manager in his discretion determines to be reasonably necessary for any contingent or foreseeable liability or obligation of the Company; provided, however, that the balance of any such reserve remaining at such time as the Manager shall reasonably determine shall be distributed in accordance with subparagraphs (iii) through (v) of this Section 3.1(b);

(iii) To the payment to the Member of an amount equal to the unpaid balance of principal and accrued interest of any Loan by the Member;

(iv) To the Member, an amount equal to its Capital Contributions reduced (but not below zero) by the amount of all prior distributions to it under this Section 3.1;

(v) The balance, if any, shall be distributed to the Member.

3.2. Distributions to Be Made In Cash. Unless otherwise determined by the Member, all distributions to the Member shall be made in cash.

ARTICLE IV. ALLOCATION OF NET PROFITS AND NET LOSSES

4.1. Profits and Losses. Net Profits and Net Losses incurred and/or accrued shall be allocated to the Member.

ARTICLE V. ACCOUNTING; RECORDS

5.1. Accounting Methods. The Company books and records shall be prepared in accordance with generally accepted accounting principles, consistently applied. All Federal, state and local tax returns of the Company shall be prepared by the Company's certified public accountants, under the direction of the Manager.

5.2. Fiscal Year. The fiscal year of the Company shall be the twelve calendar month period ending December 31.

5.3. Tax Status. The Member shall elect such tax status that it deems appropriate for each tax year by notifying the Manager of such election.

ARTICLE VI. POWERS, RIGHTS AND DUTIES OF THE MEMBER AND MANAGER

6.1. Restriction of the Member's Rights to Participate in Management. Except as otherwise expressly provided herein, the Member shall have no voice in, take any part in, nor interfere with, the conduct, control, or management of the business of the Company in its capacity as the Member, nor shall the Member have any authority or power to act for, or on behalf of, the Company, or to bind the Company in any respect whatsoever.

6.2. Member Consent. (a) The affirmative vote, approval or consent of the Member shall be required to: (i) alter the primary purposes of the Company as set forth in Section 1.5; (ii) do any act in contravention of this Agreement or cause the Company to engage in any business not authorized by the Articles of Organization or the terms of this Agreement; (iii) do any act which would make it impossible to carry on the usual course of business of the Company; (iv) change or reorganize the Company into any other legal form; (v) amend this Agreement; (vi) issue an Interest in the Company to any Person and admit such Person as a Member; (vii) approve a merger or consolidation with another Person, (viii) change the status of the Company from one in

which management is vested in the one or more Managers to one in which management is vested in the Member, or vice versa; (ix) possess any Company property or assign the rights of the Company in specific Company property for other than a Company purpose; (x) perform any act (other than an act required by this Agreement or any act taken in good faith reliance upon counsel's opinion) which would, at the time such act occurred, subject the Member to liability as a general partner in any jurisdiction; (xi) operate the Company in such a manner as to have the Company classified as an "investment company" for purposes of the Investment Company Act of 1940; (xii) have an order for relief entered against the Company under applicable federal bankruptcy law; OR (xiii) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against the Company in any bankruptcy, reorganization or insolvency proceeding.

(b) The Member shall have the right to replace a Manager of the Company and name its successor at any time by providing written notice to the Manager being replaced of such decision in which the successor Manager is also set forth.

6.3. Manager.

(a) The Manager shall have the power to do all things necessary or convenient to carry out the business affairs of the Company. The initial Manager shall be Central States Water Resources, Inc., a Missouri corporation.

(b) The Manager shall not have any contractual right to such position and shall serve until the earliest of (i) the withdrawal of the Manager, or (ii) the removal of the Manager. The Manager may be removed and replaced in accordance with the provisions of Section 6.2(b).

(c) Except to the extent provided herein, the Member hereby agrees that only the Manager and agents of the Company authorized by the Manager shall have the authority to bind the Company. The Member shall not take any action to bind the Company without notifying the Manager of such action. If the Member takes any action to bind the Company, it shall indemnify and hold harmless the Manager against any claim, loss, expense or liability (including, without limitation, attorneys' fees and expenses, whether or not litigation is commenced) incurred by the Manager as a result of the unauthorized action of such Member.

(d) The Manager's duty of care in the discharge of the duties of the Manager to the Company and the Member is limited to discharging his duties pursuant to this Agreement in good faith, with the care a corporate officer of like position would exercise under similar circumstances, in the manner he reasonably believes to be in the best interests of the Company. In discharging his duties, the Manager shall not be liable to the Company or to the Member for any mistake or error in judgment or for any act or omission believed in good faith to be within the scope of authority conferred by this Agreement or by separate written instrument executed by the Member.

(e) The Manager's compensation shall be established by the Member, and the Manager shall be entitled to reimbursement of any general overhead expenses incurred in the regular course of his duties.

6.4. Indemnification

(a) The Company, except as provided in Section 6.4(b), shall indemnify any Person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether criminal, civil, administrative or investigative, including without limitation any action by or in the right of the Company, by reason of the fact that he/it was or is a Member or Manager of the Company or is or was a Member or Manager of the Company who is or was serving at the request of the Company as a member, manager, director, officer, agent, employee, partner or trustee of another limited liability company, corporation, partnership, joint venture, trust or other enterprise; against expenses, including attorneys' fees, judgments, fines, taxes and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit or proceeding if such Person's conduct is not finally adjudged to be knowingly fraudulent, deliberately dishonest or willful misconduct. The right to indemnification conferred in this paragraph shall be a contract right and shall include the right to be paid by the Company expenses incurred in defending any actual or threatened civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding. Such right will be conditioned upon receipt of an undertaking by or on behalf of the Member or manager to repay such amount if it shall ultimately be determined that he/it is not entitled to be indemnified by the Company as authorized in this Article. Such right shall survive any amendment or repeal of this Article with respect to expenses incurred in connection with claims, regardless of when such claims are brought, arising out of acts or omissions occurring prior to such amendment or repeal. The Company may, by action of the Member, provide indemnification to employees and agents of the Company with the same scope and effect as the foregoing indemnification of Member and Manager.

(b) If a claim under Section 6.4(a) is not paid in full by the Company within thirty (30) days after a written claim has been received by the Company, the claimant may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense, including reasonable attorneys' fees and costs, of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Company) that the claimant has not met the standards of conduct which make it permissible under the limited liability company law of Texas for the Company to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Company. Neither the failure of the Company (including the Member or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he/it has met the applicable standard of conduct set forth in the limited liability company law of Texas, nor an actual determination by the Company (including its Member or independent legal counsel) that the claimant has not met such

applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(c) The indemnification provided by this Section 6.4 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, consent of the Member or otherwise, both as to action in his/its official capacity and as to action in another capacity while holding such office, and shall continue as to a Person who has ceased to be a Member, Manager, employee, partner, trustee or agent and shall inure to the benefit of the heirs, executors and administrators of such a Person.

(d) The Company may purchase and maintain insurance on behalf of any Person who is or was a Member, Manager, employee or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, employee, partner, trustee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his/its status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of this Section 6.4.

(e) For the purposes of this Section 6.4, references to the Company includes the resulting or surviving entity in any merger or consolidation so that any Person who is or was a Member, Manager, employee or agent of such a constituent entity or is or was serving at the request of such constituent entity as a member, manager, director, officer, employee, partner, trustee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Section 6.4 with respect to the resulting or surviving entity as he/it would if he/it had served the resulting or surviving entity in the same capacity.

(f) For purposes of this Section 6.4, the term "other enterprise" shall include employee benefit plans; the term "fines" shall include any excise taxes assessed on a Person with respect to any employee benefit plan; and the term "serving at the request of the Company" shall include any service as a member, manager, director, officer, employee, partner, trustee or agent of, or at the request of, the Company which imposes duties on, or involves services by, such member, manager, director, officer, employee, partner, trustee or agent with respect to an employee benefit plan, its participants, or beneficiaries.

(g) In the event any provision of this Section 6.4 shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision of this Section 6.4 and any other provisions of this Section 6.4 shall be construed as if such invalid provision had not been contained in this Section 6.4. In any event, the Company shall indemnify any Person who is or was a Member or Manager of the Company, or is or was a Member or Manager of the Company who is or was serving at the request of the Company as a member, manager, director, officer, agent, employee, partner or trustee of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, to the full extent permitted under Texas law, as from time to time in effect.

6.5. Liability of the Member. The Member shall not be liable as such for the liabilities of the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Member or a Manager for liabilities of the Company.

ARTICLE VII. DETERMINATIONS BY THE MEMBER

7.1. Actions by the Member. The Member shall have the right to take any action set forth herein in accordance with the terms of the Agreement. In addition, if the Member determines that it wants to take an action that is not expressly granted to it within this Agreement, it shall take such action only after notifying the Manager in writing of the intended action.

ARTICLE VIII. ACTIONS OF THE MANAGER

8.1. Actions by the Manager. The Manager shall decide any question related to the operations of the Company, unless the question is one upon which, by express provision of the Act, the Articles of Organization or this Agreement, the Member is required to consent, in which case such express provision shall govern and control the decision on such question.

ARTICLE IX. TRANSFER OF MEMBER'S INTEREST

9.1. Transfer of Member's Interest. The Member shall have the right to transfer all or part of its Interest to another Person upon such terms that the Member deems acceptable. Prior to the effective date of the transfer of all or part of the Interest, the Member must notify the Manager of the transfer in writing.

9.2. Effect of Assignment; Documents. All Interests in the Company transferred pursuant to the provisions of this Article shall be subject to the restrictions and obligations set forth in this Agreement. As a condition to any Person being admitted as an additional Member or a substituted Member, such Person must execute this Agreement and agree to be bound by all of its terms and provisions as a substituted Member or additional Member.

ARTICLE X. DISSOLUTION OF THE COMPANY

10.1. Dissolution Acts.

(a) No act, thing, occurrence, event or circumstance shall cause or result in the dissolution of the Company except that the happening of any one of the following events shall work as an immediate dissolution and termination of the Company:

(i) A determination by Member to dissolve and terminate the Company; and

(ii) The event of the death of the Member.

(b) Without limiting the other provisions hereof, the transfer of all or any part of a Member's Interest, in accordance with the provisions of this Agreement or the admission of a new Member, shall not work the dissolution of the Company.

10.2. Distribution of Proceeds on Dissolution; Reserves. Upon the dissolution and termination of the Company, a the Member or such other Person designated by the Member (the "Winding-Up Member") shall file a Notice of Winding Up pursuant to the Act and shall proceed with the liquidation and termination of the Company as promptly as possible, but in an orderly and businesslike manner so as not to involve undue sacrifice, and the proceeds therefrom and any other funds and assets of the Company (the "Dissolution Proceeds"), shall be applied and distributed pursuant to the provisions of Section 3.1.b.

ARTICLE XI. GENERAL

11.1. Notices. Any notice, request, approval, consent, demand or other communication required or permitted hereunder shall be given in writing by (1) personal delivery, (2) expedited delivery service with proof of delivery, (3) United States Mail, postage prepaid, registered or certified mail, return receipt requested, or (4) email or facsimile (provided that such email or facsimile is confirmed as received), and shall be deemed to have been given and received either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the last known address, or in the case of email or facsimile, upon receipt.

11.2. Amendments. This Agreement may be amended by a written agreement of amendment executed by the Member.

11.3. Miscellaneous. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns. Captions contained in this Agreement in no way define, limit, or extend the scope or intent of this Agreement. If any provision of this Agreement or the application of such provision to any Person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision to any other Persons or circumstances, shall not be affected thereby.

11.4. Remedies. If the Company or any party to this Agreement obtains a judgment against any other party by reason of breach of this Agreement or failure to comply with the provisions hereof, reasonable attorneys' fees as fixed by the court shall be included in such judgment. No remedy conferred upon the Company or the Member in this Agreement is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or

by statute. No waiver by the Member or the Company of any breach of this Agreement shall be deemed to be a waiver of any other breach of any kind or nature and no acceptance of payment or performance by a Member or the Company after any such breach shall be deemed to be a waiver of any breach of this Agreement, whether or not such Member or the Company knows of such breach at the time it accepts such payment or performance. If the Member has the right herein to approve or consent to any matter or transaction, such approval or consent may be withheld in the sole discretion of the Member for any reason or no reason. No failure or delay on the part of the Member or the Company to exercise any right it may have shall prevent the exercise thereof by the Member or the Company at any time such other may continue to be so in default, and no such failure or delay shall operate as a waiver of any default.

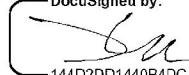
11.5. Compliance with Securities Laws. Notwithstanding anything herein contained to the contrary, no transfer or disposition of Interests in the Company pursuant to the terms hereof shall be made unless such transfer or disposition complies in all respects with the provisions of the Securities Act of 1933 and the securities laws of any and all states with jurisdiction over such transfer or disposition, and the rules and regulations promulgated thereunder.

11.6. Binding Effect. This Agreement and any amendment hereto made as provided herein shall be binding upon and inure to the benefit of the Company and its successors and assigns, and the Member, its heirs, executors, administrators, and legal or personal representatives.

11.7. Governing Law. This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of Texas.

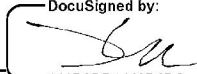
IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

**CSWR-TEXAS UTILITY
HOLDING COMPANY, LLC**

DocuSigned by:

144D2DD1440B4DC...

By: _____
Josiah M. Cox, President of
Central States Water Resources, Inc.,
Manager

Agreed and Accepted by:

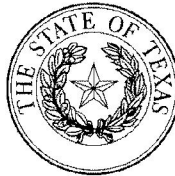
DocuSigned by:

144D2DD1440B4DC...

Josiah M. Cox, President of
Central States Water Resources, Inc.,
Manager

EXHIBIT A
INITIAL CAPITAL CONTRIBUTIONS

<u>Member's Name and Address</u>	<u>Member's Interest</u>	<u>Capital Contribution</u>
CSWR-Texas Utility Holding Company, LLC	100%.	Kept by Company Accountant

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Ruth R. Hughs
Secretary of State

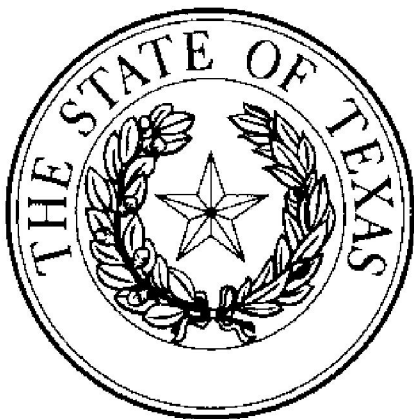
Office of the Secretary of State

Certificate of Fact

The undersigned, as Secretary of State of Texas, does hereby certify that on November 12, 2019, Palmwood Water Utility Operating Company, LLC, a Domestic Limited Liability Company (LLC) (file number 803367893), changed its name to CSWR-Texas Utility Operating Company, LLC.

It is further certified that the entity status in Texas is in existence.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on November 19, 2019.



A handwritten signature in black ink, appearing to read "Ruth R. Hughs".

Ruth R. Hughs
Secretary of State

Come visit us on the internet at <https://www.sos.texas.gov/>

Phone: (512) 463-5555
Prepared by: SOS-WEB

Fax: (512) 463-5709
TID: 10267

Dial: 7-1-1 for Relay Services
Document: 927955580003



Franchise Tax Account Status

As of : 11/14/2019 15:54:04

This page is valid for most business transactions but is not sufficient for filings with the Secretary of State

CSWR-TEXAS UTILITY OPERATING COMPANY, LLC

Texas Taxpayer Number 32071353422

Mailing Address 1999 BRYAN ST STE 900 DALLAS, TX 75201-3140

Right to Transact Business in Texas ACTIVE

State of Formation TX

Effective SOS Registration Date 07/15/2019

Texas SOS File Number 0803367893

Registered Agent Name C T CORPORATION SYSTEM

Registered Office Street Address 1999 BRYAN ST. SUITE 900 DALLAS, TX 75201

**Attachment F is Confidential and
will be provided pursuant to the
Protective Order**

**Attachment G is Highly Sensitive
and will be provided pursuant to
the Protective Order**

Attachment H

Capital Estimates and/or Capital Improvement Plan can be found in Attachment J.

**Attachment I is Confidential and
will be provided pursuant to the
Protective Order**

**Attachment J is Confidential and
will be provided pursuant to the
Protective Order**

Attachment K

5. Customer Deposits

Please see the affidavit of Ike Thomas included as Attachment D.

6.D. Regulatory Assessment Fees with TCEQ

CSWR Texas is committed to ensuring that the amount of any outstanding Regulatory Assessment Fees owed by the seller, if any, will be paid upon completion of the proposed acquisition.

6.E. Annual Report filings with Commission

CSWR Texas is committed to ensuring that the most recent available Annual Report for the seller will be filed with the Commission, to the extent it has not already been filed, upon completion of the proposed acquisition. However, CSWR Texas's understanding is that the Seller has not maintained annual reports.

14. Calculation of Rate Base.

CSWR Texas has not been able to identify any plant records or annual report filings from which to determine the original cost of plant, accumulated depreciation, or financial information requested in this question.

Pursuant to 16 Tex. Admin. Code § 24.41(d) and (e), CSWR Texas intends to request that rate base be set to allow it to earn a return on the difference between the purchase price paid for the utility assets and the original cost less accumulated depreciation or, otherwise, based on the net book value of the assets using another reasonable valuation method. Whether or not there is a difference between the purchase price paid and the original cost less accumulated depreciation and contributions in aid on construction is still under review. Currently, the best records for determining net book value of assets is the current owner's accounting records. However, it is CSWR Texas experience that these records often do not completely account for the entire asset value of the system being transferred due to lack of sophistication or accuracy in recording system improvements, additions or repairs/replacements that extended the usable life of assets. It is CSWR Texas experience that an independent third-party original cost study provides the most accurate valuation of distressed utility assets like those at issue here.

In proceedings in other states, where plant records for an acquired system were inadequate, CSWR, LLC has relied on real estate appraisals to establish rate base or calculate an appropriate acquisition adjustment. These appraisals allow adjustments to rate base based on the value of existing undepreciated land and land rights owned by the selling utility. This method has resulted in fair, reasonable rate base valuations and reasonable opportunities to earn a return sufficient to raise the necessary capital to support these systems. It also provides an efficient, cost-effective alternative to the fair market value approach when the acquisition involves a smaller system, and it is particularly necessary where the acquiring entity would be ineligible to participate in the fair market value process. The Company has not determined the appropriate amount of such adjustment but may seek an acquisition adjustment for the difference between net book and the purchase price or between net book and the value of the system as determined by an appraisal or trending study or other study in its next rate case involving this system as provided for under 16 Tex. Admin. Code § 24.41.

In addition, the Company may request to accrue AFUDC and defer depreciation for post-acquisition improvements in the same way provided for under 16 Tex. Admin. Code § 24.238.

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

A letter from the TCEQ detailing the results of its most recent compliance evaluation identified no investigations. See Attachment I-I to this Application.

A preliminary engineering report was commissioned by CSWR Texas to assess the current state of the system and determine whether any immediate improvements are necessary and the cost of those improvements. See Attachment J. If it is authorized to acquire the system, CSWR Texas intends to invest the capital required to make any upgrades, renovations, and repairs necessary to comply with TCEQ regulations and ensure customers receive safe and reliable service.

CSWR Texas plans to use a contract operator for plant operations, which would include one or more appropriately qualified and licensed operators. The contract operator would be responsible for day-to-day inspections, checks, sampling, reporting, and meter reading. The contract operator also would be responsible for necessary system repairs (as well as extraordinary issues that arise from time to time) to ensure proper facility operations. All contractor activities would be tracked inside CSWR Texas' computerized maintenance system. A computerized plant monitoring system will integrate repair and system operations data onto a single water information management platform that includes all systems operated by CSWR Texas' affiliates.

CSWR Texas will also use contractors for billing and to provide emergency answering services for customer calls. The billing contractor will be responsible for computing, printing, and sending monthly bills to customers and for collecting payments. The billing contractor's staff will also field and process customer bill inquiries, make bill adjustments, deal with customer requests for payment plans, and interact with Commission Staff regarding billing issues. Billing contractor employees will also be trained to route customer service complaints and inquiries to the service contractor.

In addition, CSWR Texas will implement operational changes to improve and enhance customer service. Customers will have access to a 24-hour phone line to report any utility service issues. Those calls would then be transferred into the computerized maintenance management system and converted into work orders, which creates a historical record of all reported service issues. The work order will also ensure contracted customer service personnel can commence work required to address customer service issues quickly and efficiently. Second, CSWR Texas will ensure customers served by the system have access to customer service representatives during normal business hours to talk about any customer concerns. Additionally, CSWR Texas will establish a utility-specific webpage and dedicated email address to keep customers informed about their utility service. Mirroring the relevant utility homepage information, CSWR Texas will also implement a dedicated social media page to offer another avenue of communication with customers about utility matters. The social media account will be manned by customer service representatives who can quickly answer customer questions. Finally, CSWR

Texas will offer online bill paying options to customers including e-checks, debit card, and credit cards. Accordingly, and in order to mitigate increases to the cost of service, CSWR Texas may request authority from the Commission for a waiver from the provisions of 16 Texas Admin. Code § 24.153(d), which requires establishing a local office for maintaining business records or for purposes of accepting applications for service and payments to prevent disconnection of service or to restore service after disconnection for nonpayment, nonuse or other reasons identified in Commission rules.

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

CSWR Texas currently owns and operates numerous systems in Texas and in each of the dockets in which the Company was granted the authority to operate these systems, the Commission has determined the Company has adequate experience and qualifications in order to provide continuous and adequate service.

In addition, CSWR Texas is part of a group of affiliated companies owned by CSWR, LLC. In addition to its ownership interest, CSWR, LLC and another affiliate, Central States Water Resources, Inc. ("Central States"), provide operational and managerial oversight and support for all operating utility affiliates within the group and also provide access to financial resources necessary to acquire water and wastewater systems and upgrade those systems as required. CSWR Texas' affiliates have purchased and currently are operating 292 public drinking water and wastewater systems in Missouri, Arkansas, Kentucky, and Louisiana through which they provide safe and reliable utility service to approximately 131,000 customers.

Since March 2015, affiliates in Missouri, Arkansas, and Kentucky have designed, permitted and completed construction—with the approval of state drinking water and wastewater regulatory authorities—of approximately \$20.5 million of upgrades and improvements to drinking water systems. Those upgrades and improvements include construction of ground water storage tanks and drinking water pressurization pump assemblies, drilling water wells, erecting or rehabilitating well houses, closing failed wells, blasting/coating water storage tanks, replacing meter pits with new meters, replacing or repairing numerous water distribution lines, installing numerous isolation valve systems, installing multiple flush hydrants, repairing hundreds of leaking lines, and constructing or rehabilitating various other improvements to existing drinking water systems.

For wastewater systems, CSWR Texas-affiliated companies have designed, permitted, and completed construction of approximately \$68.8 million of system improvements. Those improvements include wastewater line repairs to remedy infiltration and inflow problems, construction of sewer main extensions, construction and repairs of multiple lift stations, closures of environmentally-distressed wastewater treatment plants, conversion of failing wastewater treatment plants into sludge storage/flow equalization and treatment basins, conversion of failed mechanical systems to I-Fast systems, and construction of various other improvements to existing wastewater treatment facilities.

Through CSWR, LLC and Central States, CSWR Texas has access to experienced technical and managerial expertise and experience not usually available to water systems of this system's size. And CSWR, LLC's business model makes these assets available to its affiliates at a lower cost than otherwise would be available because of the economies of scale the affiliated structure is able to achieve for its member utility operating companies.

The affiliated group of which CSWR Texas is a member has been able to secure an ongoing commitment from Sciens Capital Management, a Wall Street private equity firm, to provide capital necessary to purchase small, oftentimes distressed, systems and then make investments necessary to bring those systems into compliance with applicable health, safety, and environmental protection laws and regulations. Similar commitments were made with respect to equity investments necessary to acquire and improve utility assets affiliated companies currently own and operate in Missouri, Arkansas, Kentucky, and Louisiana. As evidenced by acquisitions and improvements made in each of those states, regulators can rely on such investment commitments. Although Investment is provided primarily in the form of equity, an affiliate has also committed to make debt capital available at reasonable rates if CSWR Texas is unable to obtain debt financing from non-affiliated commercial sources.

Again, the Public Utility Commission of Texas has already determined that the affiliated group has financial, technical, and managerial ability necessary to provide service to the public. In addition, the Missouri Public Service Commission and the Missouri Department of Natural Resources have recognized the solid track record CSWR, LLC and its affiliates have established for acquiring, rehabilitating, maintaining, and operating troubled water and wastewater systems in that state. Also, in a recent order authorizing the group's Kentucky affiliate to acquire several troubled wastewater systems, the Kentucky Public Service Commission expressly found the group has the financial, technical, and managerial ability necessary to provide reasonable service to the public.

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

CSWR, LLC has demonstrated an ability to consolidate small water and wastewater utility systems and make necessary investments in those systems to ensure that safe, reliable service is provided to customers. This system is currently in a distressed state and would benefit from the transition to a stable, long-term management team willing to make necessary investments to improve the system. As explained in this application:

- CSWR Texas has access to much needed capital that it will use to make reasonable, prudent, and timely investments to bring the system back into compliance with all applicable rules and regulations;
- Through its affiliates, CSWR Texas has access to experienced technical and managerial expertise and experience not usually available to systems of this size and at a lower cost than otherwise would be available because of the economies of scale the affiliated structure is able to achieve;
- CSWR Texas will implement new management and customer service systems and practices that will greatly improve the level of service to customers;
- CSWR Texas will seek to consolidate and regionalize this system with other systems it acquires in order to pool financial, managerial, and technical resources that achieve economies of scale or efficiencies of service;
- CSWR Texas will operate the systems to ensure they are in compliance with all environmental regulations; and
- the purchase price reflects the lowest agreeable negotiated price between the parties.

In summary, CSWR Texas and its affiliates have the financial, technical, and managerial ability to acquire, own, and operate the system in a manner that fully complies with applicable health, safety, and environmental protection laws and regulations and provides reliable, safe, and adequate service to customers. CSWR Texas is prepared to invest capital required to remedy all outstanding and future issues in the systems. It also will implement management and customer service systems and practices that will greatly improve the level of service to customers. Accordingly, the system will become a part of a financially stable and technically sound utility, and customers will receive higher quality and more reliable service. Also, by adopting current rates and tariffs, CSWR Texas will ensure the proposed acquisition has no negative impact on the system's customers. In addition, because CSWR Texas will operate as a public utility, customers will be assured the system's future operations will be scrutinized by the Commission and its staff so that its cost of service and rates are fair and reasonable.

22.B Date of application to transfer permit submitted to TCEQ.

It is CSWR's understanding that due to the size of Seller's system, seller does not have a permit with the TCEQ and is instead permitted with Hood County. CSWR is in the process of communicating with Hood County regarding the process for transferring the permit to CSWR. CSWR will supplement this answer.

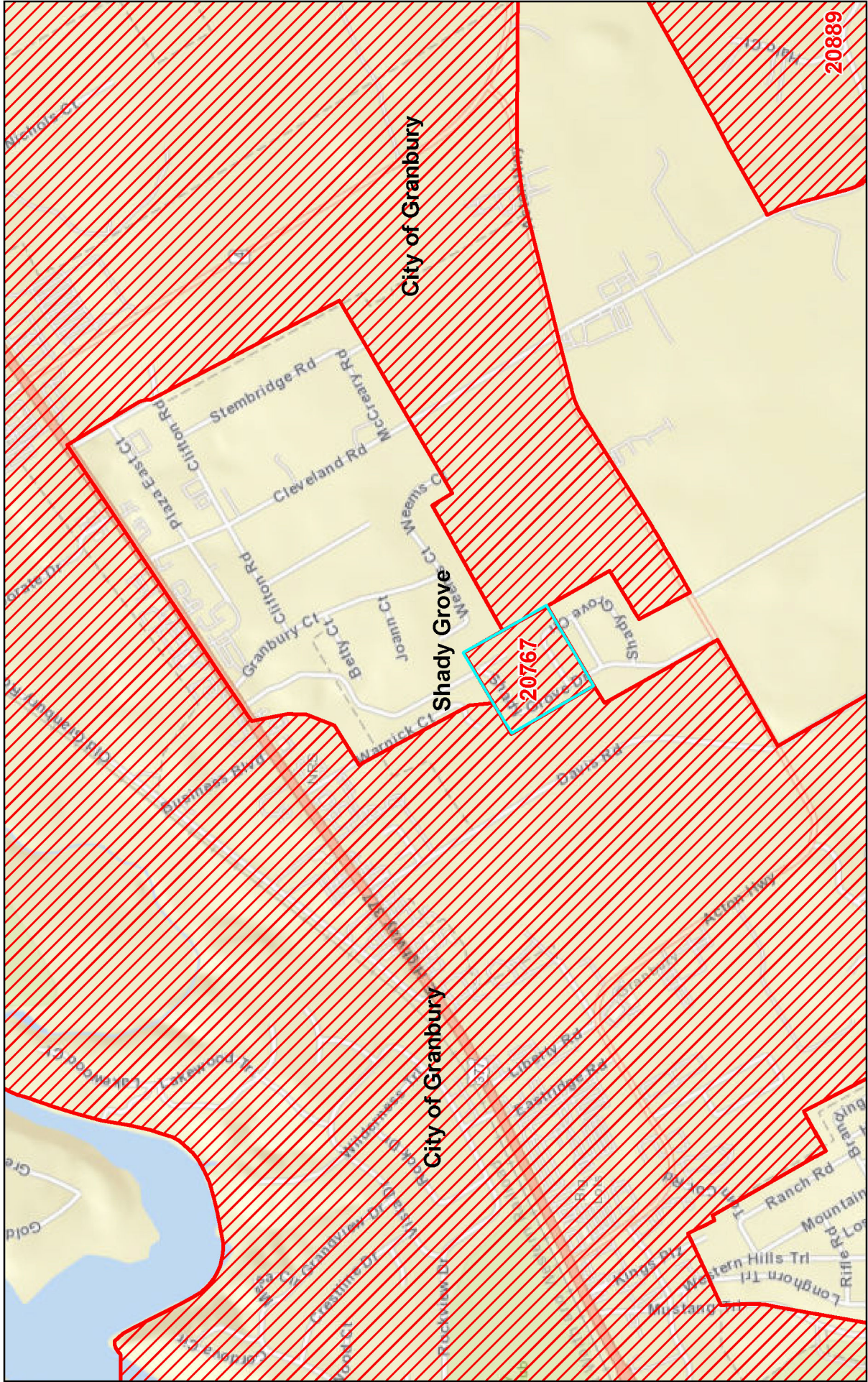
32. What effect will the proposed transaction have on an average bill to be charged to the affected customers?

The proposed transaction will have no immediate effect on customer bills. However, the Company will utilize the fair market value for the system to establish the ratemaking rate base in its next rate case, which along with other factors affecting the cost of service for this system could affect customer rates.

**Attachment K-1 is not applicable
to this docket.**

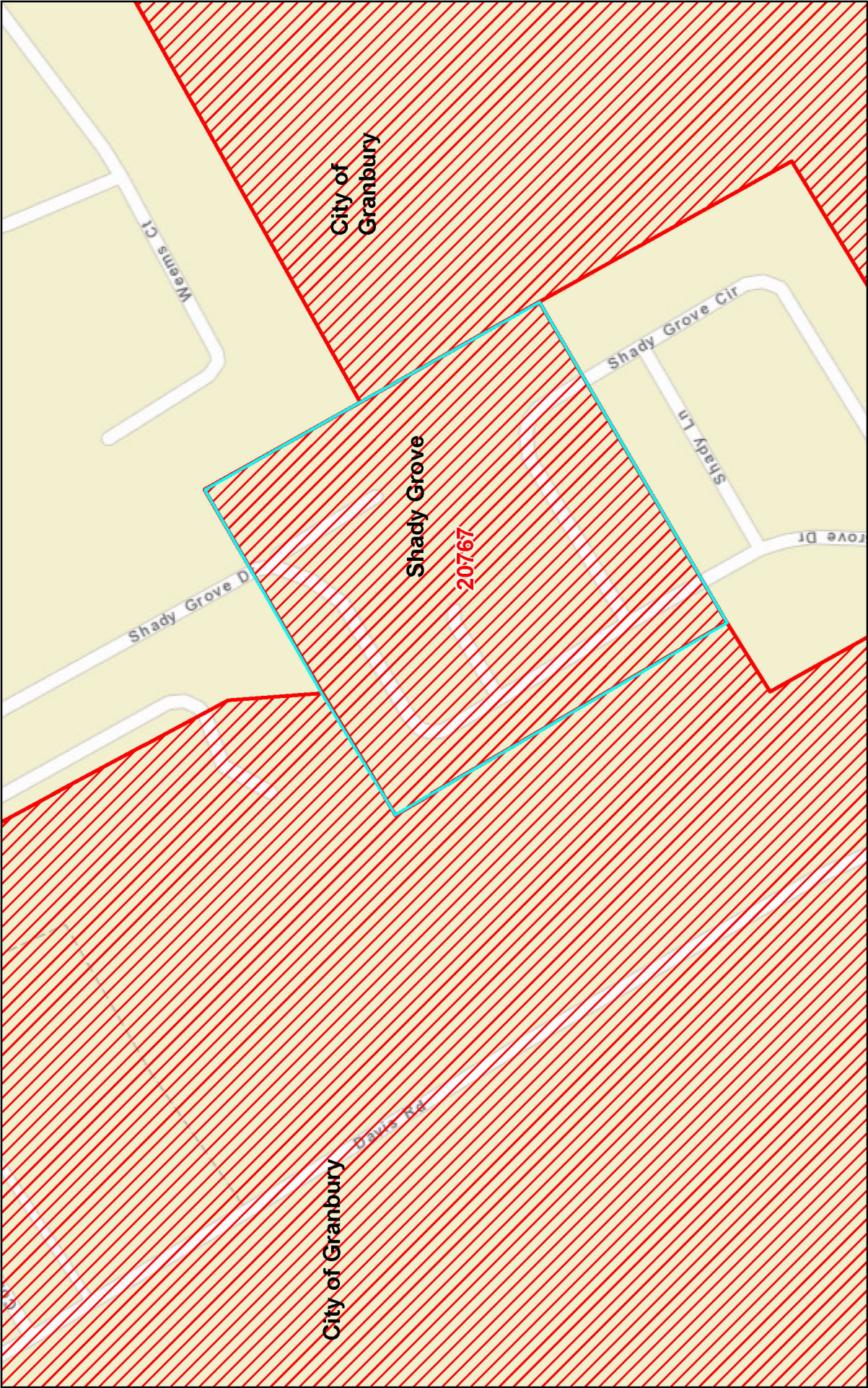
Attachment L

Requested Area to Transfer - CCN No. 20767 (Shady Grove) to CCN No. 21120 in Hood County



Attachment M

Requested Area to Transfer - CCN No. 20767 (Shady Grove) to CCN No. 21120 in Hood County



Attachment O

Statement of Confidentiality

Pursuant to the Commission's standard protective order, CSWR-Texas Utility Operating Company, LLC ("CSWR Texas") is designating certain materials filed as part of its application as Protected Materials. The undersigned counsel for CSWR Texas has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation or Highly Sensitive Protected Material designation given below.

Confidential Attachment F contains the consolidated financial statements of CSWR, LLC and subsidiaries, including an independent auditor's report. This information is not publicly available, is commercially sensitive, and public disclosure of the information would cause substantial competitive harm to CSWR Texas and its subsidiaries. Any other entity that seeks to acquire water utilities in Texas and elsewhere could use the financial information to its competitive advantage, to the detriment of CSWR, LLC and its subsidiaries. Accordingly, the information contained in Attachment F is exempt from public disclosure under Tex. Gov't Code §§ 552.101 and 552.110 and merits the Protected Material information.

Highly Sensitive Attachment G contains projected financial information for the acquired system, including information from which the purchase price could be ascertained; consolidated financial statements for CSWR Texas's parent company, CSWR, LLC, and its subsidiaries; combined financial projections for other systems that CSWR Texas is in the process of acquiring; and information regarding CSWR, LLC's financial positions. This information is not publicly available, is commercially sensitive, and public disclosure of the information would cause substantial competitive harm to CSWR, LLC and its subsidiaries, including CSWR Texas. Any other entity that seeks to acquire water utilities in Texas and elsewhere could use the financial information to its competitive advantage, to the detriment of CSWR, LLC and its subsidiaries. Accordingly, the information contained in Attachment G is exempt from public disclosure under Tex. Gov't Code §§ 552.101 and 552.110 and merits the Protected Material information.

Confidential Attachment I contains correspondence between the TCEQ and the Company that reveals the identity of potential acquisitions by CSWR Texas that are not otherwise publicly available. This information is not publicly available, is commercially sensitive, and public disclosure of the information would cause substantial competitive harm to CSWR Texas and its

affiliates. Accordingly, the information contained in Confidential Attachment I is exempt from public disclosure under Tex. Gov't Code §§ 552.101.

Confidential Attachment J is an engineering report that is the proprietary information of a third-party engineering firm. Public disclosure of the information would cause substantial competitive harm to the engineering firm by allowing other engineering companies to copy the firm's methods and analyses. Public disclosure could also negatively impact the engineering firm's willingness to perform services for CSWR Texas in the future. Accordingly, the information contained in Confidential Attachment J is exempt from public disclosure under Tex. Gov't Code §§ 552.101.

A handwritten signature in black ink, appearing to read "Wendy K. Harvel", is written over a horizontal line.

Wendy K. Harvel

**ATTORNEY FOR CSWR-TEXAS
UTILITY OPERATING COMPANY,
LLC**

**Attachment P is not applicable to
this docket.**

**Attachment Q is not applicable to
this docket.**

**Attachment R is not
applicable to this docket.**